

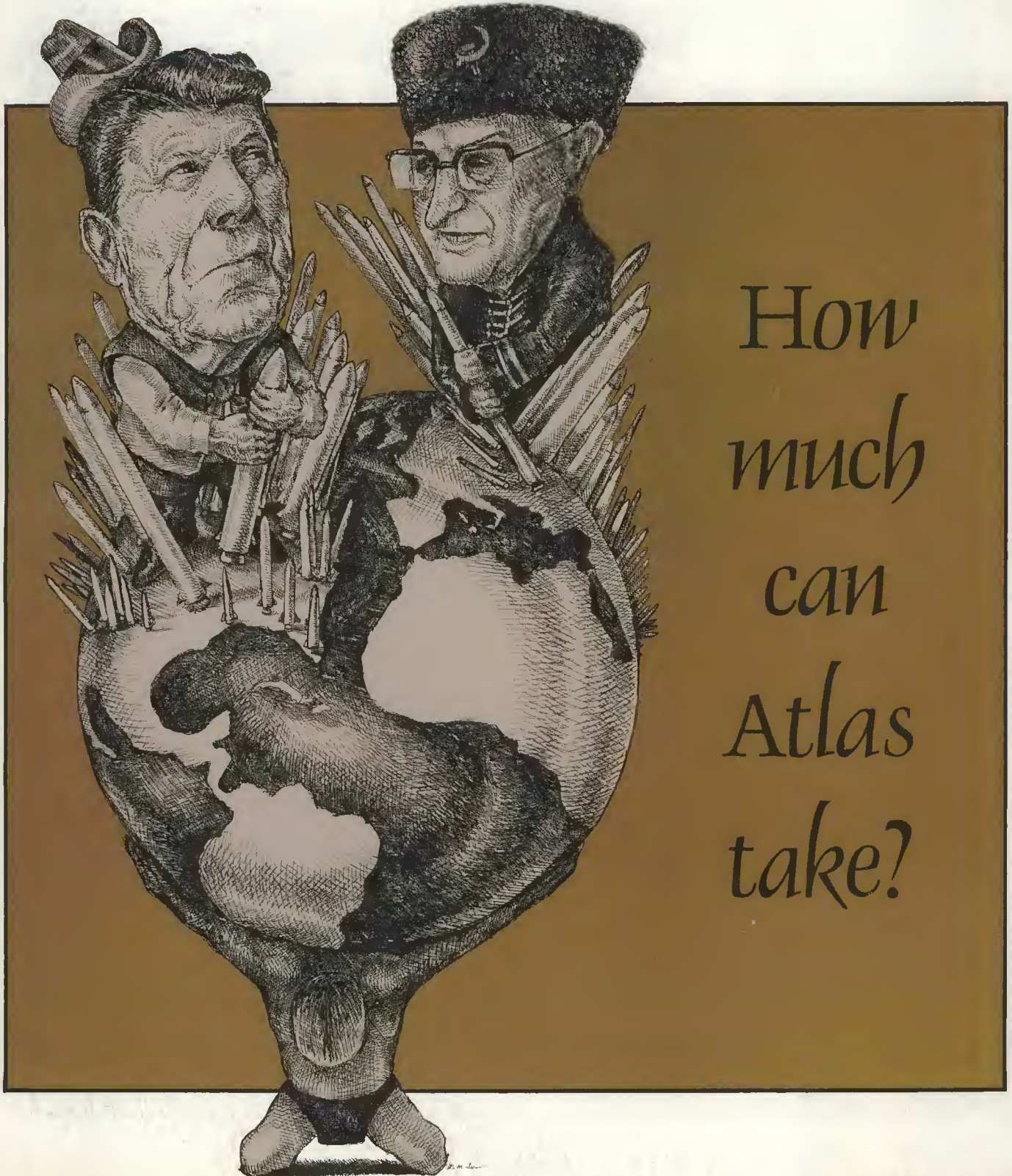
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## LETTERS

### Questioning 'Europe'

Robert Olson is probably right in emphasizing the possibilities for and strengths of a more consensual and pluralistic decision-making structure within the Atlantic alliance ["The European Question," November]. However, his view that a withdrawal by the United States from its European preoccupations will ease current East-West tensions can be challenged. It is precisely the guarantee of American friendship, cooperation, and protection that makes possible the pursuit of European economic and political interests in the national and supranational spheres.

There is no guarantee that the Europeans would achieve a renewed sense of purpose and unity if left to their own devices. Indeed, any adjustment in the territorial status quo—which has provided peace and stability for thirty-five years—would require American and Soviet cooperation. Also, the American presence in the alliance makes the German economic and military resurgence palatable to the French and the British and encourages (albeit frequently in opposition to U.S. desires) European unity.

A U.S. policy of withdrawal from Europe, which Olson claims would benefit both the United States and Western Europe, would not automatically be in the interests of the Europeans. It is true that during the 1970s Europe has developed increasingly different economic and security interests from those of the United States. We need to respond to these interests and concerns and not act on a belief that a policy that benefits us will naturally be in the interests of our allies.

Finally, by questioning the stability of the U.S. commitment to the defense of Europe, Olson's provocative article may well push the Europeans away from unity and steadfastness of purpose. It is precisely the fear of gradual U.S. withdrawal from European concerns that recently led Chancellor Kohl—who is no Bismarck—to offer Americans repeated assurances of German military, political, and ideological allegiance. Although the *pax americana* of the early post-war period is clearly over, this is not the time for even a gradual disengagement from Europe. Only after

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the Europeans reach a consensus among themselves will Olson's article be a propos.

CHARLES R. FOSTER  
Committee on Atlantic Studies  
Washington, D.C.

*Author Robert Olson responds:*

I think Mr. Foster has missed the point. The central point of my article is that the form of the European Question has changed once again, that it is no longer solely the question of Soviet domination of the Continent but, rather, of the revival of Europe itself searching for the restoration of its integrity: political, economic, physical, and moral. Essentially, this is a good thing because it will promote greater unity—which the United States has generally favored—and provide a European counterweight to the Soviets, more effective, natural, and healthy than the present situation. From this I have concluded that the United States should recognize and welcome this change and do everything it can to encourage its development, that this will gradually help to ease the more extravagant East-West tensions, and that the United States will then be better able to maintain a more balanced perspective on its own global role. The suggested means toward this end are for the United States (1) to stay out of the way, (2) to revive the political character of the alliance, and (3) to encourage the Europeans themselves.

Unfortunately, Mr. Foster seems to have interpreted this to mean that I have recommended an American "withdrawal" from Europe and have questioned the United States' commitment to Europe's defense. This is not correct, as the reiteration of the basic theme demonstrates. Indeed, I have stated explicitly that, under the status quo, "to disengage from our interests, involvement, and responsibilities would be to throw away an investment of thirty-five years and billions of dollars and to place the United States itself in jeopardy." I do not think, therefore, that Foster and I have any grounds for disagreement on that score. There is no doubt, as he states, that a threat of "withdrawal" now might discourage further European unity, that it would exacerbate East-West tensions, and would certainly shake Europe to its boots.

Where Foster and I do appear to differ is in our interpretation of the state of Europe. My interpretation has been described. Foster appears to ignore or to reject this view and to continue to regard Europe as if nothing has happened since 1945. I cannot imagine that he genuinely holds that view but, if he does not, the question is, What is the view on which he does base his own conclusions? This is the real issue, and I

should very much like to see that debated in depth.

In this regard, Foster and anyone else sufficiently concerned might be interested in the recent book by James O. Goldborough, *Rebel Europe*, reviewed in the same issue of the *Journal*. According to the reviewer, Goldborough contends that "Europe, which the United States considered permanently weakened and divided, has become a viable political entity in its own right, demonstrating renewed confidence and an ability to deal with the world's complexities." The book concludes, says the reviewer, that "because France remains outside, NATO hinders, rather than encourages, the development of that cooperative defense effort. Only such cooperation, coupled with a reduced United States role, will encourage the Europeans to shoulder more of the burden of their own defense." Or they might read the speech European Parliament President Pieter Dankert gave to the Mid-Atlantic Club in Washington in September. Noting that U.S. and European "objectives and interests no longer run parallel," Dankert states that the Europeans must begin to develop a common and more independent approach to the requirements of Western security. He calls for a more assertive and independent Europe to develop a security policy relevant to its own experience and the expectations of its people, and to adopt responsibilities commensurate with its economic status and with its "dignity and self respect." Such a policy, he states, "can only be developed from within, it cannot be imposed from outside."

United States withdrawal from Europe is not the question and not even the issue. The question is the restoration of Europe; and the issue is how the United States should respond to it.

### Recruiting Is Honest

I wish to comment on the article by Edwina S. Campbell, "Wanted: An Honest Recruitment Policy" [November].

I have been a Foreign Service officer since 1974 and am on my fourth assignment. I have also been a Foreign Service spouse since 1968. Since you have taken the trouble to publish Ms. Campbell's complaints about the Foreign Service, please consider some positive words from someone who has not only been a dependent, an officer, had children overseas, changed careers but has also just finished her minority/women recruitment effort on behalf of the Board of Examiners.

As a recruiter, I finally actually read all the material published by the Department of State and found it all honest and accu-

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rate. There was no attempt to portray the Service as some supreme diplomatic/foreign affairs haven—there was an attempt to explain that an FSO was the U.S. government representative in other countries—and it meant *service* in all the areas of representing U.S. citizens and interests.

We don't use professional recruiters—we are not representing IBM and trying to tell budding executives what their bonuses might be—we are working people trying to explain to people who don't know the Service what it is like. I made special efforts to present as complete a picture as possible—and that included children, dependents, adjustments—all things to be considered by any Foreign Service family.

We are there representing the U.S. government to our citizens and to the citizens of that country. We do what we are paid for, what we are sent there to do. If we cannot agree, there are dissent channels. If we can't live with our government's policy, there is no need to continue earning "tainted money"—we'll be shipped back even if we resign. Some even stay and try to change things.

It may not be easy for our families. But those are personal decisions and must be settled by each person in his or her own way. The State Department has made efforts and I believe will continue making efforts to help ease the adjustments necessary for the families of Foreign Service people.

We have a lot of friends in the Service also—they must be atypical because they are not distressed at their careers. In fact they even enjoy them, and some have certainly had some interesting assignments—especially in the variety of parasites they learned to know all too well. They still seem to have a special zest for living and doing. Some of them even feel they have helped form policy—others just know they've merely made a difference in the lives of the six or seven thousand foreign nationals they've dealt with directly.

I have written this because I feel strongly that the time has come to say something positive about the Foreign Service as a career. It's not perfect and it's not all ambassadors. But it is a real profession, with roots that go back to the first "bearers of ill tidings," to the early maritime consuls and the colonial lobbyists in London. There are a lot of people on the Foreign Service teams who are proud of their work and know that they do make a difference.

When I was recruiting I spoke to a large number of young people and tried to explain to them as honestly as I could what they might face in a non-ideal foreign affairs universe, and I found very few who were disillusioned. Yet, I told the truth as I knew it when I recruited and at least my friends and I have found the Foreign Service a rewarding career—without being on the fast diplomatic track.

TERESA C. JONES  
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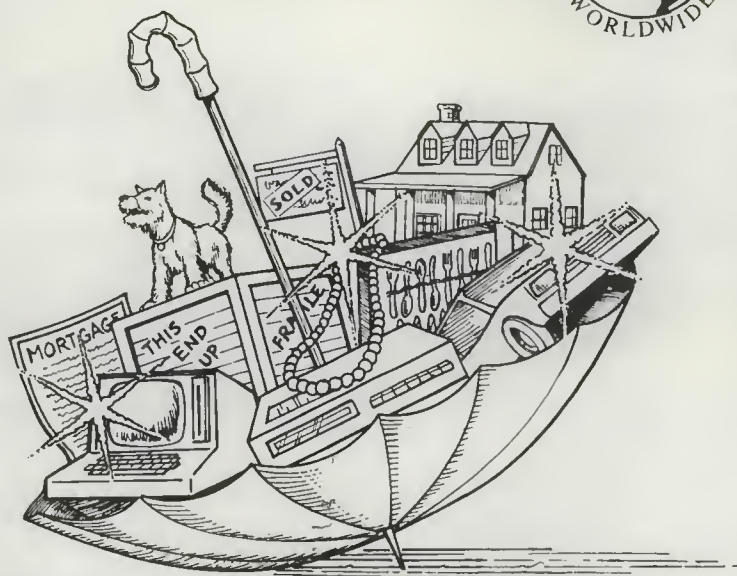
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## BOOK REVIEWS

### A Hostage Family

*THE DESTINED HOUR: The Hostage Crisis and One Family's Ordeal.* By Barbara and Barry Rosen with George Feifer, Doubleday & Company, 1982. \$17.95.

Although this is the story of one family's long nightmare, in a wider sense, it is the story of all 52 American hostages in Iran, and also of the nation's anguish during the 444-day crisis. *The Destined Hour* is the day-by-day account of the experiences of Barry Rosen and his wife, Barbara—one a blindfolded prisoner, subjected to physical and mental stress, the other, although living with her two small children and parents in Brooklyn, nevertheless a captive of a different sort, lingering in a seemingly fathomless vacuum.

The bitter irony was that Barry Rosen loved Iran, its people, and culture. To him the fiasco should have been extremely painful, yet, except for certain individual militant guards, there is no word of hatred toward Iran in the entire book. If anything, his sympathies were with the revolutionaries and for the liberation of the Iranian people from the despotic rule of the Shah and his dreadful network of secret police.

The book provides valuable insight into the history of Iran, its social and psychological makeup, as well as shedding new light on the background of events that caused the angry, popular upheaval that suddenly turned into a hate-America campaign. What was at the root of this peculiarly Iranian suspicion of foreigners? Rosen touches the source of the enigma:

Surely it comes from a deep national lack of self-confidence: a fundamental insecurity . . . grown mostly from the country's constant overrunning by Turkic and Mongol occupiers. It was one of the oldest civilizations, with many splendid cultural achievements in which deep pride could justifiably be taken. But invaders looted and subjugated, and Iranians learned to swagger to hide their humiliation. Yet more humbling concessions extracted by the British and Russians within the last century hardly helped.

Understanding the Iranian collective psyche is one thing; living through the

traumatic experiences of a hostage is another. With a controlled yet vivid style, Rosen unfolds the horrid details of the diplomats' captivity, their cruel treatment and mental torture by the young zealots—handcuffed and blindfolded, being moved from cell to cell, deprived of contact with each other and the outside world.

Barbara Rosen's story is that of a young housewife coping with an unexpected situation and is more forceful for its unvarnished directness and amazing sincerity. After an initial withdrawal, she emerged as one of the saner voices of the hostage period, as witnessed by her many television appearances and meetings with Jimmy Carter, Giscard d'Estaing, Helmut Schmidt, and the Pope. While seeking to foster an international climate of cooperation that would facilitate the release of the hostages, Barbara Rosen also urged restraints on the media's handling of the issue, fearing that sensational treatment would further harden the already petrified stand of the Iranian authorities. But the daily show on the evening news went on. "Watching our own set with my new insights," she writes, "I realized that all the hostage families, and even the hostages themselves, were being used in competition for audience rating." More than merely an account of her life during the hostage crisis, Barbara's report is an honest and daring criticism of American mass media, especially the television industry, which she came to view as "the key influence on the treatment of public affairs as soap opera."

*The Destined Hour* is must reading, for we all, to a certain degree, shared this trauma. No matter what the circumstances, we will carry some of the scars of this national nightmare. As for Barbara and Barry Rosen, and for the rest of the hostages and their families, it is hoped that the ordeal will give them a new insight into the future, however difficult adjusting to the present. —JACK KARAPETIAN

### Cold War Success

*THE AUSTRIAN SOLUTION: International Conflict and Cooperation.* Edited by Robert A. Bauer, Johns Hopkins Foreign Policy Institute, University Press of Virginia, 1982. \$12.95.

In 1980, the 25th anniversary of the Austrian State Treaty revived interest in that unusual instance of successful East-West negotiations. This little volume draws on presentations from two symposia held to commemorate the event; it features recollections of American participants in the occupation as well as the observations of several knowledgeable Austrians.

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Bangladesh	220V	Italy	110/220V	Sierra Leone	220V
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Belgium	110/220V	Jamaica	110/220V	Somalia	110/220V
Bermuda	110/220V	Japan	110V	South Africa	220V
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Bolivia	110/220V	Kenya	220V	Sri Lanka (Ceylon)	220V
Bonaire	110/220V	Korea	110V	Sudan	220V
Botswana	220V	Kuwait	220V	Surinam	110/220V
Brazil	110/220V	Laos	110/220V	Swaziland	220V
Brit. Honduras	110/220V	Lebanon	110/220V	Sweden	110/220V
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Bauer's own historical survey of post-World War I Austria sets the stage by describing how the trauma of those years, of Hitler, the war, and the occupation all contributed to the creation of a sense of Austrian nationhood which had previously been missing. Ware Adams nicely lays to rest the myth that the "negative veto" arrangement—whereby an Austrian law became effective unless all four Allied powers vetoed it—resulted from Soviet oversight. Other contributions (e.g., Martin Herz, William Stearman) document how ambivalent Soviet policy in Austria actually was, particularly after the Communist defeats in the 1945 elections and the 1950 strikes. And practically everyone acknowledges the crucial role played by Vienna's political leaders, whose astute maneuverings from 1945 on did more than anything else to shape the final outcome. Most significantly, however, Bauer's collection illustrates once again just how unique was the sudden coalescing of interests, circumstances, and personalities that brought the negotiations to a successful conclusion after several hundred attempts.

