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*Facing Off  
at the Summit*

The success or failure of the November summit, where President Reagan and Soviet General Secretary Mikhail Gorbachev will face off for the first time, will largely depend upon an understanding by each leader of the other country's negotiating style. Beginning on page 24, experienced diplomats discuss key elements of the Soviet style, while, starting on page 28, M. Scott Davis points out the factional divisions that can limit U.S. success at the bargaining table.

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# ASSOCIATION VIEWS

## Retirement: A New Legislative Agenda

An important milestone was passed when Social Security was extended to cover all post-1983 federal employees. Following the pattern of private industry, a new retirement system to supplement this coverage has now taken form in legislation recently introduced in the Senate. Under the new system employees may have to contribute a higher percentage of their pay if they wish to qualify for a maximum annuity level.

To cut costs, benefits may be sharply reduced for those who elect early retirement, while for those already retired, their COLAs may be capped in some fashion. AFSA is working to ensure that the government keeps faith with the present generation of federal workers—those who have planned their futures around the “old” retirement system—by holding firm to its present terms and conditions. Meanwhile, as we look down the years to the time when new Foreign Service generations will be retiring, we intend to ensure that the new system is drafted so that it will continue to be as effective as the old in meeting the specialized needs of the Service.

Our mission will not be easy. We will be challenged by pervasive perceptions that the federal retirement system should be structured in a manner which will significantly reduce the cost to the government.

Between 1970 and 1980 the number of federal retirees doubled to almost two million because of the retirement of so many workers who had entered federal service during and after World War II. During this same period, the inflation-fueled ascent of the Consumer Price Index, to which was keyed the retiree's COLAs, resulted in a six-fold increase in the government's retirement outlays. Particularly in light of the continuing series of record-breaking budget deficits, Congress's reappraisal of federal employee retirement benefits is bound to place heavy emphasis on their cost.

We have been most gratified by the strong response we have received from our members. We hope we will be able to count on your continued assistance in the difficult period ahead of us.



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## LETTERS

### Departure from Policy

Gary Sick's article ["Admitting the Shah," June] leaves two dangling questions. What was the administration's policy toward Iran during the post-revolutionary period? How well did the various agencies (National Security Council, State Department, Defense Department, CIA) conform to that policy? I fully understand and sympathize with President Carter's humanitarian decision to admit the shah for medical treatment. Nevertheless, in my view, that decision was a departure from policy with fairly predictable results.

In February 1979, after the final collapse of the Iranian government, a meeting was held in the Situation Room of the White House to discuss the future U.S. attitude toward the revolutionary government. I did not attend, but was told afterward that we would try to re-establish normal relations. The options of pulling out entirely or of seeking to overthrow the new regime were implicitly rejected.

The background against which this decision was made was not encouraging. The controlling attitude of the revolutionaries was one of distrust, fear, and hatred of the United States. The problem for U.S. policy was how to overcome this distrust and fear or at least how to avoid exacerbating it. Perhaps the key indicator for the Iranian revolutionaries was our attitude toward the shah and his entourage—the potential instruments of a counter-revolution.

To recall some of the key points on this question from my perspective as Iran country director:

■ When in January 1979 it was first proposed that the shah come to the United States, I agreed the move seemed to make sense. The shah wanted to leave and most of the Iranian people appeared to want him out. Bringing him to the United States at that point might have been manageable.

■ In late February (after the first seizure of the embassy) I was told by a senior official that the shah would be coming to the United States. I objected and urged that Ambassador Sullivan's views be sought. I telephoned him and asked him to give his assessment. He and I agreed the embassy would be in danger if the shah were admitted then. The decision was reversed.



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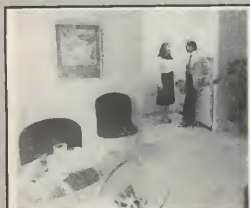


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■ In July the administration was under heavy pressure to admit the shah. In an effort to propose a strategy for handling that pressure, I wrote a memo warning that conditions in Tehran were not ready for us to accept the shah and suggesting delay until a later stage when the move *might* be made. There was no reaction to that memo. Contacted separately, chargé Bruce Laingen expressed similar views.

■ In late October, a few hours before I was to leave to visit Tehran, I was told it was virtually certain the shah would be admitted in a few days for surgery. I was asked to state my views. I did so in a private memorandum warning that U.S. hostages could be taken or there could be attacks on our personnel. I never knew if there was a reaction to that memorandum because I departed for Tehran.

■ We were misled by the initially quiet public reaction in Tehran and the dubious, but seemingly accepting, position not only of the secular leaders, but of the religious leadership with whom we met. All seemed to acquiesce in our assertion that the shah was in the United States temporarily for health and not political purposes. The Iranians asked for help (their doctors to examine the shah) in convincing their public; we declined. In our initial relief at the absence of a strong reaction, we put aside our former judgment that the Iranian leadership could not stand up