This clearly was not meant to be a definitive work on the State Treaty's nativity; Stearman's own earlier study is far more comprehensive. One or two chapters are only marginally relevant to the central theme, and others suffer from the limitations imposed by a symposium format. What remains fascinating, however, are the insiders' insights into one of the few postwar "solutions" that were actually realized.

—KARL F. MAUTNER

## Attacking Terrorism

COUNTERATTACK. By Christopher Dodson and Ronald Payne, Facts on File, Inc., 1982.

THE TERRORISTS. By Christopher Dodson and Ronald Payne, Facts on File, Inc., 1982.

The authors are reporters who have jointly established something of a reputation in the growing field of terrorism reporting. These two books are, however, in no way comparable. *Counterattack* is by far the best but is more likely to appeal to those with an interest in military history.

*Counterattack* presents an updated survey of the various organizational and policy decisions made by the major Western countries in response to the growing threat of terrorism. The most valuable portion of the book is its description of the formation, growth, and performance of the West's military and paramilitary groups designed to combat terrorism. From this emerges the argument that the failure of the U.S. effort is due to an inability to



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overcome the traditional interservice rivalries—rivalries that have in the past accounted for such debacles as the abortive attempt to rescue the Iranian hostages. On the other hand, there has obviously been much more success on the part of our allies in meeting the terrorist threat, particularly by the British and Israelis. Of particular interest is the account of Ariel Sharon's efforts at forming the first Israeli counter-terrorist team. Following the usual Israeli precept of "an eye for an eye," Sharon's group responded to the killing of an Israeli woman by Palestinians by invading and dynamiting a Palestinian West Bank village. Sixty-two persons were killed. The resulting public outcry was apparently not dissimilar to that Sharon brought upon himself following events in Beirut last autumn. This book is worth reading so long as the reader does not mind the basically military thrust of the message.

*The Terrorists*, by the same authors, presented as the revised 1982 edition in paperback, is simply dreadful. While its one-page summary descriptions of the major terrorist groups active today is interesting, the book provides the reader with little else. If one is a charter member of the NRA, the chapter on terrorists' weapons might be of interest, together with some

16 pages of color illustrations of such weapons. This appears to be a book compiled from a series of magazine articles, hurriedly prepared without benefit of either an editor or proofreader and compressed into book form. There are so many repetitions of anecdotes and of events, many almost verbatim from chapter to chapter, that the reader soon wearies of the whole shoddy exercise.

—MICHAEL F. SPEERS

## Profile of a President

*LEADERS: Profiles and Reminiscences of Men Who Have Shaped the Modern World.* By Richard Nixon. Warner Books, 1982. \$17.50.

*Leaders* is former President Nixon's impressions of government leaders he has met and known during his 35-year public service career. If he had limited his narrative to reminiscences, the book would be harmless enough, but unfortunately, he digresses into "analyses" on the nature of leadership throughout the book. If one is tempted to read *Leaders*, the gossipy narrative and incoherent analysis on the nature of leadership are tolerable only for the insights gained on the writer.

Nixon writes as one who knew the major leaders of the postwar period. But the true focus of this book is what drives Richard Nixon, not the nature of leadership. He writes:

I have watched some leaders succeed and others fail, and have had a chance to analyze the reasons from the perspective of my own experience. Having known both the peaks and the valleys of public life, I have learned that you cannot really appreciate the heights unless you have also experienced the depths.

In this book, Nixon distinguishes between wartime leaders, those who lead in quiet times or quiet ways, and those who lead less powerful countries. He reminisces that "... all of the really strong leaders I have known have been highly intelligent, highly disciplined, hard workers, supremely self-confident, driven by a dream, driving others. All have looked beyond the horizon."

Winston Churchill, Charles de Gaulle, Douglas MacArthur, Shigeru Yoshida, Konrad Adenauer, Nikita Khrushchev, and Zhou Enlai are cited as exemplars of such qualities, singled out as "leaders who changed the world." The ways they made a difference, the characteristics that enabled them to shape events, and how they did it are the focuses of the narrative. Nixon met all but Zhou Enlai when he was vice president, and his fascination is clearly with how they salvaged their political careers from personal and professional defeats and setbacks.

Italian Prime Minister de Gasperi, Ghana's Nkrumah, Indonesia's Sukarno, India's Nehru, Magsaysay of the Philippines, Ben-Gurion and Meir of Israel, Nasser and Sadat of Egypt, the Shah of Iran, Saudi King Faisal, Lee Kuan Yew of Singapore, and Australian Prime Minister Menzies are all profiled in a single chapter as "new leaders in a time of change." Each was notable in his or her own way, but not on the scale of the wartime leaders. They are profiled not for their own unique contributions to postwar development, but as unfortunate examples of peacetime leaders whose qualities of leadership are not as easily measured or as dramatic as those of wartime leaders because they led relatively powerless nations. As Nixon writes: "Lee Kuan Yew and Robert Menzies . . . would have ranked with Gladstone and Disraeli had they been prime ministers of Britain rather than Singapore and Australia. . . ." Such speculation implies that the qualities each exhibited were not fully recognized or appreciated, and were therefore wasted on small nations or quieter times.

Reading *Leaders*, one senses that Richard Nixon fears his accomplishments, par-

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ticularly those in foreign policy, will be overshadowed by the circumstances of his downfall, and that this book is his appeal to be judged by the company he kept.

—JOAN LESLIE HARRELL

## The Israeli Lobby

THE UNITED STATES IN THE MIDDLE EAST: *Interests and Obstacles*. By Seth P. Tillman, Indiana University Press, 1982.

In this book, the former staff assistant on Senator Fulbright's Senate Foreign Relations Committee draws on insights gathered over many years of experience as well as carefully documented research. It is a successful mix.

Tillman's most valuable contribution is his uninhibited description of lobbying pressures brought to bear—particularly on members of Congress—on behalf of Israel. He is more specific in describing the effects of the "Israel Lobby" on U.S. policy than has been any other American writer with comparably respectable credentials to date.

The book's other important contribution is its careful dissection of Soviet policy in the Mideast. Tillman rues President Carter's failure to give the U.S.-Soviet

declaration of October 1977 more than four days before concluding a contrary agreement with Israeli Foreign Minister Moshe Dayan, a development Tillman attributes to the widespread outcry from Jewish groups with their very special suspicions of the Soviets. Tillman notes (but in this reviewer's opinion undervalues) the American public's suspicion of all Soviet policy, a suspicion that Tillman correctly describes as based more on what the Soviets say and do elsewhere than on what they say and do in the Mideast.

Tillman's chapters on Saudi Arabia ("The Politics of Oil"), on Israel ("The Politics of Fear"), and on the Palestinians ("Nation in Diaspora") are more pedestrian—and perhaps more open to criticism from the experts on each of these subjects. Throughout, however, Tillman adopts a moderate, expository viewpoint which should please the unbiased reader. He indicates respect for the judgment of long-time professionals in the field and even has a few kind words for "State Department Arabists."

Tillman's concluding, prescriptive chapter on achieving peace lays the blame for a "chronically unbalanced" U.S. Mideast policy—which "despite certain tactical successes remains a strategic failure"—

on the "unmatched influence of the Israel lobby in American politics" that has permitted concern for Israel's security "to preempt other vital interests in American policy." Tillman sees the Camp David framework as an effort to impose a settlement on the Palestinians by superior Israeli power. The real issue for him is "not whether the settlement will be imposed or not, but in what degree it will be imposed and by whom." He believes the United States should change its role "from mediator to arbiter of peace," and supports his views with carefully chosen quotes from Chaim Weizmann, David Ben-Gurion, and Nahum Goldmann.

Tillman subscribes to what he describes as a consensus formula for peace that commands "the open support of most Mideast specialists out of government and, by available indications, the discreet support of many within government." That formula has been stated in the controversial "Brookings Report" of 1975 (which advocated self-determination for the Palestinians) and by academic and diplomatic testimony before the Senate Subcommittee on Near Eastern and South Asian Affairs in 1975 and 1976. Tillman's own book will undoubtedly prove controversial, and a good value. —GEORGE B. LAMBRAKIS

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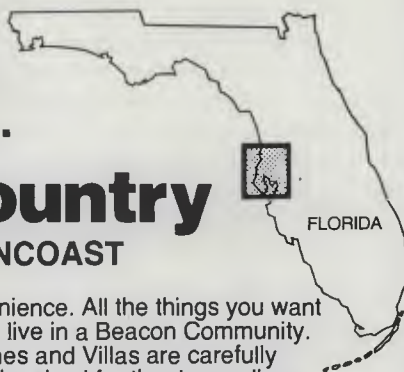
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**Collaboration and  
Resistance**

LIFE WITH THE ENEMY. By Werner Rings, Doubleday and Company, Inc., 1982. \$17.95.

When recalling World War II, most of us share two vivid stereotypes of the inhabitants of the countries overrun by Hitler: the heroic anti-German resistance fighters on one hand, and the venal Nazi collaborators on the other. The truth, however, was far more complex, as Werner Rings makes clear in this fascinating volume. The author, a German-born journalist who left his native land after Hitler's rise to power and became a Swiss citizen, dispels many of the myths about the governments and populations in the occupied countries. Twelve governments, five presidents, and seven monarchs were suddenly forced to choose between cooperating with the victorious enemy or risking the destruction of their nations by continuing a futile resistance.

The circumstances in each country varied greatly, as Rings makes clear. In Denmark, the Nazis wanted to establish a showplace for German rule and so permitted the local authorities a wide degree of autonomy, including a free and secret parliamentary election as late as March 1943. No such light rule existed in Poland, where 15-22 percent of the population died as a result of a policy of mass executions and deliberate starvation. The Poles and other East European captive populations had only two real choices: resistance or death. In Western Europe, on the other hand, a relatively more moderate German policy caused many to cooperate to varying degrees, from the unconditional collaboration of indigenous Nazi elements to the tactical collaboration of such groups as the counter-intelligence forces established by the Vichy regime in unoccupied France, which could buy time from the Nazis by working against the resistance even while discussing with it plans for future joint action to oust the Germans. Similarly, did Belgium's King Leopold deserve censure or praise for surrendering his country to the Germans and electing to share its captivity rather than fleeing to Britain to continue what then appeared to be a vain resistance?

A multitude of photos and comprehensive footnotes make this book of value to both the general reader and the expert. If the work has any flaw, it is perhaps the highly emotional language employed by the author in describing the brutalities inflicted by the Nazis, a small defect given

the enormity of Hitler's crimes. In sum, this is not only a well-written and interesting book, but it probably will become the definitive work on the subject.

—BENSON L. GRAYSON

## Atlantic Economy

ECONOMIC ISSUES AND THE ATLANTIC COMMUNITY. Edited by Wolfram F. Hanrieder, Committee on Atlantic Studies, Praeger Publishers, 1982.

During the past few years, the Atlantic Community has been almost constantly embroiled in economic squabbles. A book that would improve understanding of the economic issues that divide the United States and Western Europe should be most welcome in this quarrelsome climate. But this volume—a collection of essays—is somewhat of a disappointment. There are a few bright spots, but on the whole it is too detached from policy and too arbitrary in the issues it covers to be of significant value.

The nine essays deal with a variety of topics, including trade within the Atlantic Community and with the developing countries, inflation, and the impact and practices of multinational corporations. But despite this diversity, several major issues remained untouched: trade with Eastern Europe, monetary problems, and the political uses of such economic tools as embargoes, among others. Those issues that are discussed are largely presented in a descriptive rather than a prescriptive manner. The few solutions proposed are too vague or divorced from reality to be practical. Furthermore, valuable space is wasted on the contributions of James Caporaso—a basic description of interdependence—and Susan Strange—an obtusely written plea for a methodology based on sectoral analysis. This material could have been briefly summarized in the introduction.

However, the reader who wades through this volume will not be without rewards. One element that runs through most of the essays is the strong link between the domestic and international economies. This book will disabuse anyone of the naive idea that international economic conflicts can be resolved without affecting domestic economies. The essays also illustrate the controlled nature of the international economy: Governments regulate trade and direct foreign investment, central banks control currency flows according to domestic needs, and multinational enterprises adjust their internal prices without much regard for the prices set by the open market. Finally, although most of the essays suffer from obtuse writ-

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ing, undue specificity, or an over-reliance on purely domestic solutions, three stand out as valuable. Michael Gordon presents an excellent survey of U.S.-European trade relations, notable not only for its assumption that increased trade can strain rather than smooth relations, but also for the thumbnail sketches of potential disputes. And C.C. Pentland and Wolfram Hanrieder offer illuminating case studies of Canadian and West German participation in the international economy.

This book is hardly a gold mine. But for those with an interest in economic affairs but not too much expertise—most of the information is basic enough that the spe-

cialist would already be familiar with it—it does contain some worthwhile contributions. —F.G.B.

## Japanese Juggernaut

**COPING WITH U.S.-JAPANESE ECONOMIC CONFLICTS.** Edited by I.M. Destler and Hideo Sato, Lexington Books, D.C. Heath and Company, 1982. \$24.95.

What can we do about the Japanese economic juggernaut which bombards a seemingly hapless America with boatloads of Toyotas, Sonys, and microchips? Destler and Sato, who have written extensively on U.S.-Japanese relations, analyze five specific problems and come up with a number of suggestions in this thorough but readable book.

First, they point out that trade between the two countries has increased six-fold in the past twenty years and both governments have a strong interest in maintaining a relatively open international trading system. However, for a variety of reasons Japan is likely to have a highly favorable bilateral trade balance with the United States for some time to come. In the short term, this situation will cause tension if the United States continues to refrain from protective measures and the Japanese continue to drag their feet in opening some of their politically sensitive markets.

As a result, U.S. charges of unfairness and threats of protectionism are increasing. The Japanese respond that U.S. productivity is comparatively low and wages in some industries are excessively high. To get action out of the Japanese, whose decision process is cumbersome and—contrary to American perceptions—not readily responsive to government fiat, the United States must apply heavy pressure, wheel out industrial, labor, and congressional critics to berate the Japanese, and then tell the Japanese exactly what is desired. But this strategy risks interfering excessively with the operations of Japanese government and industry.

In the long term, there is some hope that the advanced trading nations will learn to manage these trade problems more rationally, as they have tried to do with Japanese exports of textiles and steel and may be on the verge of doing with automobiles, although these marketing arrangements are still not very orderly. The editors point out that Japan is much more vulnerable to pressure than the United States and more dependent on the international trading system. They also note that defense issues, where the United States administration feels strongly that Japan is not carrying a fair share of the burden, are

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also likely to become more intertwined with trade problems, causing resentment among the Japanese and requiring sensitive handling. —RICHARD B. FINN

## Ideology in France

**SOCIALISM OF A DIFFERENT KIND:** *Reshaping the Left in France.* By Bernard E. Brown, Greenwood Press, October 1982. \$29.95.

François Mitterrand came to socialism from a tradition of liberalism and secularism and has little patience with abstract theory, especially the Marxist variety, writes Bernard Brown, a political scientist at Brooklyn College. The author, following Emile Durkheim in his classic study of socialism, believes that through ideology one gains access to all other aspects of a political movement. Thus he approaches French politics by studying the French versions of widespread trends: the questioning of social democracy by socialists; the repudiation of the Russian model of communism by Western communists; the revival of anarchism and communal themes from the 19th century; and the recasting of socialism as a combination of nationalization and workers' control. In many ways this is a very French book: It leaves to others electoral politics, party structures, and interest groups.

The central theme in the Socialists' ideology is *autogestion* (participation and self-control), and Brown spends much time discussing this rather vague concept of "direct democracy." It is precisely the vagueness of this concept—touted by the Socialists as a way of combining freedom and socialism—that gives it popular appeal, particularly among the "post-materialist" white collar groups that in other countries immerse themselves in more specific movements such as anti-nuclear power, ecology, and consumerism. When Henry Kissinger asked Mitterrand in 1975 why the Socialists were intent upon nationalization, Mitterrand replied that nationalization could facilitate a revolution of *autogestion*, which would actually lead to greater personal and professional autonomy from the state.

The most useful part of the book deals with the Communist model of *autogestion* and the union of the two parties that never was. For readers interested in France, the book offers a very French approach to French politics. For policymakers dealing with the French, it is a useful reminder that gaining concurrence and advice on issues requires a lengthier and more discursive approach than consultation by a three-minute transatlantic phone call.

—CHARLES R. FOSTER

## Books in Brief

**CROATIA AND THE CROATIANS:** *A Selected and Annotated Bibliography.* By George J. Prpić, Associated Book Publishers Inc., 1982. An extensive bibliography accompanied by a chronology and written by a Croatian who is now a U.S. citizen and history professor.

**SPACE:** *The High Frontier in Perspective.* By Daniel Deudney, *Worldwatch Paper #50*, 1982. \$2. This paper reviews the space policies of the two superpowers and then charges that those who seek a lawless frontier in space or a new battlefield where war would not endanger earth are more escapist than sensible. Instead, the author argues that space technology, especially surveillance satellites, could serve as a key-stone for the abolition of war.

**U.S. AND SOVIET AGRICULTURE:** *The Shifting Balance of Power.* By Lester R. Brown, *Worldwatch Paper #51*, 1982. \$2. The author traces the decline in Soviet agricultural productivity relative to U.S. productivity and urges the United States to use its capacity for supplying the U.S.S.R. with grain to lessen tensions between the two.

**POLICY AND POLITICS IN JAPAN:** *Creative Conservatism.* By T.J. Pempel, Temple University Press, 1982. Part of the series *Policy and Politics in Industrial States*, this book reviews Japanese domestic politics and argues that Japan is basically a conservative society but that its particular brand of conservatism is able to adapt creatively to new circumstances.

**THE PROCESS OF POLITICAL DOMINATION IN ECUADOR.** By Agustín Cueva, *Transaction Books*, 1982. \$14.95. This brief volume examines the phenomenon of militarism in Ecuador and the 40-year rule of José Velasco Ibarra.

**WINSTON CHURCHILL:** *The Wilderness Years.* By Martin Gilbert, Houghton Mifflin, 1982. \$16.95. Written by Churchill's official biographer, this book covers the years from 1928–39, during which Churchill struggled to regain political power while warning of the Nazi danger.

**WORLD HUNGER OR FOOD SELF-RELIANCE:** *A U.S. Policy Approach for the 1980s.* By Martin M. McLaughlin, *Overseas Development Council Paper #33*, 1982. \$3. The author argues that the elimination of world hunger is in the direct interest of the United States and can be achieved through measures to increase production and improve distribution.

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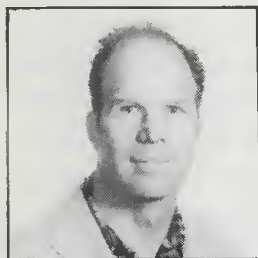
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*Foreign Service Journal*, January 1973:  
"There are in the State Department today about 50 officers who speak and read — well enough to use it professionally. Several have the experience and qualifications to be an ambassador, but instead, the president recently appointed an ambassador who, whatever his other talents may be, lacks such an expertise. . . . There is no substitute for an ambassador who is also an expert.

"But this fits a broader pattern. Of the 14 American ambassadors to countries around the rim of Asia from India to Japan, only two can handle usefully the local (non-colonial) language."

—GEORGE R. PACKARD

*Foreign Service Journal*, January 1958:  
"The growth of Soviet power requires the growth of counter-power among those nations which are not willing to concede Soviet hegemony. With this counter-power the future can be faced with hope and confidence, as well as with a sober appreciation of its dangers. Growth of counter-power is needed in our own country, in other industrially developed nations, and in countries only at the beginning of industrial development." —DEAN ACHESON

*Foreign Service Journal*, January 1933:  
"Until quite recently we spent on our Department of State not more than \$2 million annually, and upon its field extension, the Foreign Service, hardly \$10 million more. Much of the second item was offset by fees received for services rendered, with the result that the net cost of the Department and the Foreign Service in the fiscal year 1930-31 was \$5.5 million. . . . Even if Congress had voted in the last session the total expenditures of about \$17 million which the executive estimates still called for . . . instead of lopping off about \$3 million, the outlay would still have been pitiful compared with over \$700 million for the Army and Navy in the same period, and nearly a billion dollars for veterans of former wars. These figures . . . mean \$14 million for our first line diplomatic defense, against more than \$700 million for armed defense, or a disproportion of 50 to 1 in favor of arms."

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# State's Ranking System Is Fair and Dependable

By JOHN H. ROUSE

While I respect the right of the *Foreign Service Journal* to publish any material that it considers appropriate, I do not believe that the magazine served its readers well by including the article by Raymond Wach, "Ranking and Your Future at State," in its December issue. The article does raise legitimate questions regarding the fairness and dependability of the Foreign Service performance evaluation and promotion processes that should concern every member of the Service, but it does not address these issues responsibly.

The article's criticisms are frequently out of date; its discussion is clearly slanted; its analysis and data are selective and, in important respects, erroneous. The author's personal conviction that the promotion and appraisal systems are "fatally flawed" is not supported by the documentation marshaled and is flatly contrary to the judgment of more than two hundred career members of the Service who have served on Selection Boards in the four years during which I have worked in the Office of Performance Evaluation. Those board members, who are themselves part of the constituency, have uniformly come away from their board experience reassured that the procedures for appraisal and advancement work fairly and dependably.

Open discussion of these central personnel systems is important and welcome. Better understanding can

only improve the process and its credibility. The problem with the Wach article is that it claims to demonstrate from the official records that these systems are incompetent, yet the discussion is founded largely on generalizations supported, if at all, only by isolated quotes taken out of context from wherever they might be found. The article is not a discussion but an attack which risks raising unfounded alarms that may not be easily put to rest. The suggested remedies would largely worsen the process.

It would be interminable to answer each of the author's assertions individually, but I would like to respond to his three principal points: (1) that employee evaluation reports are so inflated, poorly prepared, and devoid of standards that Selection Boards are incapable of making defensible decisions from them; (2) that variations in individual rankings by annual boards prove that promotion recommendations and rankings are undependable; and (3) that as the bases for selection board low-ranking are vague and variable, this practice should be discontinued.

## Evaluation Reports

Mr. Wach's main criticism of the 1980 Officer Evaluation Reports (OERs) that he reviewed appears to be that, as the OERs are "drenched in superlatives" and have "low informational content," and as negative comments tend to be bland, missing, or inconsistent, the OER is an inadequate basis for "evaluating and rank ordering

FSOs." This judgment is supported by personally compiled data showing, for example, "67 percent of OERs contained at least one superlative" and FSO block ratings in 1979-80 of about half "superlative performance" and most of the rest "excellent." There is also a lengthy discussion concerning Section "VI-A" [*sic*] of the OER dealing with areas in need of improvement which contains a number of personal observations such as "almost all FSOs were criticized for poor drafting." Mr. Wach's discussion is larded with partial quotes and personal judgments about such perceived problem areas as negotiated evaluations, lack of consensus as to what is meant by performance, and confusion of performance and potential.

Even a quick review of the article will reveal that most of Mr. Wach's points are not substantiated. His observations and conclusions do not jibe with the views of others with greater experience both with the former OER form and the current Employee Evaluation Report (EER) form. Mr. Wach's discussion does point out some real problems in the appraisal system, but he magnifies and distorts the situation to support his totally unfounded conclusion that the system is a complete failure.

All employees should understand that in our rating system one can be very well rated and still only be in the midranks of his or her class and occupational category. This is partly because excellence is the norm of most Foreign Service performance, but it is

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*John H. Rouse is director of State's Office of Performance Evaluation.*

also the result of inflation in appraisals. The OER statistics compiled by Mr. Wach show higher block ratings than comparable department data for the OER and EER forms, but analysis of the current EER block ratings does show that during the last rating period about 66 percent of all Foreign Service employees were rated "excellent" and 24 percent "outstanding," with all but one percent of the rest rated "very good." In potential, the spread is wider but still largely confined to the top three blocks, with 26 percent rated tops, 55 percent next to the top, and 18 percent in the third block. Thus we have, in practice, a three-block rating scale for virtually all employees.

We also have the general practice of rating employees in positive terms, emphasizing accomplishments and noting deficiencies with fainter praise or by indirection rather than through direct criticism except where significant failings have occurred. Most criticism in the EER is confined to section IV-C, which comments on one or more areas in need of improvement; as Mr. Wach notes, this section is not completed with consistency. Greater objectivity, and more thorough substantiation of evaluations, would improve the appraisal process.

The existence of these problem areas does not, however, justify Mr. Wach's conclusion that ratings cannot be relied on as the basis for Selection Board decisions. Ours is a narrative rating system in which block ratings are but summary indications. A superlative block rating inadequately documented will get an employee nowhere. An excellent rating well substantiated to show what was accomplished and how performance demonstrates potential for advancement will be much more persuasive.

Variations in rating skill and candor do exist, and more does need to be done to make all rating officers understand and carry out the process better. But correctives are already in place. Reviewing officers and review panels have the responsibility to assure fairness and balance in the ratings they review. Moreover, Selection Boards are composed largely of experienced career employees who understand the system. Boards do not base their decisions

on single ratings or even single rating officers. They have the full performance record of an employee, and they are enjoined to give particular weight to performance over the most recent five years. Should a rating officer appear more lenient or more severe than the norm, boards may review other ratings by the same rater to test that conclusion.

While these arrangements cannot make the system perfect, they do go far to adjust anomalies and correct problems. The real measure of OER/EER adequacy is, I believe, in the board process itself. Each year the members of the Selection Boards are pleased and surprised to find how close the consensus among them is. Public members, employees of other agencies, and career Foreign Service members of the boards alike discover that in first identifying employees for promotion consideration and then in ranking them through the forced-distribution voting system, there is regularly a high degree of agreement among the members.

An analysis of the voting patterns of two recent boards confirms this conclusion. The data indicate a statistically significant degree of concurrence among board members in their initial screening of candidates for promotion consideration, midranking, or possible low-ranking before discussion, based solely on review of the performance files. This analysis and the repeated conclusions of board members directly contradict Mr. Wach's personal view. While the Foreign Service must make a continuing effort to improve appraisals, there is simply no basis for concluding that the present appraisal system is fundamentally inadequate. In fact, the evidence indicates that it is fundamentally sound.

### Selection Board Ranking

Mr. Wach's reference to variations in board rankings from year to year does not affect this judgment. No statistical analysis of board rankings has been conducted, but my own observations indicate a much higher degree of consistency from year to year than Mr. Wach apparently found. There is a general pattern of progression among most employees of midranking in the early years in grade, followed by rec-

ommendation for promotion and finally by a ranking high enough for promotion.

However, that there should be some variations from board to board or year to year is not surprising. Each year, the composition of a competition group in which an employee is being reviewed may change by from 10 to 50 percent or more, with promotions out of the group and the entry of recently promoted, newly eligible employees into it. Each year, perhaps half of all Foreign Service personnel change positions or supervisors. Every year, Selection Boards are composed entirely of new members. And virtually every year, the department and AFSA revise the Selection Board precepts, including criteria, eligibility rules, and competition groups. That an employee's comparative standing may change from year to year in unpredictable ways in this uncertain setting is not surprising. What is reassuring, in my judgment, is how consistent the ranking process appears to be.

One point should be understood. Before 1979, Selection Boards were asked to rank-order all employees from top to bottom, and the annual decile ranking (e.g., 31-40) was recorded on each employee's cumulative data card ("scorecard"). On review, however, it was decided that rank-ordering at the midranks was neither useful nor fully dependable. While all Selection Boards agree that performance files do permit dependable decisions at each end of the spectrum, there is less agreement that the record forms a defensible basis for determining whether someone should be ranked, for example, in the 30th rather than 35th percentile.

Beginning in 1979, Selection Boards have reviewed files initially to identify those employees to be considered for promotion or possible low-ranking, and only these groups have subsequently been rank-ordered. Scorecard rankings have been generalized to show only whether the employee was promoted, recommended but not reached for promotion, midranked or low-ranked. By generalizing the board review and record in this way, we recognize that the process may not permit absolute refinement at all lev-

els. Perhaps Mr. Wach's judgments would have been different had they been based on the practice of the last four years.

## Low-Ranking

Mr. Wach's comments on low-ranking also apply only to former practice no longer followed. Prior to 1982, Selection Boards were required to identify and rank-order a designated percentage of the lowest ranking employees under review, and to explain the basis for the low-ranking in a statement sent to the employee. The rationale for this practice was that if an employee is among those who are least competitive, for whatever reason, the employee and management should be made aware of the situation so that it might be addressed. The practice led, however, to some employees being low-ranked for reasons unrelated to their performance — e.g., relative recency in class, narrow experience or expertise, unusual assignment patterns. It was concluded that the negative morale impact caused by requiring a minimum percentage low-ranking was not warranted by the information gained.

Beginning in 1982, Selection Boards were given the full authority to determine how many, if any, employees warrant being designated as "low-ranking," and I would expect this practice to continue. While it appears that Mr. Wach misunderstood the former practice, which he criticized because of the variable explanations given by boards for low-ranking decisions, his comments are not all relevant to the current practice which is intended to assure that any low-ranking determination by a board is solidly performance-based.

## Suggested Modifications

Mr. Wach makes four suggestions for revising the evaluation and promotion systems that require comment.

1. He proposes that pertinent personnel records be computerized to permit more extensive analysis of the working of these systems. This is a sensible suggestion. The decision to automate records of board rankings has already been taken in principle, and a study of the most effective way to do

this is underway. Automation should have a number of benefits, one of which is the improved analysis that we all agree would be desirable.

2. Mr. Wach suggests that OERs be revised to "establish some standards by which job performance can be measured" and to "contain . . . only positive comments." His objections and objectives are not entirely clear but include concern that criticism cannot be fairly balanced and his expressed hope that an absence of criticism will lead to board evaluation solely by a "comparison of different talents."

The EER form adopted in 1981 moves in the directions Mr. Wach suggests by identifying and requiring appraisal by rating officers and Selection Boards of specific competencies that study has indicated are most significant for successful Foreign Service performance and by reducing the requirement in Section IV-C of the report to the mention of one area of improvement and not two, as was previously required. It would not be wise, in my judgment, to go further in restricting the information available in EERs, as this would only exacerbate an already imperfect situation. Rather, our efforts should continue to be directed to improving understanding of the process and the practice of conscientious evaluation.

3. Mr. Wach's proposals for revising the Selection Board review process are not entirely clear. His recommendations that appraisal reports emphasize performance and desirable attributes, and that these be the basis of Selection Board decisions, essentially describe the present system. Boards now rate and rank employees comparatively on the basis of potential demonstrated through performance judged in terms of precept criteria agreed to with AFSA. While the process might be refined, I can see no basis for systemic change.

Mr. Wach's other suggestion that AFSA representatives be placed on boards to safeguard employee interests ignores the fact that the majority of the members on all boards already are career Foreign Service members and implies that past members have not carried out their tasks conscientiously or correctly. The integrity of the inde-

pendent Selection Board process relies essentially on the integrity of board members themselves. Members are selected who have good records and representative backgrounds; public members help assure a broad perspective; members' names are vetted with AFSA; members are briefed and trained over two days in the precepts and procedures before they begin work. I have never met a member who did not take the job most seriously nor seen any evidence that board members have acted improperly. The integrity and independence of the Selection Boards are their basic strengths, and I fail to see how this would be bolstered by organizational representation on the boards from AFSA or any other element.

4. Mr. Wach finally recommends that selection out be separated from the promotion and rank-order systems. What he has in mind is not defined, but the system we currently employ does in fact remove ultimate decisions on selection out from the boards responsible for rank-ordering and promotion. No one is automatically identified for consideration for possible selection out on the basis of relative performance simply because of low-ranking. The Selection Board must make an explicit decision that an employee has not been performing up to the standards for the class and category and must support that decision by a written justification sent to the employee. A separate Performance Standards Board then reviews the full record of the employee, including earlier board rankings, and makes an independent determination regarding selection out which must also be justified in writing. Employees designated for selection out may grieve the decision or appeal to a Special Review Board where they may be represented by counsel, testify in their own behalf, call witnesses, etc.

Selection out is employed sparingly and under substantial safeguards. This year only 27 officers were identified by Selection Boards for referral among the thousands of Foreign Service employees reviewed. This group is currently under review by Performance Standards Boards. Ultimately, perhaps half

*(Continued on page 35.)*

# Rules

*Coming home and going back into the job market are problems most Foreign Service employees will eventually face. Some simple rules could make the transition easier.*

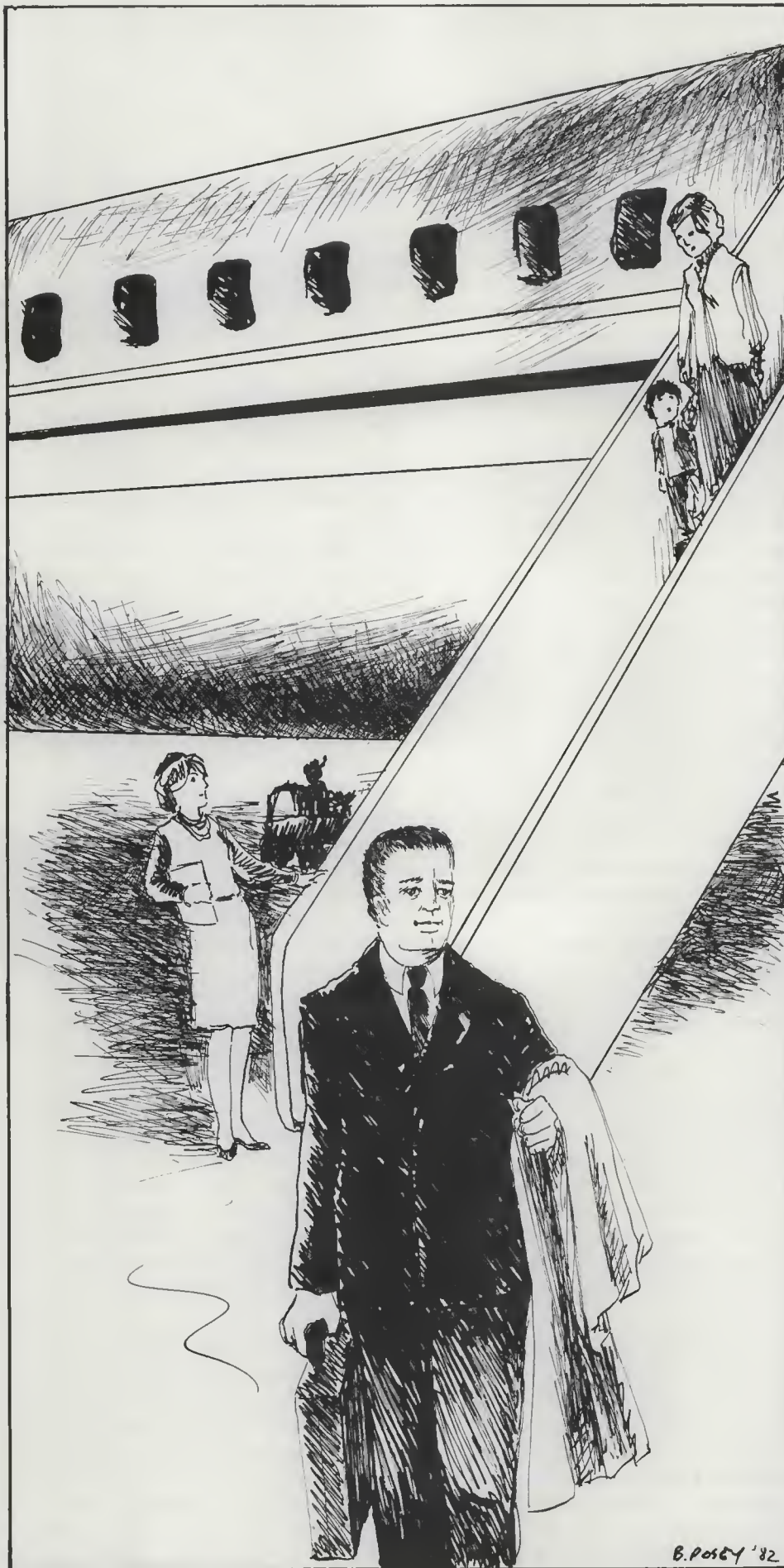
By DICK IRISH

Coming home and starting over—something most overseas Foreign Service employees must face when they leave the diplomatic profession. It is a time of both new stresses and new opportunities. Though the person ending a Foreign Service career has some special problems not faced by colleagues in other fields, in most respects he or she is not much different from other career changers. Job-search experts have adopted several useful rules for changing careers. Many of them can be adapted for the former Foreign Service employee. Let's look at some of the rules that can help make for a successful re-entry:

## Rule One: Take Time

The shock of re-entry often clouds good judgment. The anxiety to get on with it and be "responsible" can result in poor decision-making. But time is needed to re-adapt to the curious cus-

*Dick Irish, vice president of TransCentury Corporation in Washington, D.C., is the author of *Go Hire Yourself an Employer and If Things Don't Improve Soon, I May Ask You to Fire Me!* These and his latest book, a guide for working couples called *How To Live Separately Together*, are published by Anchor Press.*



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# for Re-entry

toms of the North Americans. So, forget looking for work for a few months; the point of coming home is to start feeling at home.

Since the pressure to find a job is usually greater than the desire to protect your larger interests, it can be a big mistake to take the first job offered. One former special assistant to an ambassador, for example, jumped into a seemingly attractive job on Capitol Hill only to spend the next two years extricating himself from a tricky political situation. Another ex-Foreign Service officer accepted a job in the Rocky Mountains without an interview or an elementary check-out of the employer. A word to the wise: Caveat employee.

Budget time for the job search. In these tough times it usually takes at least four months for career changers with demonstrated job-search skills to find work. For others, unskilled in job-search techniques, it can take more than two years. All the more reason for a returning overseas American to take time off to research the self before searching for a job.

## Rule Two: Spend Money

Nothing benefits a professional job campaign as much as the willingness to spend money on it. It takes money to find a job—plane tickets, a printed résumé, temporary living quarters, etc. Re-entry is expensive.

The same applies to the overseas American who comes home and invests in a small business. Many forget to do at least six months of intensive research leading to a business plan before making the plunge—with predictable results. So, whether you are looking for a job or researching a business opportunity, budget enough money to live comfortably for one year after returning home, plus four to five thousand dollars to finance the job search itself. Savings are for emergencies, and un-

employment is a legitimate crisis. Moreover, candidates who spend money on themselves feel better, impress employers, and have a competitive edge on other unemployed professionals who seem poor and miserable.

## Rule Three: Stop Feeling Sorry for Yourself

Self-pity is self-destructive to the job searcher. It's one step away from self-contempt. And a candidate who feels bad about him or herself is bad news in a job interview.

Much of this self-pity comes from a belief that one is a victim. A disappointing assignment, an ungrateful boss, or being caught in political cross-fire aborts many careers. There is a strong tendency to blame others for our problems. One ex-Peace Corps representative, for example, went into deep shock after being fired. Six months later the anger and disappointment still infected his approach to possible employers. As he discovered, a sour disposition will spoil an otherwise effective job campaign.

Another reason the jobless blahs overtake returning overseas Americans comes from the belief that the employee is who he or she last worked for. Thus, to many diplomats abroad, leaving the Service means losing their identities. One ex-FSO was so devastated by separating from the Service he was unable to think of himself as anything but a defrocked diplomat. Identity in the job search has nothing to do with organizations. Identity has to do with *accomplishments* and *functions*, many of which should carry over to the next job.

A part of the problem stems from thinking an organization *took care of us*. Thus, in leaving the Foreign Service, we feel helpless to take care of ourselves. But the confusion is in our minds—not our stars. Feeling depend-

ent on organizations to take care of us prevents us from taking care of ourselves (i.e., finding another job!). Thus, a "self-directed" job search—in which we focus on ourselves—is a good way to vanquish self-pity, feelings of victimization, and inappropriate dependency.

## Rule Four: Break Up and Start Over

To banish self-pity and get on with the job search one must break with the past. Clinicians call it separation anxiety. Feeling abandoned by a past employer need not mean being helpless in finding a new one. But nobody starts over (in a marriage, a relationship, or a new career) who hasn't turned from the past and faced the future.

The way to turn your back on the past is to get angry. Focus on what was unattractive in your overseas job: unchallenging work, excessive travel, a blocked career path, and so forth. Get mad about it and be glad to be rid of it. The point is to get angry at something other than yourself. Otherwise, anger—turned inward—is bound to cause depression. And depressed job candidates are depressing to employers. An even better solution is to use the past as a stepping stone—a lesson learned—and go on to the next level of the learning pyramid.

Starting over means translating overseas experiences into marketable domestic qualifications. Re-entering Americans can apply their international expertise to a host of stateside crafts, trades, and professions. One Foreign Service officer is now a sugar broker for a soft drink firm; an international development expert now manages a hospital; and a former Peace Corps staff member currently raises money for a non-profit international organization. Thinking overseas experience is useful sets the stage for re-entry success.

## Rule Five: Get Excited

The trick in looking for work is to get excited by the search itself. Dreading the idea makes re-entry more difficult than it need be. Treating the job search as an adventure helps to finesse a tight labor market. All the more reason to spend money on yourself, take an occasional three-day pass to the beach, and have fun making the career change. One exiting FSO so feared the job search, he spent the next five years gaining a law degree, then an MBA, before finally looking for work. Further schooling simply postponed the inevitable while undermining his self-confidence. Part of his problem was thinking his leaving the Foreign Service was a punishment; his stint in graduate school was his penance. But it became a kind of purgatory.

While important, the job search can be taken too seriously. Feeling it's a life or death matter shields the career changer from the pleasure of it. Take a *playful* attitude to finding a job. Solemn job seekers are nowhere near as attractive as enthusiastic job candidates. Concentrate on the exciting future rather than the interesting past.

## Rule Six: Focus on Function

Effective career changers focus not just on *position* but on *function*—i.e., whatever they do as well or better than anyone else. That might be giving speeches, writing reports, selling ideas, mediating conflicts, or many other skills. Moreover, no matter what their former rank, title, or status in the Service, returning overseas Americans will function best at what they like. Thus, figuring out what you *can do* is one step away from knowing what you *want to do*. Unfortunately, career changers often overlook their natural talents and therefore don't connect

with a job that would make them happy.

Remember function when preparing your résumé. Focus on functional skills—organization, report writing, conflict mediation, agricultural and business skills, and a thousand others—that translate into domestic jobs. If an FSO gathered and analyzed information in Ghana, why can't he do risk-analysis for an American bank? If an AID agricultural officer specialized in wet-rice farming in Southeast Asia, why can't she study similar techniques in South Carolina? If a Peace Corps volunteer organized credit unions in Bolivia, why can't he manage credit unions here at home?

This means reprogramming your résumé and interview presentation away from past organizational associations (you are what you *did*, remember, not for whom you did it), job titles, and rank. Otherwise résumés are simply tedious recitations of "duties and responsibilities"—the boiler plate of boring job descriptions. The answer is to focus on accomplishments and results abroad and how they translate into needs here. Translation of functional accomplishments means, however, junking foreign policy and development jargon and instead expressing overseas experiences in plain English.

## Rule Seven: Write Your Résumé

Preparing your résumé will increase your confidence and excitement while helping you translate your overseas skills into new, marketable functions. Take at least two weeks to jot down every job and function you've ever performed. You will be surprised at their diversity and the talents required to do them. Undiscovered skills will emerge, and a pattern of your unique combination of interests and abilities will begin to be revealed. You may

then begin to apply these abilities to the areas of work that appeal to you the most.

Now write your résumé. Use books from the library on format. Be very businesslike . . . neither shy nor clever. Your next employer wants an objective view of who you are—and only you have all the information. Use active verbs—managed, directed, produced, created, supervised. Use numbers. Name specific achievements—"wrote 50-page monthly report" . . . "arranged 125 embassy dinners per year" . . . "personally contacted 35 people regularly to poll commercial response." If the résumé needs polishing, an executive search firm or friend with a professional flair may be able to help.

Don't be discouraged if you have to send out large numbers of résumés. One rule of thumb is to expect responses from only three percent of your mailing, and that from these job interviews, only one actual job offer may result. Finally, concentrate on writing good job letters. It is an art that can be developed by studying one of the many good books on job hunting.

## Rule Eight: Know Where You Want To Live

Another reason six months or so might be necessary in moving back into the mainstream is the importance of where you live to career prospects and overall success. Knowing where you want to live can shape what it is you want to do—and vice versa. Your job skills may help you determine the area where they can best be used (i.e., computer technology: Boston, New York, Dallas, West Coast, Raleigh). Many former Foreign Service employees become so accustomed to uprooting every few years they feel unnatural settling down. Having moved five times and taken three jobs in two

years, one ex-FSO confuses motion with movement when it's only running in place. She still hasn't made the transition.

Her reverse culture shock is well known. While Foreign Service personnel are often posted to Washington, the capital is merely a port of entry, not necessarily Mainstreet, U.S.A. Learning about which parts of the country reflect your interests, values, and job direction should precede looking for work. Feeling at home in the Shenandoah Valley can take as long as becoming accustomed to Sri Lanka.

### Rule Nine: Network

Networking is curiosity made visible. And curiosity coupled with imagination is the chief quality needed to make the leap to a new career. Since most re-entering Americans don't know what they want to do and hesitate to admit it, the transition is often troubled. A good idea when coming home is to talk with former colleagues who have made the transition. Networking means using other people to help you think through what to do next.

Networking also means revealing your need for help by talking to a wide variety of employers and enlisting their support. One ex-AID official got a job-lead on the tennis court of a country club. Another former FSO was interviewed on the New York shuttle. And a third found work through his father's best friend.

All the more reason to spend several months not looking for a job so much as interviewing for information: networking. That means bouncing ideas off employers and finding out about jobs that may not be advertised—or may not yet exist. The knack of networking is taking employers off the hook by not asking for a job so much as advice. It means winning an ally in the job search, letting *this* person connect you with *that* one. It means doing an

investigation about yourself and the world of work. It's really no different than what diplomats do on foreign assignment: talking to key host-country nationals, developing an information network, learning the language (the jargon of a new trade), and eventually getting on top of a job. Well, the job of re-entry is *to find* a job. That entails using people to help you locate hidden skills and hidden jobs.

### Rule Ten: Be Flexible But Set Goals

Many overseas Americans feel embarrassed at not knowing what they want to do when they come home, so give yourself a break and don't try to make the transition too quickly. For the best and brightest, thinking through the first few steps can be extremely difficult. The career options available, the perplexity of self analysis, and the patience necessary to change vocational direction—plus reverse culture shock—are all challenging. When it works out well, whatever returning Americans choose to do at home seems in retrospect as if it were *meant* to be. The invariable response of successful career changers is to wonder why they waited so long to do it. The truth is that time is needed to weigh options, calculate risks, take into account talent (i.e., functional skills), and research the self via networking.

Also, take a playful attitude in the job search. Figuring out what to do is a result of letting go, feeling good about the self, and allowing the unconscious to do its job. Ideas surface on the periphery of the mind. Often, wacky job objectives are the most realistic in terms of functional talent. The frame of mind best suited to thinking through new career steps is marked by openness, curiosity, imagination, and knowing the world is mad. A sense of humor helps.

The ex-Peace Corps staffer managing a tomato farm in southwest Virginia, the ex-FSO leasing Lear jets to foreign governments, and the former AID mission chief directing a Planned Parenthood program in Pennsylvania are recent examples of overseas Americans who have made imaginative leaps into other careers. All three were confident of making the transition and deeply interested in *something*—farming, aviation, family planning. The self-directed job search is centered in the *self*. "What is it you want to do?" is still the toughest question asked in an interview. Returning overseas Americans need to answer that question before beginning to look.

Setting goals is tough: friends, family, and colleagues are often no help. They may put down aspiration on the grounds that a radical career change is unrealistic. Also, many career changers want other peoples' approval when what's really needed is *self*-approval. That often means saying no to what other people say you should do.

Another clue to knowing what you want to do is sensing you have the skills, say, to be a sports writer even though you lack a journalism degree or newspaper experience. But the two most important predictors of success on the job aren't education and experience. Rather, they are motivation and ability. All the more reason returning overseas Americans need to convey their abilities and desires before representing education and experience to domestic employers.

Finally, while re-entry is often painful, it's a chance for personal and professional renewal. The price of re-entry is often paid in the coin of anxiety and guilt. That's part of the stress of re-entry and the career change. Fortunately, like other personal crises, re-entry is an opportunity for growth. The profusion of opportunity in America makes that price well worth paying. □



# Restarting START

By DAVID LINEBAUGH and ALEXANDER PETERS

Despite the proclivities of some U.S. policymakers who might prefer not to deal with the Soviet Union at all, it cannot be ignored. The U.S.S.R. occupies more land area than any other country, has the third largest population, and generates the second biggest gross national product. Moreover, it is a nuclear superpower. It should be obvious that coexistence with the Soviets is an imperative for survival in the nuclear age.

Evidence is accumulating that coexistence may again play a role in shaping U.S. policy toward the Soviets. The Reagan administration has decided to increase grain sales, lift the gas-pipeline sanctions, and resume nuclear arms control negotiations, while committing itself not to undercut the SALT I and SALT II treaties. In his speech of November 22, President Reagan offered to agree to confidence building measures. And, the president's November 11 message to the Soviet government and people spoke of "the strong desire of the United States to work toward an improved relationship with the Soviet Union."

Back in 1967, NATO agreed to pursue a policy of both defense and détente toward the Soviet Union, a dual strategy of containment and accommodation. But the Soviet invasion of Af-

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*How much longer can Atlas support the ever-growing burden of the nuclear arms race? Because the START talks seem stalled, it is time to consider new proposals that could fix the flaws in the administration's negotiating position.*

ghanistan in December 1979 dealt a severe blow to détente as followed by the Carter administration, and President Reagan initially shunned the dual strategy. With some justification, Reagan charged that the Soviets gave only verbal support to détente and that their policies were in fact expansionist. Thus, the Reagan administration relied solely upon a policy of strength, encouraging conflict rather than compromise. At first, Reagan did not maintain channels of communication with Moscow or try to define terms for coexistence. The progress that had been made during seven years of SALT II negotiations was disregarded, and it was eighteen months before the United States agreed to resume talks on strategic nuclear weapons. U.S.-Soviet relations reached their lowest point since the Cuban missile crisis of 1962. In addition, the Reagan administration's single-track policy has helped stimulate an anti-nuclear movement in Europe and severely strained relations between the United States and its NATO allies.

In response to allied pressure, Reagan made a gesture toward establishing a more balanced policy when he agreed in November 1981 to resume bilateral negotiations with the Soviets on the question of reducing intermediate nuclear forces in Europe. In response to domestic pressure, he extended this gesture in May 1982 by announcing the beginning of the bilateral strategic arms reduction talks (START). Unfortunately, the proposals which the United States has advanced

in both the intermediate and strategic arms talks appear to be too one-sided to be negotiable. In the INF talks, the United States has put forward a proposal that would require the Soviets to dismantle 600 missiles, more than half their intermediate force. No American intermediate nuclear weapons would have to be dismantled. In the United States' START proposal, the Soviets would be required to make heavy cuts in their land-based missile force, the area where they are the strongest. But the United States would not be required to accept limits on bombers and cruise missiles, where it is well ahead of the Soviet Union.

### Starting Over

The issue of nuclear weapons is at the center of the U.S.-Soviet relationship, and an agreement resulting in substantial reductions would have far-reaching political effects. The Reagan administration should therefore introduce a new proposal on START.

In designing a negotiable proposal, the Reagan administration may first need to reconsider some of the assumptions underlying current nuclear weapons policy.

Have the Soviets achieved nuclear superiority? Did the United States stand still during the 1970s? Are more U.S. arms needed for bargaining purposes and, if so, does this need justify the vast cost of a strategic arms build-up? How many nuclear weapons are really needed for deterrence?

On the issue of which superpower is superior in terms of nuclear weapons,

the differing sides draw their conclusions from the same set of facts. Both agree that the Soviets have a more powerful land-based force than the United States and that the United States has more powerful sea- and air-based forces than does the Soviet Union. But those who believe that overall the Soviets are in a superior position say that the U.S.S.R. could theoretically knock out the U.S. land-based force. With less reliable bomber forces and less accurate submarine missiles remaining, the United States could then only retaliate against Soviet cities—a move of questionable value, as it would lead to the destruction of U.S. cities. Those who believe in U.S. superiority counter by saying that this alleged Soviet advantage is entirely theoretical because the Kremlin would not run the risk of provoking a devastating retaliatory blow. Those who are less confident in the U.S. position respond to this by saying that the Soviets would not actually have to launch a first strike; the Soviet capability itself gives the U.S.S.R. a political advantage. Whatever the merits of this argument about superiority, the problem of the vulnerability of land-based missiles needs to be resolved to ensure that any START agreement has the support of two-thirds of the Senate.

A brief review of the deployment of nuclear warheads reveals at least one area where the Soviets are not superior and where, contrary to the general assertions of Reagan, the United States did not stand still in the 1970s. A vast expansion in the nuclear capability of

# U.S.-U.S.S.R. STRATEGIC FORCES COMPARISON

CURRENT FORCE STRUCTURE			FORCE STRUCTURE UNDER REAGAN PROPOSAL			FORCE STRUCTURE UNDER NEW PROPOSAL					
		number deployed	warheads			number deployed	warheads			number deployed	warheads
<b>U.S.S.R.</b>											
<b>ICBMs</b>			<b>ICBMs</b>			<b>ICBMs</b>					
SS-11	570	570	SS-11	(UNDETERMINED)		SS-11	536	536			
SS-13	60	60	SS-13	(UNDETERMINED)		SS-13	60	60			
SS-17	150	600	SS-17	(UNDETERMINED)		SS-17	150	600			
SS-18*	308	3080	SS-18*	(UNDETERMINED)		SS-18*	154	1540			
SS-19	310	1860	SS-19	(UNDETERMINED)		SS-19	106	636			
subtotal	1398	6170		2500			1006	3372			
<b>SLBMs</b>			<b>SLBMs</b>			<b>SLBMs</b>					
SS-N-5	57	57	SS-N-5	(UNDETERMINED)		SS-N-5	0	0			
SS-N-6	400	400	SS-N-6	(UNDETERMINED)		SS-N-6	0	0			
SS-N-8	292	292	SS-N-8	(UNDETERMINED)		SS-N-8	292	292			
SS-NX-17	12	12	SS-NX-17	(UNDETERMINED)		SS-NX-17	12	12			
SS-N-18	208	1456	SS-N-18	(UNDETERMINED)		SS-N-18	190	1330			
subtotal	969	2217		850			494	1634			
missile total	2367	8387		5000			1500	5006			
<b>Bombers</b>			<b>Bombers</b>			<b>Bombers</b>					
TU-95 Bear	105	315	TU-95 Bear	105	315	TU-95 Bear	105	315			
Mya-4 Bison	45	90	Mya-4 Bison	45	90	Mya-4 Bison	45	90			
subtotal	150	405		150	405		150	405			
TOTAL	2517	8792		1000	5405		1650	5411			
<b>U.S.</b>											
<b>ICBMs</b>			<b>ICBMs</b>			<b>ICBMs</b>					
Titan II	52	52	Titan II	(UNDETERMINED)		Titan II	52	52			
Minuteman II	450	450	Minuteman II	(UNDETERMINED)		Minuteman II	450	450			
Minuteman III	550	1650	Minuteman III	(UNDETERMINED)		Minuteman III	250	750			
subtotal	1052	2152		2500			752	1252			
<b>SLBMs</b>			<b>SLBMs</b>			<b>SLBMs</b>					
Poseidon*	304	4256	Poseidon*	(UNDETERMINED)		Poseidon*	128	1792			
Trident I	216	1728	Trident I	(UNDETERMINED)		Trident I	216	1728			
subtotal	520	5984		850			344	3520			
missile total	1572	8136		5000			1096**	4772**			
<b>Bombers</b>			<b>Bombers</b>			<b>Bombers</b>					
B-52	150	1800	B-52	150	1800	B-52	150	1800			
B-52	197	788	B-52	197	788	B-52	197	788			
subtotal	347	2588		347	2588		347	2588			
TOTAL	1919	10724		1197	7588		1443	7360			

\*SS-18 and Poseidon warheads reflect SALT II counting rules

\*\*207 single warhead ICBMs could be added to reach the entitled 1650 delivery vehicles. Warheads would then equal 4979.

Sources: IISS Military Balance: 1982-1983, SIPRI.

both superpowers took place in the 1970s as both began deploying multiple warheads on missiles (MIRVs), the United States in 1970 and the Soviet Union in 1975. The United States had 2486 warheads on missiles in 1972 and had added 4738 more warheads by 1982. The Soviet Union had 1950 warheads on missiles in 1972 and had added 5350 more by 1982. Today, the United States has more than 10,000 strategic nuclear warheads and bombs, while the Soviet Union has in excess of 8000.

## Bargaining Chips

Contrary to Reagan's assertions, more nuclear weapons are not needed to serve as bargaining chips in START. More weapons would make it harder, not easier, to achieve mutual reductions. Soviet leader Yuri Andropov's call for renewal of détente in his hard-line speech immediately following Leonid Brezhnev's death made it clear that the Soviet Union would respond to a U.S. arms build-up with a build-up of its own. Thus, the funding and deployment of more American weapon systems, such as the MX, Trident II, or ground- and sea-launched cruise missiles, will result in more Soviet arms. And, in an ever-spiraling process, more Soviet arms will in turn result in more U.S. arms. Today, the United States already has thousands of nuclear weapons it could trade away without jeopardizing its security. And both sides could gain some bargaining leverage from the new and more deadly weapons still under development—a Soviet mobile ICBM, for example, or a U.S. sea-launched cruise missile—providing that leverage is used in negotiations *before* the weapons are deployed. It is only then that the U.S. or Soviet negotiator could offer to delay or cancel deployment or outline what conditions would lead to deployment.

Secretary of Defense Caspar Weinberger appears to believe that the United States must increase its stock of weapons to maintain deterrence. He charges that the Soviet Union is building forces for a protracted nuclear conflict and that "we must . . . match the Soviet Union's greatly improved nuclear capability. . . . We must demonstrate that our strategic forces could

survive Soviet strikes over an extended period." However, the unending build-up of nuclear weapons that Weinberger's statements would seem to endorse may be excessive for the purposes of deterrence. The victims of Hiroshima and Nagasaki would probably say that two nuclear weapons are enough to deter. A former national security adviser has stated that 10–20 weapons would be sufficient to maintain deterrence, and a former secretary of defense has said that 200–400 would be enough. Yet, the United States now has over 25,000 nuclear weapons of all types and the Soviet Union has almost as many.

Rather than attempting to ensure deterrence by increasing the already

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*"The vulnerability of the land-based missiles needs to be resolved to ensure that any START agreement has the support of two-thirds of the Senate."*

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vast stock of weapons, the more rational course would be to negotiate a program of mutual reductions with the Soviets. The Reagan administration has already made some modest efforts in this direction.

In a speech at Eureka College in May 1982, President Reagan outlined a two-phase U.S. proposal for START. In the first phase, Reagan proposes to focus on what he described as the most threatening weapons, ballistic missiles. The United States and the Soviet Union would reduce warheads on ballistic missiles to a ceiling of 5000, with a subceiling of 2500 warheads on land-based missiles and an aggregate limit of 850 land- and sea-based missiles. Phase I reductions would take place over a period of five to ten years.

A second phase of the talks would concentrate on the reduction and equalization of ballistic missile throw-weight to a common ceiling below present U.S. levels.

The Reagan plan has a positive purpose—to achieve a deep cut in warheads, the single most telling measure of strategic capability. Reagan proposes to reduce warheads by fully one-third.

But the Reagan plan has some drawbacks. Given Soviet concerns, it may not be a realistic basis for negotiation. The focus of the plan is on reductions in land-based missiles which compose the bulk of the Soviet force, including the SS-18 and SS-19 missiles, which could be used in a nuclear first strike. There are no proposed limits on bombers and cruise missiles, where the United States has a clear advantage. Because 75 percent of the Soviet strategic force is based on land, the Reagan plan would require a major restructuring of the U.S.S.R.'s nuclear arsenal, even though the United States would not have to make any comparable readjustments. Because the plan would satisfy U.S. interests and concerns, but not those of the Soviet Union, the Soviet leadership is likely to regard it as too one-sided to be negotiable.

Even more important, the Reagan START proposal would not reduce the vulnerability of U.S. strategic forces. It does nothing to improve the survivability of U.S. ICBMs, a weakness—or alleged weakness—which Reagan called a "fatal flaw" of SALT II. Indeed, the number of accurate Soviet weapons aimed at our ICBMs could even increase over its present 5 to 1 ratio. This weakness combined with the deployment of new U.S. counterforce weapons, the MX and Trident II, which threaten the survivability of Soviet ICBMs, would create a highly unstable situation. The Soviets say—and we have no reason to doubt them—that they would be driven to a launch-on-warning strategy. The result could be catastrophic.

## Proposing Alternatives

Understandably, there has been little visible movement in the START talks since the initial proposals were put forward. This lack of progress, combined with growing public con-

cern over the increase in nuclear weapons, has led others to propose plans for restraining the arms race. These proposals include:

**THE GORE PROPOSAL.** Congressman Albert Gore (D.-Tenn.) has presented a "non-counterforce alternative" to the administration's START proposal. The basic premise of Gore's proposal is reflected in his statement that "nothing could be more detrimental to strategic stability than for both sides to be vulnerable to a first strike." His proposal is structured so that neither the United States nor the Soviet Union would have a first-strike capability.

Specifically, Gore proposes that the United States and the Soviet Union eliminate all land-based MIRVED ICBMS and that each side be allowed to keep their remaining single warhead ICBMS—the U.S. Minuteman II and the Soviet SS-11. Both the Soviets and Americans would then have an approximately equal number of single warhead ICBMS—500—virtually eliminating the vulnerability of U.S. land-based missiles. The Gore plan would allow the development and deployment of a new single warhead ICBM as a replacement for the aging Minuteman II and SS-11.

Gore accepts the Reagan goal of establishing a ceiling of 5000 of all types of missile warheads, but under his plan the United States would not deploy the MX or Trident II, providing that the Soviets agree to phase out their MIRVED ICBMS. Gore proposes that "meaningful restraints" be put on cruise missiles, and that there be a limit on the number of long-range heavy bombers. Reagan does not include any limits on bombers and cruise missiles in his proposal.

### Insurmountable Obstacles

The success of the Gore plan would hinge on Soviet willingness to dismantle the largest and most modern element of their strategic force, namely their MIRVED SS-18s and SS-19s. The U.S.S.R. would then have to move its forces out to sea, where the United States has the technological and geographic advantage. These obstacles appear insurmountable and would probably make the Gore plan unacceptable to the Soviets.

**THE LODAL PROPOSAL.** Jan M. Lodal, senior staff member of the National Security Council from 1973-75, has formulated both a START proposal and a plan to change the character of U.S. deployments. Lodal's START proposal has the virtue of simplicity. It would establish a common ceiling on the aggregate number of warheads on both long-range and intermediate-range systems—all weapon systems having a range of 1000 miles or more. Lodal argues that there are important advantages in establishing an aggregate warhead ceiling. First, the INF negotiations and START would be integrated and would lead to one comprehensive agreement. Second, when talks focus on limiting warheads, negotiability

*"More nuclear weapons are not needed to serve as bargaining chips. More weapons would make it harder, not easier, to achieve mutual reductions."*

would be enhanced because both the United States and the Soviet Union have an approximately equal number of warheads—11,000—on nuclear weapon systems with a range of 1000 miles or more. And third, the problems caused in previous talks by weapons that are difficult to define as either strategic or theater would be overcome by negotiating both types of systems together.

Lodal also proposes a change in the character of U.S. deployments, one that would solve the problem of U.S. ICBM vulnerability. Lodal points out that MIRVED missiles are tempting targets because they carry a high number of warheads. For example, a single U.S. warhead delivered on target to a Soviet SS-18 could destroy all of its 10

warheads. Lodal proposes that the U.S. should replace its MIRVED land-based missile force—550 Minuteman IIIs—with single warhead missiles. These single warhead missiles would create "uninteresting" targets for the Soviets, since they would have to target at least two of their warheads to each of the numerous U.S. missiles to assure their destruction and eliminate the possibility of counterstrike by U.S. land-based ICBMS.

### Destabilizing Proposals

Lodal's plan would permit a vast expansion in the number of ICBM silos. However, because SALT I and II both banned the construction of additional silos, implementation of his plan would damage the effectiveness and overall credibility of the agreements. The Soviets would be unlikely to accept any modification in the SALT treaties to accommodate Lodal's plan. Also, the rest of the world would not regard the large increase in U.S. land-based missiles as a stabilizing arms control measure. And the redeployments would be expensive, thus adding to an already huge U.S. defense budget.

**THE FAS PROPOSAL.** SALT II took seven years to negotiate. During that time, three different presidents occupied the White House. The Federation of American Scientists (FAS) believes the world cannot afford to wait such a long time for a START agreement. The arms race has become too dangerous. Because negotiating time must be cut dramatically, the FAS proposes that SALT II provide the framework for a START agreement. The proposal combines an interim freeze and a reduction plan based on the five SALT II ceilings: heavy missiles, MIRVED ICBMS, MIRVED ICBMS and sea-launched ballistic missiles, MIRVED ICBMS and SLBMS and bombers with cruise missiles, and total strategic delivery vehicles.

The freeze, which would be put into effect immediately, would reduce the SALT II limits to the present force levels of each superpower. The FAS argues that this freeze can be "negotiated without negotiation" because it is based on the already agreed SALT II framework. Once the freeze is in effect, the FAS reduction plan would shrink

the SALT II ceilings by 50 percent, a reduction that would meet most of the specifics in the Reagan START proposal, i.e. a 5000 missile warhead ceiling and an 850 missile ceiling. But the FAS plan, like the Reagan plan, does not end the theoretical vulnerability of the American land-based missile force. This could be a fatal flaw.

**THE KENNAN IDEA.** George Kennan has urged the United States and the Soviet Union to cut their nuclear arsenals by 50 percent, "a reduction affecting in equal measure all forms of the weapon, strategic, medium range, and tactical, as well as means of their delivery." Kennan admonishes us to act now and "stop the wrangling among the experts." This idea has received widespread attention, but its sweeping character may make it politically unacceptable, and the dangerous asymmetries in the U.S. and Soviet forces that many claim exist would still be present after a 50 percent cut.

The above proposals demonstrate the wide variety of arms control objectives held by various people and groups and the diversity of means enlisted to reach those objectives. President Reagan and George Kennan emphasize reductions. Congressman Gore and Jan Lodal focus on stability. The FAS wants to capitalize on what has been achieved in SALT II. Yet, all of these plans contain flaws, especially in the areas of negotiability and vulnerability, that may prevent their realization. However, a new U.S. proposal could borrow elements from all of these plans and meet certain criteria which should ensure widespread political support, including that of two-thirds of the Senate.

## A New Plan

The requirements for a START agreement are relatively few. It must result in significant reductions and greater security. Both objectives are important. It must be verifiable. It must be negotiable and meet the interests of both the United States and the Soviet Union. The negotiating process must avoid long delays that erode support and permit weapons technology to outpace negotiations. To meet these requirements, the United States should propose that:

- U.S. and Soviet nuclear warheads on missiles be reduced to 5000 or less;
  - these reductions would be achieved primarily by reducing MIRVED missiles, including Soviet heavy missiles, to a level at least 50 percent below the ceilings agreed to in SALT II;
  - the aggregate SALT II ceiling for delivery vehicles would be retained but reflect these reductions;
  - the number of deployed bombers and air-launched cruise-missiles would be limited to no more than SALT II levels;
  - the deployment of new missiles would be banned;
  - the flight testing of counterforce weapons would be banned.
- Reductions would be made from each superpower's present operational forces

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*"A new U.S. proposal could borrow elements from all the other plans and meet certain criteria which should ensure widespread political support."*

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until the new ceilings are reached. The United States would be allowed to add a specific number of single warhead missiles in order to reach the new ceiling on total strategic nuclear delivery vehicles. There would be no restrictions on the development or deployment of new submarines or new bombers as replacements. The START agreement would be of indefinite duration and would include a commitment to negotiate further reductions.

The 50 percent cut in the SALT II MIRVED missile ceilings would be a big step toward achieving greater stability and enhanced security. The number of accurate Soviet weapons that could strike U.S. land-based missiles would be reduced from a ratio of about 5 to 1 to a ratio of about 3 to 1. Thus, a cut in

Soviet MIRVED missiles, the SS-18 and SS-19, would help correct what Reagan has described as a fatal flaw in SALT II—the so-called window of vulnerability of our ICBMs.

## Starting to Stop

This proposal would stop the most lethal and destabilizing aspect of the nuclear arms race—the deployment of new weapons with a first strike capability, such as the MX, Trident II, and comparable Soviet weapons. Because the United States has said it would not strike first it has no use for such weapons, and banning them from the Soviets would reduce the threat to U.S. security.

This proposal would also stop the deployment of the sea-launched cruise missile, a relatively small but deadly weapon, limitations on which may not be verifiable by national means. The administration has rationalized its decision to deploy this weapon on the grounds that it is needed as a "strategic reserve," yet it could end the chance of an arms reduction agreement altogether.

Both the United States and the Soviet Union should find this proposal acceptable as a basis for negotiations. It bans new weapons from both sides. It would meet U.S. concerns over the most threatening Soviet weapons, the SS-18 and SS-19, but also meets Soviet concerns over the U.S. strength in bombers and cruise missiles. Negotiations should have prompt results. Because the two sides would be working from provisions already agreed to in SALT II, the negotiations should be relatively brief.

Perhaps most significant, this proposal would make deep cuts in nuclear weapons and stop the mindless accumulation of more and more arms. These reductions would begin to change the political relationship with the Soviet Union by changing our estimates of Soviet capabilities and intentions. The reductions would set an example for the rest of the world and improve the prospect for stopping nuclear weapons proliferation. By agreeing to such a proposal, the Reagan administration and the Soviets could reverse the nuclear arms race and reestablish the basis for lasting peace. □

# Memories

*The summer of '64 in South Vietnam was a season of coups, demi-coups, and coupettes*

By HOWARD R. SIMPSON

I was in Cannes in 1964 as an official delegate to the International Film Festival for the fifth consecutive year. Little did I know that my time on the Riviera was to be cut short by the beach attendant coming toward me with a message in his hand bearing news of a decision made in Washington.

The message was simple. The embassy in Paris wanted me to call immediately. I took it to be some change in the arrival time of a delegation member or a minor crisis involving the screening date of an American film. I returned to my room at the Carlton Hotel and called Paris. A cautious duty officer explained that my Indochina past had caught up with me. I had exactly two weeks to get to Vietnam. I put down the telephone slowly, staring out the window at the blue Mediterranean, the festival banners, and the frothing trails of water skiers.

I had left Indochina nine years before, after two tours of duty. As the British say, I'd "had the lot." I had worked as a USIA war correspondent assigned to the French Expeditionary Corps and the fledgling Vietnamese National Army. I had experienced Dien Bien Phu with a French para-

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*Howard R. Simpson is a retired Foreign Service information officer who lives in California. He served three tours in Vietnam during the French and American periods. He is now a novelist and a consultant on international terrorism.*

chute battalion, covered the Vietminh entry into Hanoi, evacuated the USIS local staff to Haiphong, and traveled south with Catholic refugees. I had served as Communist-affairs officer for North Vietnam and information adviser to South Vietnam's prime minister, Ngo Dinh Diem. My jeep had been machine-gunned by the rebel Binh Xuyen during the revolt of the sects in Saigon. I'd done my time in Clark Field hospital with hepatitis (the Binh Xuyen claiming they'd poisoned me). I had thought the Indochina experience behind me. I was wrong.

I was to stop in Washington and Pearl Harbor for consultations on my way to Saigon. My pregnant wife and three young daughters would follow later. Washington did its best to sugar-coat the pill. It was a "crisis" situation. They were sending in the "first team." Somewhere out there, fretting and impatient in the steamy tropical heat, was a prime minister in need of my "advice." As I had no choice, it was easy to accept these flattering exhortations. As a form of psychological self-defense, I almost began to believe them myself.

The whirlwind trip from Paris to Washington to Pearl Harbor was a tiring round of odd-hour flights, cardboard airline food, and worrisome briefings. The conference at Pearl Harbor was on a high level. Aside from the gung-ho briefing officers with their collapsible, stainless-steel pointers, I must have been the lowest-ranking participant. McNamara was there with his bartender's haircut. Maxwell Taylor sat through the sessions like a quizical Roman senator. Dean Rusk was a benign sphinx. One set of figures succeeded another. I had the troubling suspicion that Vietnam had changed completely, annulling whatever expertise I'd once had.

It was a strange return. Rue Catinat was now Rue Tu Do. The sheltering

plane trees that had shaded the terrace of the Continental Hotel were gone. The Vietnamese captains and majors I had known in the early 1950s were now generals—or exiled . . . or dead. A new generation of Taiwanese waiters were hustling food at the Arc en Ciel restaurant in Cholon. The cafes and bars were still screened for grenades but the names and players had changed. "La Normandie" and "Chez Yvette" had given way to the "California" and the "Blues Bar." Red-bereted French parachutists and shaven-headed Foreign Legionnaires had been replaced by hard-eyed American Special Forces troops and fatigue-clad mechanics from the expanding Air Force installations at Tan Son Nhut. The bar girls, who used to wear graceful Ao Dai or vague copies of Paris styles, were now in blue jeans and miniskirts.

I had returned to experience one of Vietnam's most unstable periods: a time of internal political turmoil, intrigue, and disintegration that would culminate in the decision to apply American ground forces as a steadying factor in a worsening situation. It was a season for successive coup d'etats, demi-coups, and coupettes that would hamstring pacification efforts, delay effective action against the Vietcong, shatter South Vietnam's military effectiveness, and divide its high-ranking army officers into feuding cabals. The Byzantine atmosphere of Saigon in 1964 is now only a series of memories:

•

Ambassador Henry Cabot Lodge takes me to meet the prime minister. We drive there in the ambassador's armored Checker. General Nguyen Khanh is a graduate of the French military school at Dalat, a former battalion commander and district chief. His coup to oust General Duong Van Minh has put him in the catbird seat. He is a short, chubby man with a small

# of Saigon



goatee. He smiles a lot over the traditional cup of tea and says he is glad to see me. I'm not sure. I have the feeling he would gladly forgo my advice. I am to have a nearby office and immediate access to him. Before leaving I meet some of his staff. With a shock I recognize an old Vietnamese acquaintance. Monsieur "X" was closely involved with French intelligence during the "other war." Now he is working in the prime minister's office.

We convince the prime minister he should spend more time in the field visiting villages, talking with district chiefs and unit commanders. He agrees but insists on piloting his own chopper. I fly with him to Phuoc Tuy province. A French television team accompanies us. At our first stop the two security choppers go in first, settling like awkward mosquitoes on the sand near a coastal village. The village is being evacuated. It's in a hot zone and the villagers are scheduled for relocation. The prime minister is there to show his concern and explain in person the need for relocation. A sullen, bedraggled group of villagers is flushed from the huts as we land. They listen incomprehendingly as an aide shouts to them over the din of the rotors. He identifies the prime minister and attempts to raise a cheer. No luck. The French TV team joins us. Some of the

villagers hear French being spoken. An old man comes forward, his hands joined together. He bows and speaks in rapid French.

"It isn't just," he tells the French journalists. "They are making us move. We don't want to move. Tell them. It is not just." One of the French newsmen flicks his notebook open and directs the camera and sound men to get the old man on film.

"The Americans don't understand," the old man wails. "Tell the Americans we don't want to move!"

The prime minister talks to the villagers but it's no use. They keep their eyes on the ground. They don't really know who he is. An explosive "crump" makes us jump. Then another. Mortars are coming in at the other end of the village. Gray smoke hangs in the still air. Within seconds the villagers are gone. We scramble back to the choppers, pile in and lift off, swinging out low over the sea, away from hostile fire. The prime minister is in a bad mood. I don't see him for several days.

General Dong is the military commander of the Saigon-Cholon area. I'd first met him at the battle of Nasan in 1952 when he was a captain. He has invited me to dinner at his fortified villa near Cholon. The low-walled structure is guarded by Nung mercenaries from the Chinese border area of

North Vietnam. We sit at opposite ends of a long table drinking straight Johnny Walker and feasting on quail eggs, crab, and chicken stuffed with lotus grains. Dong tells me about Vietcong infiltration of the Saigon-Cholon district. His intelligence net of professional agents and Nungs is fighting a lethal war in the shadows. His pessimistic assessment doesn't match anything I've seen on our charts. Dong is not enthusiastic about the government and hints he has acquired enemies in high places. He sends one of his Nung bodyguards to get me a beer. "I see very few Americans now," he tells me.

The prime minister introduces me to Colonel Thao and says he would like us to work together. Thao is a former member of the Vietminh and a devout Catholic who has made a name for himself by running a successful pacification program in Bentre province. His brother is a Communist official in North Vietnam. Thao is thin and wall-eyed. He has a great gift of humor. He is also a born plotter and spends little time in his office. I like Thao and we get along well. During a subsequent coup I rush to his home one morning in a moto-cyclo to warn him of a possible attempt on his life. He is not there. Days later, the coup unsuccessful, he shows up all smiles in the prime minister's office.

(Later, Colonel Thao, implicated in a plot against President Thieu, was captured, allegedly tortured, and killed by Thieu's security forces. Columnist Stanley Karnow, who recently visited Vietnam, reports that Thao's remains have been transferred by the Communist regime to the "Patriot's Cemetery" in Ho Chi Minh City. Former Vietcong leaders told Karnow that Thao was one of their key operatives in South Vietnam. I would prefer not to

believe this. If it is true . . . so much for our counter-intelligence capabilities in Vietnam.)

We host a small dinner at our villa on Rue Tu Xuong. The cuisine is Chinese but the atmosphere is pure 1964 Saigon. There is talk of coups-past and coups-yet-to-come. General Dong arrives late in his black chauffeur-driven Hotchkiss sedan. His Nung bodyguard hunkers down near our gate. Halfway through the first course artillery starts to thump from the direction of Go Cong. Dong excuses himself and asks to use the phone. We can hear him shouting in strident Vietnamese. He returns to the table, pours himself a generous helping of scotch and fills his bowl with baked river fish and black mushrooms. Twenty minutes later the artillery fire slackens and dies. He winks. "The gunners are nervous," he confides. "They would fire at rabbits if there was a full moon." (Later, General Dong and his Nungs would inflict heavy casualties on a North Vietnamese unit attempting to infiltrate Saigon during the Tet offensive in 1968.)

Marshal Nguyen Kao Ky's planes are over Saigon at 0130, buzzing the city, their landing lights blinking. It's meant as a warning to coup plotters. It works . . . for a few days. I drive to the prime minister's office one morning to find tanks pulled up near the gate. It appears to be a reassuring demonstration of army loyalty. As I turn into the drive I see the gun turrets are aimed at the government buildings. The demonstration is definitely unfriendly. A squad of South Vietnamese Rangers has occupied my office. There are papers scattered over the floor, the desk lamp is broken, and they've used the corner of the room as a latrine. No one stops me when I walk out, climb into my car, and drive away.

The unexpected heavy explosion smashes windows and breaks up the press briefing in Barry Zorthian's Joint U.S. Public Affairs Office. François Sully of *Newsweek*, an old Indochina

hand, is first out the door, notebook at the ready. Black smoke is billowing into the sky behind the Continental Hotel. A charge has been detonated at the Brinks bachelor officers' quarters. We rush across the street passing frightened Vietnamese civilians running in the opposite direction. Ambulances are careening to the scene. Some young sidewalk vendors have been cut by flying glass, others are in a state of shock. The entry to the BOQ is blackened with smoke. Firefighters are unreeling their hoses to fight the flames. American officers wearing blood-spattered Hawaiian sport shirts are being helped into the ambulances. (Two Americans were killed, 52 Americans and 13 Vietnamese wounded in the Brinks bombing.) Later, I walk over the crunching glass to a small bar owned by a long time Corsican resident of Saigon. He is standing outside frowning at his broken windows.

"*Alors?*" he confronts me, hands extended, palms up. "What is happening? At least, when the French were here we had security!" Weeks later a South Vietnamese general staff officer hints at a conundrum. "I am not sure," he murmurs conspiratorily, "that it was the VC who planted the Brinks bomb."

I am invited to an unusual dinner at l'Amiral restaurant by a representative of the Hoa Hao, a religious-military sect that revolted against the Diem government in 1955 and was crushed by the national army. The widow of Ba Cut, the wild, legendary leader of a Hoa Hao splinter group, is there. An attractive woman, she is a casting director's vision of the original Dragon Lady. Over steak au poivre washed down with a fine Bordeaux I am told that the Hoa Hao can once again become a viable anti-Communist force. All they need is money and arms. When the meal is over, the Dragon Lady smooths her form-fitting Ao Dai and offers me a lift home. I regretfully decline the offer.

A strange thing happens in the middle of a highly tense period. An American correspondent comes to me

with a letter he had agreed to deliver for a Vietnamese general now exiled in Paris. The letter is addressed to a high-ranking South Vietnamese army colleague. The newsman's Vietnamese assistant had read the letter prior to its delivery—a prudent if not wholly acceptable procedure. The assistant has suggested the letter be shown to an American official immediately. We have it translated and catch our breaths. The text is a straightforward pledge of moral and material support for a planned coup d'etat. It's the kind of message that could tip the local balance of power and tear the shaky government apart. We return the letter to the innocent messenger and recommend a long delay in delivery.

Successive coups and government changes have cut whatever effectiveness I might have had to zero. I've been shunted across the street from the prime minister's office. The new incumbent, aging Premier Huong, is puzzled by my presence. He asks an aide why he has a "French" adviser on his staff. It's time to leave. My Vietnamese co-workers give me a going away party. Major Duc proposes a toast with lukewarm *vin mousseaux* and we all shake hands. For old time's sake I have a last gin fizz on the terrace of the Continental, where I met my wife for the first time in 1953. The embassy sedan picks me up and takes me to the airport.

In 1971 I returned to Vietnam for the last time, on an "orientation" tour. The embassy gives us an upbeat briefing and the military stuffs our heads with figures. In Quang Tri province an army intelligence officer with bourbon on his breath gives us a no-holds-barred briefing—much to the dismay of his superiors. He has been in indirect touch with a local Vietcong leader whose wife has been captured. The intelligence officer has been attempting to convince the officer to come in under the Chieu Hoi program. He shows us the translation of the latest reply he's received. It's simple and to the point. "No. We will be here long after you Americans have left." □

## State's Ranking System

(Continued from page 21.)

the number referred or fewer will be separated from the Service. Certainly this process is not a wholesale or insensitive attrition mechanism; it appears to be as equitable a procedure as can be devised.

Unfortunately, Mr. Wach's article may have fanned the doubts and concerns of a number of Foreign Service

employees who feel that they have not been adequately recognized in appraisal or promotion consideration. If my comments have not allayed those doubts, I would only ask that any concerned employee discuss the process with an officer whom he or she respects and trusts who has recently served on a Selection Board. I am confident that these members will fully share my own judgment that the systems do work dependably and fairly. After all, these

processes are designed, negotiated, implemented, and operated largely by the people they are intended to serve. It is not likely that significant failings in such critical areas would be long tolerated. Finally, if all of this is still not persuasive, I can only recommend that those who remain skeptical volunteer for Selection Board service. I would lay strong odds that the experience will make believers out of all of them. □

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## Urgent: Apply Now For AFSA/AAFSW Scholarships

This is scholarship application time, when requests for scholarship assistance must be made *immediately* if you are to meet the deadline of **March 1, 1983**. On that date, all materials must be received in the office of the AFSA Scholarship Programs Administrator, 2101 E Street NW, Washington, D.C. 20037. To qualify for consideration in the AFSA/AAFSW Merit Award program, the dependent Foreign Service student must be graduating from high school in 1983. This competition is based solely on academic excellence, and students are required to submit their SAT scores, rank in class, grade point average, transcripts for four years (including the first semester of the 12th grade), a personal essay, a list of extracurricular activities, and one or two references. All completed applications received by March 1, 1983, will be reviewed by volunteer panels to determine approximately 22 winners who will receive \$500 each. The announcement of the winners will be made on May 2, 1983.

The Financial Aid Scholarships are given for full-time undergraduate study in the United States to qualified dependent Foreign Service students, based solely on financial need. All applicants must file a financial aid form with the College Scholarship Service in Princeton or Berkeley, for which a fee is charged. Both the AFSA application and the CSS form are available from the AFSA Scholarship Programs Administrator at the above address. The same March 1, 1983, deadline applies. Qualified students should request these forms immediately.

Both the Merit Awards and the Financial Aid Scholarships are available only to qualified dependent children of Foreign Service personnel who are serving or have served abroad in agencies of the U.S. government operating under the provisions of the Foreign Service Act of 1980. It is not necessary to be a member of either AFSA or AAFSW. Personnel in the lower grades are encouraged to apply.

Write today, giving Foreign Service affiliation.

## Florida Retirees Skills Bank

Of the hundreds of retirees from the international relations community in Florida, a small group has been meeting with various Florida officials to develop a system to help the state use this unique resource. Retired ambassadors Charles Adair, Clarence Boonstra, Robert J. Ryan, and Margaret Morgan have been promoting the new program.

To implement it, the Industry Services Program and Center for Career Development Services of the state Department of Education has established a system to record the skills of interested retirees who have international work experience. In September, Ralph D. Turlington, state commissioner of education, sent a memorandum on the International Retirees Skills Bank to several hundred retirees. He emphasized the importance of Florida's growth and immigration problems and how experienced, skilled persons could be a great asset to both the government and the private sector. The commissioner said that "retirees with backgrounds in international relations represent a unique and significant resource which can be mobilized to address the challenges facing Florida today."

Information from returned registration forms sent with the memo is placed in a computer and made available to interested public and private organizations. The skills bank will be updated periodically. Participants can have their names withdrawn at any time.

Retirees who did not receive the memo and registration forms who wish to participate or those having questions may contact Patrick Daller, Office of the Commissioner of Education, 1701 Capitol/Knot Building, Department of Education, Tallahassee, Florida 32301, telephone (904) 488-1812, or Robert J. Ryan, 216 Gull Circle N., Daytona Beach, Florida 32019, telephone (904) 788-9572.

## Deaths

C. CLEVELAND HARRIS, the chairman of the Romance languages department at the Foreign Service Institute, died on September 27 in his Alexandria, Virginia, home. He was 63.

He was born in Puerto Rico and educated at the University of Texas, where he earned bachelor's and master's degrees. He received a doctorate at Cornell University.

Harris was the director of language training in Venezuela and North Africa for the Mobil Oil Company from 1953-60. After moving to Washington in 1964, he began his position at the Foreign Service Institute.

Survivors include his wife, Madelyn Gerlich Harris of Alexandria; three sons, Robert of San Antonio, Texas, John of Dallas, Texas, and Ronald of Chantilly, Virginia; a brother; a sister; and six grandchildren.

NEDVILLE NORDNESS, former public affairs adviser with the Arms Control and Disarmament Agency, died at his home in Alexandria, Virginia, on September 2 of a heart attack. He was 68.

A newspaper reporter who worked for the Associated Press and International News Service in Europe during and after World War II, Nordness served with the Economic Cooperation Administration mission in Norway in 1948. He joined USIA in 1953 and was assigned to Rome as information counselor at the embassy. He held the same position later in Bonn.

He joined ACDA in 1960, where he was a senior adviser to the delegation to the Nuclear Test Ban Conference. Before he resigned in 1973, he was the agency's public affairs adviser.

Survivors include his wife, Evy, of Alexandria, children Tove Nordness Parker of Charlottesville, Virginia, and Knut Bo Erichsen Nordness of Boston, Massachusetts, three children by a previous marriage, a sister, and five grandchildren.

RUTH ADAIR ALEXANDER PRICE, a former China-affairs expert in the State Department, died of injuries resulting from an automobile accident on October 1 in John C. Lincoln Hospital in Phoenix, Arizona.

A noted humanitarian who sponsored refugee bills in Congress that allowed some 2000 Chinese into the United States and who lobbied on behalf of the creation of the United Nations, she began her career in China as an attorney at Yenching University and Union Medical College, both of Peking. There she met her husband, Walter Sterling Price, a Marine guard at the embassy who later became vice consul there. After the retreat of the Nationalist forces to Taiwan in 1949, General Chiang Kai-shek awarded her the Auspicious Star, the highest civilian award given to foreigners by the Republic of China. She later served as a State Department cultural attaché specializing in Far Eastern affairs until her retirement in 1973.

She is survived by a daughter, Joy Caserly, and four grandsons.

JAMES W. RIDDLEBERGER, who retired from the State Department in 1967 as a career ambassador, the highest rank in the Foreign Service, died October 16 of a heart attack at Shenandoah County Memorial Hospital in Woodstock, Virginia.

Riddleberger served as ambassador to three countries, Yugoslavia, Greece, and Austria. During the early years of the Cold War he was active in policy roles in Germany and in the development and administration of the Marshall Plan. An experienced mediator, he helped negotiate disputes between Yugoslavia and Italy

over Trieste and between Greece and Turkey about Cyprus. He headed the International Cooperation Administration, predecessor to AID, in 1959.

Joining the Foreign Service in 1929, Riddleberger was posted to Geneva and Berlin. During the war he was the State Department's chief of the Central European Affairs division. He served as chief political adviser to two U.S. high commissioners in occupied Germany. After service as assistant secretary in the Bureau of German Affairs, he began a four-year posting to Yugoslavia as ambassador. He is cred-

ited with convincing Marshal Josip Broz Tito to resist pressure from Soviet First Secretary Nikita Khrushchev to rejoin the Soviet bloc. He was ambassador to Greece from 1957-59 and ambassador to Austria from 1962 until his retirement in 1967. He later was president of Diplomatic and Consular Officers, Retired.

Survivors include his wife, Amalie, of Woodstock, sons Christopher of Far Hills, New Jersey, and Peter of Washington, daughter Antonia Stearns of Athens, Greece, a brother, a sister, and nine grandchildren.

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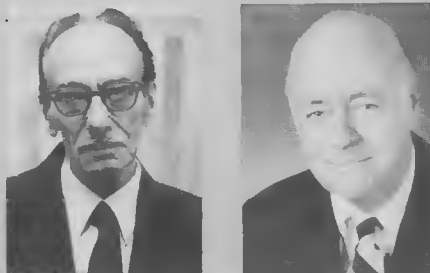
# Association News

## **AFSA Names New Admin. Director, Hill Liaison Officer**

AFSA's Governing Board has designated Cecil B. Sanner to serve as acting executive director and director of administration. In the executive director role, Sanner succeeds Robert M. Beers, who has been named by the Governing Board to fill the newly created position of congressional liaison officer.

Sanner (left) joined the Foreign Service in 1950, serving in Frankfurt, Bonn, Karachi, New Delhi, and Lagos. He retired in 1968 and was named membership director of AFSA in 1972. In his new position he heads the Association's staff in the headquarters building.

Several years ago, Beers (right) initiat-



ed AFSA's participation as one of the founding members of FAIR, the Fund to Assure an Independent Retirement, a coalition now consisting of 25 federal-employee and retiree organizations united in opposition to the possible merger of federal retirement with Social Security. In addition to this issue, present expectations are that the 98th Congress will be called upon to address a variety of other proposals having an equally fundamental impact on the conditions of federal employment, such as federal pay and allowances and the health benefits insurance program.

In establishing the position of congressional liaison officer, the Governing Board is acting to ensure that the special characteristics and requirements of the Foreign Service personnel system will be taken fully into account whenever any such proposals are under review by the Congress.

## **Court Finds AID's Obey Reg Changes To Be Lawful**

In a suit brought by AFSA to contest two recent amendments of AID's Obey regulations, the U.S. District Court for the District of Columbia held that the agency had the right to amend its regulations and that the two amendments in question were not arbitrary. The amendments allow AID to fill Foreign Service positions with General Schedule employees in order to avoid a reduction in force, and they allow the administrator to fill up to 15 Foreign Service positions on a time-limited-appointment basis with non-Foreign Service employees.

The court reasoned that a federal agency ought to have the right to modify its regulations and that the changes AID made were not offensive to the Obey Amendment.

AFSA is contemplating other action to ensure that AID does not take the court ruling as an invitation to erode further the Obey regulations. We also intend to ensure that AID complies with the regulations and will be quick to bring action if we find any violation of existing regulations.

## **Sinclair Awards Program to Honor Hard-Language Skills**

The Association has received a bequest from the estate of Matilda W. Sinclair, the former chief of mission social secretary and protocol officer at the Rome embassy in the early 1960s, to establish an awards program to recognize outstanding success in hard languages. Languages to be considered are those that normally require at least nine months of intensive study to achieve minimum professional proficiency and are deemed to be of major significance to the Foreign Service, such as Russian, Chinese, Japanese, Polish, Czech, Turkish, and Arabic.

The Matilda W. Sinclair Awards Program will be managed by a committee to be created by the AFSA Governing Board that will include a representative of the Foreign Service Institute. It will be guided by achievement marks or score grades on tests administered by or approved by the institute, as well as other information. The program is open to career officers, including reserve officers in the Junior Officer Program who are under a current program and are candidates for Foreign Service officer appointments.

## **Deputy Secretary Becomes Newest Member**



*Deputy Secretary of State Kenneth W. Dam (left) accepts an honorary certificate of membership in the Association from AFSA President Dennis K. Hays. The two met on October 22 to discuss Foreign Service concerns.*

## FSLRB Finds Merit in 'Unfair' Charge Filed Against AID

The Foreign Service Labor Relations Board has made a finding of merit in the unfair labor practice charge AFSA recently filed against AID concerning 1982 Selection Board procedures (*Association News*, December). In an FSLRB attempt to settle the case with the agency rather than proceed to trial, the board proposed in part that AID reconvene last year's selection boards.

AID management now threatens to postpone the announcement of promotions indefinitely and says it will fight the charge through all legal appeals.

AFSA has stated its intention to try to work with AID to reach agreement to satisfy the Association's concerns about the way the system worked this year and to speed employees' promotions.

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Starting January 21

Foreign Service Club  
2101 E St. NW

## AID Standing Moves For Greater Agency Compatibility

To increase compatibility among the foreign affairs agencies as called for in the Foreign Service Act of 1980, AFSA's AID Standing Committee has proposed revising agency surface-travel regulations and diplomatic-status provisions.

The committee's goal in the first area is to bring AID regulations pertaining to authorized modes of travel into line with those of State. In the second area, AID Standing hopes to realize equal diplomatic status for agency employees when compared with employees of the other foreign affairs agencies. "Why should the assistant agricultural attaché, the assistant public affairs officer, and the junior economics officer enjoy full diplomatic status while AID's chief agricultural officer does not?" the committee asked.

## District Awards Club Certificate of Merit



Carol B. Thompson of the District's Environmental Services Department presents Foreign Service Club Manager Alberto Gracia with a certificate of merit December 8 for outstanding sanitation ratings.

## A Note to Members on AFSA and AFSPA Insurance Plans

On page 3 of this issue is an ad for a Mutual of Omaha accident insurance policy administered by the American Foreign Service Protective Association. Last September, AFSA introduced a new accident plan underwritten by the Federal Insurance Company. Information about the new plan was mailed to all AFSA members. Please be aware that the two plans are completely separate. Indeed, AFSA terminated its previous plan with Mutual in order to offer its new, improved policy. We point this out because there is still some understandable confusion within our community about AFSA and AFSPA. The two organizations are good friends but have no organic ties. With the introduction of AFSPA's new accident policy, which for the first time can be purchased independently of AFSPA's regular life coverage, AFSA and AFSPA will be competing in selling insurance.

## Even Small IRAs Mean Big Returns: State Credit Union

"You don't have to deposit \$2000 into an individual retirement account (IRA) to build up a comfortable sum for your retirement," the State Department Federal Credit Union reported in its fall 1982 newsletter, *Advantage*. "It doesn't take much to earn big returns over the years."

Besides serving as a source of retirement funds, said the newsletter, the IRA serves as a useful tax shelter. The credit union printed the following chart to show how fast IRA balances accumulate at a 13 percent rate (10 percent base plus 3 percent bonus, compounded quarterly; Rate subject to change).

Years	\$100 annually	\$500 annually
10	\$ 2,160	\$ 10,801
15	4,842	24,208
20	9,925	49,624
25	19,562	97,808
30	37,832	189,158
35	72,469	362,344
40	138,135	690,675

## Bookfair '82 Sales Again Top \$60,000



AAFSW's Maggy Morse (right) helps a patron choose a book from among tens of thousands at Bookfair '82 in November. Proceeds of sales of books, stamps, and art objects benefit the AFSA/AAFSW scholarship fund and community projects.

# MONEY *The Bull Market: Forget Tips & Hype, Use Fundamental Value Stock Method*

Paralleling the recent historic activity on Wall Street has been a marked decline in interest rates. Current returns on fixed deposits are much lower than those of even six months ago. Investor psychology has definitely been affected by this juxtaposition, encouraging many who had never considered the market to wonder how to participate without getting burned.

There are as many ways to choose stocks as there are experts giving advice. The techniques include technical forecasting and charting (making projections of future performance based only on historical patterns); acting on hunches or tips; and the fundamental-value method of stock selection. This article will concentrate on the last.

The hot tip may occasionally turn up a winner. Yet, if there is a genuine breakthrough in, for example, semi-conductors or genetic engineering, the hype is likely to cause people to pay far too much for the stock. Companies marketing new technologies often issue stock to the public long before there are any earnings to support the stock; the issue floats on expectation alone. The stock will find its reasonable value in the market as the forecasts bear fruit—or don't.

Some examples of the effects of hype were reported in *Barron's* recently. The article discussed the "Monday surge" in the prices of stocks mentioned by guest analysts on a popular television program with ten million viewers. According to *Barron's* such buying on impulse often results in disappointment.

Fundamental-value stock selection is a combination of science, art, skill, and perseverance. The object is to identify underpriced stocks of good quality in neglected areas of the market. There are specific criteria which fundamental analysis rigidly applies to find those stocks that provide the most significant opportunities for price appreciation. There are usually many, except when the market is greatly oversold. Proponents of value investing aim to achieve a 15 to 20 percent annualized asset appreciation, net of cost, over the long term (a minimum of 18 months to three years). Given the essential features of time, diversification, and discipline, this objective is generally achievable. It would have to be postponed in sustained periods of market decline.

Here are the criteria which the fundamentalists apply to every selection.

—*The price/earnings ratio* must be reasonably low. This ratio is the market price divided by the announced earnings per share. The P/E is one thing only: a measure of popularity. It says nothing about the fundamental worth of a company, only whether its stock is fairly priced, underpriced, or too expensive. Use the P/E to look for bargains. A ratio below 8 to 10 signals a reasonable price; below 6, a downright wallflower and possibly a great buy; above 12, the stock may be fully valued, too high to expect justifiable appreciation. Exceptions: the P/E ratios of high-tech stocks are often above 12. Check the industry norm.

—*Sound, innovative corporate management* is essential. Stock analysts dig deeply into corporate affairs for personal as well as financial details.

—A "good" *balance sheet* that shows a healthy relationship of equity to debt, preferably 2 to 1 or better. In layman's language, does the company owe too much money?

—*Dividends*. Analysts look for a good, growing dividend, well-covered. Translation: Are the earnings sufficient to allow for the dividend to be paid to the shareholders, with plenty to be retained for operations and expansion?

—*Growth*. The company should be

growing 8–10 percent annually.

—*Profits* should almost keep pace, an indication of good management's ability to control costs.

—*Position*. The company should be well positioned in an industrial (or service) area with generally favorable prospects.

—*Creativity*. One measure of corporate creativity is the amount spent on research and development, where applicable. In an expanding company, R&D expenditures will equal perhaps 2 percent of sales.

—*Book value*. The stock should preferably be selling at less than book value, the amount of assets on the books divided by the number of shares outstanding. A very favorably priced stock may be selling at 50–75 percent below book value (however, many growth stocks are priced at a premium above book value).

Each of these criteria will screen a large amount of stock out of contention. Those stocks which pass all of the screens, according to the value theory, will present the least downside risk and the greatest opportunity for appreciation. There are a number of mutual funds which follow this method, for the small investor or for those without the time, talent, or temperament to go through the exercise of individual stock selection.

—MARGARET WINKLER

## **AID Standing Notes Flaws in First Open Assignments Cycle**

AFSA's AID Standing Committee has received a number of complaints from the field and from Washington concerning the first agency open assignments cycle, leading it to question AID's commitment to make the open assignment policy equitable and effective.

Many complaints report that not all open slots have been advertised and that cables on open assignments sometimes contain errors. The standing committee noted that some plush posts have been advertising no vacancies or just a few, for example Dakar and Manila. Individuals who find problems with the open assignments system should notify the standing committee through AFSA.

A related problem concerns AID's vio-

lation of the Obey regulations, which provide in general that only Foreign Service employees may fill Foreign Service-designated positions. For instance, in one bureau a Foreign Service officer and a Civil Service employee switched positions, the GS employee carrying her "grandfather" status to a position advertised under open assignments. AFSA is following up vigorously, though management claims the switch did not take place. In another case, a GS employee transferred to the Foreign Service to take a prestigious position with the Asian Development Bank. The standing committee was unable to find the position listed in an assignment cable.

These examples seem to be part of a trend by management to bring GS conversions and outside hires into the Foreign Service. Moreover, noted the committee, the unique skills of conversions and outside hires always seem to be needed in the most attractive posts.

# AFSA's Foreign Service Tax Guide

"These are the times that try men's souls." With this reminder by Thomas Paine, we once again start the annual struggle to hold our tax liabilities to the legal minimum. The vast number of rules and regulations, with their constant changes, makes it increasingly difficult to arrive at concrete guidelines as to what is the proper or improper application of certain problem areas in the tax laws. Please remember that the following suggestions are intended only as a guide and do not go into great details about the law. As in the past, we emphasize those provisions that particularly affect members of the Foreign Service.

The more troublesome areas of tax law confronting Foreign Service employees continue to be domicile status and home leave deductions. The Internal Revenue Service's intensified focus on investigations of tax returns has resulted in an increasing number of audits, especially in these areas. The first thing we should look at, therefore, is how to avoid an audit—or survive one if that fails.

## Beware the Audit

Avoiding an audit begins on the ides of April. Obviously, one should be careful in preparing the tax return, but the best strategy is to prepare the return as if it will be audited. Because estimates will not stand up in an audit, all required documentation should be organized and available. This is particularly important in many of the areas where Foreign Service employees are likely to take deductions.

It also goes without saying that getting an occasional audit is as certain as, well, death and taxes. Remember that auditing returns is an important compliance factor in our revenue system and serves a useful social function. Nonetheless, most of us who receive an audit ask, Why me?

First, your name may have been drawn by the Martinsburg Monster, the not-so-affectionate term for the national tax computer in West Virginia. Second, your expense deductions may be out of proportion to your income when compared with the national average. Third, you may have been chosen at random for the sample audit program the IRS has been conducting to gain cross-section statistics on compliance. Last, and worst, it may be the result of an informed tip that the IRS is checking for possible tax fraud.

Audits are normally handled in some combination of three ways: correspondence, office visit, or field investigation. More than likely a taxpayer overseas will face only a correspondence audit, at least at first. If a reply is required, do it promptly and submit copies—never originals—of whatever documents are requested.

The taxpayer must decide whether to represent him or herself or use the services of a person authorized to represent taxpayers before the Treasury Department: an enrolled tax agent, a certified public accountant, or a tax attorney. It all depends on the issues involved, of course. In most cases, correspondence audits and simpler visits or investigations can be handled by the taxpayer. But if the issues are unclear or technical in nature, the taxpayer will almost always fare better with representation by an experienced professional.

If your return was prepared by a tax expert, consult him or her when audited, since the expert's workpapers may well have an answer to the query and, in any case, the preparer should have a working knowledge of the problem and may be able to suggest a course of action. Always furnish the required proof to the IRS, but never provide more than requested, since it is not good policy to volunteer added or unrelated information during an examination—let sleeping dogs lie. If the auditor decides an added tax assessment is required—a fancy way of saying "pay up"—do not be stampeded into accepting it. Take a few days to think it over and perhaps to discuss it with your tax consultant. Then advise the auditor whether you accept or disagree with the determination.

If you disagree, you have three immediate courses open to you: One, an informal conference with the auditor's superior; two, an appellate hearing; and three, the tax court. As a last, desperate attempt, you can pay the tax and then file a claim for a refund in the appropriate U.S. district court.

Problems calling for an audit tend to fall into three categories too: One, unreported income; two, overstated expenses; or three, items with a contrary point of view on taxability or deductibility.

If unreported income is the problem, and if it is of a substantial amount, the IRS may be considering a fraud investigation. Such fraud investigations are conducted by a special agent and a field revenue agent. If such agents call on you, tax counsel is strongly recommended at once, as would be counsel in any civil or criminal proceeding. One factor in the taxpayer's favor, however, is that, unlike normal audits, in a fraud case the burden of proof is on the IRS.

## Home Leave Expenses

Under Revenue Ruling 82-2, *substantiated* home leave expenses of Foreign Service employees are deductible business-travel expenses. It took major court battles in three jurisdictions before the IRS agreed that home leave is mandatory for Foreign Service employees and that expenses incurred may therefore not be classified as "personal in nature." However, the IRS continues to view the deductions with suspicion, and you can be sure that it will require absolute substantiation. Do *not* use a per diem rate.

The deduction is made on Form 2106, which results in an adjustment to gross income. In this manner, the deduction is taken whether one itemizes or not. Only the employee may deduct. The IRS maintains that the expenses of your accompanying family are personal in nature and therefore are not deductible. Since there is often a fine line between the two, it is paramount to substantiate through accurate and complete accounting records.

It may be a good idea to record your travel in a diary. Write down where you stay and when, plus mileage whether you rent a car or use your own vehicle. Keep all receipts for lodging and food, as well as for travel expenses incurred within the United States, which may include air, rail, bus, taxi, car rental and/or mileage at current government rates. *Reasonable* unsubstantiated daily food expenses are acceptable

to the IRS *as long as* lodging receipts can be produced for those periods.

Attach a statement to Form 2106, explaining that you are a federal employee on overseas assignment, temporarily in the United States on mandatory home leave. Note home leave dates and proceed to show the IRS how you arrived at the deduction by breaking the total amount into three categories: unreimbursed travel, lodging, and food. Do *not* submit receipts or your travel log unless and until requested to. Frequently, the IRS will ask for a copy of your home leave orders. You may, therefore, wish to keep a copy with your records. Hang on to those records, although this might be cumbersome for the ever-mobile Foreign Service employee. The IRS has three years from the filing date (longer if fraud is involved) to audit your return. Increasingly, it only gets around to scrutinizing returns the third and last year.

As this article went to press we learned from two Foreign Service employees that the IRS had denied their home leave deductions on the basis that the requirements of the tax code had not been met. The IRS claims that section 162 requires that an individual must be away from a fixed tax home and return to that same fixed tax home to claim away-from-home travel expenses. This means that once an employee has left his residence permanently, he or she has no fixed tax home.

The IRS determination effectively precludes home leave deductions for an employee in a transitory state, i.e., those who have completed a tour of duty, take home leave, and proceed to a new location in the United States or overseas. Only those employees who, after taking home leave, return to the same post of assignment can safely deduct substantiated expenses. This interpretation appears to contradict the determination states have made regarding domicile (see following section). AFSA is requesting clarification and a possible ruling on the interpretation of the code from the IRS.

## Domicile vs. Residence

The domicile is that U.S. state or U.S. district which is the taxpayer's permanent, legal, basic, "roots" home. Residence is where the taxpayer is physically living at the moment but often is not his or her "permanent" place of domicile, despite the ownership of property, etc., in the residence jurisdiction.

Domicile requirements remain a major tax problem for Foreign Service employees who are unfamiliar with the law and do not consider themselves liable to pay state income taxes while residing abroad. Few were penalized for this assumption until several years ago, when states began an intensive survey of residents and former residents who had not been paying state income taxes. Once the state catches on, the rude awakening can be costly in terms of large amounts for back taxes, along with stiff fines for penalties and interest.

Do you have a domicile? Yes. Court decisions have made it clear that every citizen has a right to vote and must consequently have a domicile in the United States from which he or she can do so. There are exceptions, such as retirees living more or less permanently abroad, who retain citizenship without having a U.S. domicile. Federal government employees abroad are, however, absent for a fixed time period with an eventual return to the United States. Therefore, they must have a U.S. domicile to which they can return. You may, therefore, be paying for services not received while living abroad. Remember, though, that tax liability is a result of

*law*, not bureaucratic decisions implementing the law. With increasing frequency states are challenging the domiciliary status claimed by individuals. The mere desire to change domicile for tax purposes will not satisfy the challenging state. In fact, rest assured that it will check with the state you claim as your domicile to see if you are indeed registered there.

The following factors are normally considered when attempting to resolve a domicile problem:

- State of birth and primary schooling domicile while under parental control;
- State of domicile after schooling years;
- State of domicile when entering federal service;
- State of legal voting status or where you could exercise civil rights;
- State where veterans allowance, educational allowance, etc., could be obtained;
- Family ties, including burial plot and church affiliation;
- State where you maintain permanent banking relations;
- State in which you own real property;
- State within which you hold other business investments;
- State where your will would be probated;
- State where your auto is titled;
- State in which you carry a valid driver's license;
- Home leave state for Foreign Service records;
- State of taxpayer's past employment and tax-paying history;
- State to which you intend to return when government service ceases;
- State from which any military service was performed;
- State of any personal fraternal or society affiliation.

None of these factors by itself will determine domicile, but they each contribute to the final determination. As stated previously, in addition to the finer points of domicile determination, the all important "intention" factor must be taken into account. No two cases are exactly alike in their set of circumstances, and even a slight alteration of a single fact can lead to a change in domicile, innocent as it may appear to the taxpayer at the time. All too often a taxpayer will take an action that leads to an unintended change of domicile.

You may become a *resident* in another state while maintaining your domicile. When you move to Virginia or Maryland while on a Washington assignment, you will become a tax-paying resident if you live in these states for at least six months. If you are domiciled in another state that has income taxes, you are subject to double taxation, with a share of your maximum tax liability going to each state.

Foreign Service personnel residing in the District of Columbia must pay income taxes, unless they are commissioned by the president and confirmed by the Senate and *maintain a domicile elsewhere*. (A recent attempt by the D.C. government to repeal this exemption was unsuccessful.)

When you leave your temporary state of residence be sure to inform the state's tax department to avoid later questioning. Most states provide a form for this purpose. There are, of course, some states that do not have income taxes and others that only tax profits from sale of property or bonds. In addition, some states exempt domiciliaries as long as they live outside the state.

## Representation Expenses

Foreign Service personnel are permitted a tax deduction for representation expenses in excess of allowances or reimburse-

ment, provided

- Such expenses are required of the officer in accordance with the rank and grade in the Foreign Service and these requirements are included in the job description;

- Such expenses would be reimbursable if the employing agency had sufficient funds for such payments;

- A certification by an authorized State Department officer attesting that such excess expenses were incurred for the benefit of the United States and that due to insufficient funds no reimbursement was possible for the year involved. This certificate must be attached to the tax return.

One item not allowable is the amount an officer must personally bear, according to grade, for certain household expenses over and above the allowances. An itemized listing should be attached to any return claiming such deductions showing the date and type of expense, when it was incurred, and its relationship to Foreign Service activity.

Ordinary trade and business expenses of a Foreign Service employee, in excess of any reimbursement, are also deductible and cover items such as AFSA dues, professional publications, business cards, and the like, as long as the records show them to be directly connected with the employee's official assignment.

Remember, such expenses are only permitted when Schedule 1040A, itemized expenses, is used by the taxpayer.

The IRS has recently issued a favorable ruling that non-reimbursable ordinary and necessary business expenses incurred by a Foreign Service spouse may be deducted. This gives statutory recognition to the official nature of many activities undertaken by Foreign Service spouses on behalf of the government. Some examples might be transportation, child care, or special clothing. The ruling is supposed to be published soon, with guidelines on the appropriate certification for such deductions.

## Educational Expenses

While in salary status, training expenses for meals, lodging, books, supplies, and other expenses required over and above any reimbursements are shown in Schedule 2106 and normally are deductible. Expenses of family members are specifically excluded. A statement from the director of training or other appropriate official should be attached to the return indicating the requirement of such training and its temporary nature plus the amount of per diem, if any, paid by the agency.

Training expenses while on "leave without pay" taken to enhance professional background for greater responsibility as a Foreign Service employee are deductible only if a statement attached to your return shows that such full-time study was directly related to improvement of your capacity to handle Foreign Service assignments. As stated above, such expenses, for yourself only, should be reported on a Schedule 2106. The IRS will not permit deductions if they are in any way incurred to meet minimum requirements of your position or to qualify you for a new profession.

## Moving Expenses

The following *unreimbursed* moving expenses may be deducted if the move was incident to the commencement of work in a new location:

- Cost of moving household and personal effects including pets and cars;
- Travel expenses incurred by the employee and household

members moving from the old to the new home;

- Cost of house-hunting trips if incurred at the new location;

- Cost of meals and lodging in temporary quarters at the new location for a period of 30 consecutive days;

- The selling or purchase of an old or new residence sold or acquired as the result of a change in job location. The same applies to costs of settling an old lease or the acquisition of a new lease. Such expenses include brokers' commissions, lawyers' fees, closing costs, fees, and points (to the extent not claimed as interest). If treated as a moving expense, these deductions cannot be used to establish the cost basis of the old or new residence. Taxpayers should analyze their situation to see which method gives the highest tax advantage.

Special and more generous rules apply to *foreign moves*, i.e., from the United States to a foreign country or from one foreign country to another. A move from abroad to the United States does not qualify as a foreign move except when it is in connection with bona fide retirement or the move of a spouse or dependent of a deceased person whose principal place of work was outside the United States at the time of death. For a foreign move the following deductions may be taken:

- Cost of meals and lodging in temporary quarters at the new location for a period of 90 consecutive days;

- The cost of searching for a new residence, up to \$4500 (\$2250 for a spouse filing a separate return);

- The overall dollar limitation on the deduction of expenses connected with the sale, purchase, or lease of a residence is \$6000 (\$3000 for a spouse filing a separate return);

- A revised provision is the storage expense deduction, which includes reasonable expenses (with no dollar limitation) for moving household goods and personal effects to and from storage and actual storage expenses arising from the taxpayer's overseas employment.

To deduct moving expenses, use form 3903 for domestic moves and form 3903F for foreign moves. If any portion of moving expenses was paid by the employer, form 4782 should be attached to the return. The taxpayer may obtain a completed form 4782 from his or her employer.

## New One-Page Form 1040 EZ

A new income tax form for single filers with no dependents was authorized for 1982. You can use this form if:

- Your filing status is single;
- You are not 65 or over;
- You are not blind;
- You don't claim dependents;
- Your taxable income is under \$50,000;
- You had only wages, salaries, or tips and hold less than \$400 interest income;
- You had no dividends;
- You do not itemize deductions.

## Marriage Penalty Deduction

Starting in 1982 the law attempts to alleviate, in part, the so-called "marriage penalty" by providing for a deduction for two-earner married couples who file a joint return. This deduction is based on the "qualified earned income" of the spouse with the lower earnings. This means wages, salaries, and other amounts for personal services actually rendered. Deferred income and wages exempt from Social Security because an individual is in the employ of his or her spouse are *excluded* from this deduction. The marriage credit *must be*

adjusted for any deduction, i.e., an IRA, moving or business expenses, etc., claimed by the lower-income-earning spouse. For 1982 the deduction will be 5 percent and for 1983 onward it will be 10 percent of the lesser of \$30,000 or the qualified earned income of the spouse with the lower qualified earned income for the taxable year. The maximum in 1982 will be \$1500 and for 1983 onward \$3000. This new deduction is allowed in computing adjusted gross income on a new tax form numbered 1040W. Consequently, taxpayers may claim this deduction even if they do not itemize their deduction on 1040A.

## Interest and Dividends

Sorry, the exclusion for interest income does not apply for 1982. Only dividend income of \$100 (\$200 joint) may be excluded.

## Energy Credit

1982 is another year this credit is allowed. Any balance of the maximum \$300 credit (15 percent of \$2000) not previously used can be claimed on 1982 tax returns up to the \$300 maximum. See IRS form 5695 for details.

## Political Contributions

A political donation credit of 50 percent of the first \$200 in donations is allowed on joint returns. Single returns may get the credit at one-half the joint-return amount. You need not itemize to gain this credit allowance.

## Child-Care Credit

As of 1982 the amount of employment-related expenses eligible for the child-care credit has been increased to \$2400 per qualifying individual (\$4800 for two or more qualifying dependents). Thus, if adjusted gross income is \$10,000 or less, a taxpayer's credit is 30 percent of his or her employment-related expenses. However, this rate is phased down by 1 percent for each \$2000 of adjusted gross income, or fraction thereof, in excess of \$10,000, but in any case not lower than 20 percent. In other words, when adjusted gross income reaches \$28,000 or more, the 20 percent rate prevails. Details are fully covered in instructions on the back of form 2441, which is used for computing this credit.

This new law also makes outside-the-home expenses creditable for all qualifying individuals as long as they regularly spend at least eight hours each day in the taxpayer's household (Code Sec. 44(a)(c)(2)). This precludes the availability of the credit for expenses incurred in connection with full-time institutional care.

## Estate and Gift Taxes

The unified credit allowed against gift and estate taxes was increased under the 1981 Economic Recovery Tax Act from \$47,000 to \$192,800, to be fully phased in by 1987. At that time this increase will be equivalent to a tax exemption of up to \$600,000 (prior to 1982 the maximum tax credit was \$47,000 or an exemption of \$175,625).

The maximum gift and estate tax rates are also reduced by 5 percent each year. It follows that after 1986 only a very few estates will encounter estate taxes at all due to the increased credit and/or exemption. The 1981 act also removed the ceilings on marital deductions so that any amounts left at the death of a spouse are exempt from estate taxes. This permits lifetime and testamentary transfers between spouses com-

pletely free of gift and estate taxes. However, when the remaining spouse dies the entire estate is taxable, but with the unified tax credit being allowed. Taxpayers should have their wills reviewed and amended with these changes in mind.

Another change under the 1981 act was an increase from \$3000 to \$10,000 in the annual tax-free gift allowance, which may be granted to as many individuals as desired. This means that gifts spouses can make under the gift-splitting provision are exempt from gift tax (the previous limit was \$6000) up to \$20,000 per donee each calendar year.

## Sale of Personal Residence

Capital gains on sale of personal residence may be deferred if a new residence of equal or greater value is purchased within two years (four years if overseas) after the sale. The deferral provision does not apply to property used in trade or business or for the production of income. Foreign Service employees are affected by this caveat when they rent their personal residences while overseas. The IRS maintains that rental property does not qualify for special tax treatment. In *Trisko vs. Commissioner* (1972) (Rev. Rule 59-72), however, the tax court held that the personal residence of a Foreign Service employee retains that status even if temporarily rented prior to sale. In distinguishing personal residence from investment property the chief tests remain:

- Is the property the taxpayer's principal residence?
- Did the taxpayer reside in the property prior to being sent abroad?
- Did he or she intend to return to the residence upon completion of overseas duty?

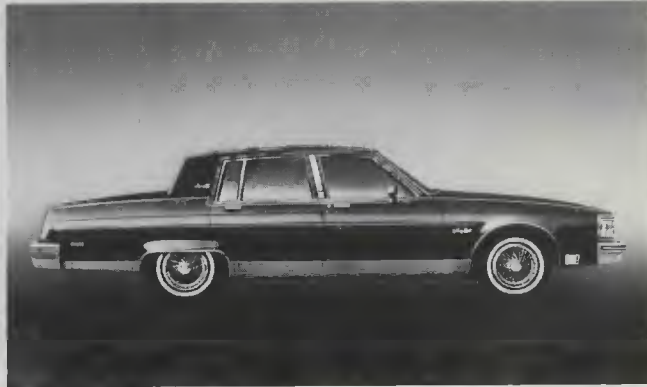
Employees who are not sure whether they meet these criteria should request a copy of the *Trisko* decision from AFSA.

Taxpayers 55 years or older are granted a one-time tax exclusion of \$125,000 on capital gains upon sale of a personal residence. To take advantage of the exclusion, the taxpayer must have owned and lived in the residence for at least three out of five years prior to the sale. Unhappily, the three-out-of-five-year requirement has not been tested in court. AFSA has therefore decided to ask the IRS for a ruling. We are basing our argument on the *Trisko* case in that the same test of principal residence—occupancy prior to going overseas and intent to return—should determine personal residence status. We are interested in hearing particulars from Foreign Service employees who are affected by the present rule.

## Recordkeeping

We close by re-emphasizing the importance of keeping adequate and detailed tax records. Estimates are no longer adequate regardless of whether or not you can prove that some expense was actually incurred. Tax investigators are under no obligation to make concessions for estimates on returns. It is therefore of vital importance to obtain and save receipts for tax-related expenses. The IRS is increasingly applying the automatic-negligence penalty to careless taxpayers. The old expression "You can't beat City Hall" is very applicable—no documentation, no deduction.

*This article was prepared with the guidance of R.N. Dussell, an enrolled tax agent who has counseled AFSA members for many years. Dussell served as AID employee chief tax adviser from 1961 until retirement in 1972. He now operates Taxmasters, at 3601 N. Fairfax Dr., Arlington, Virginia 22201.*



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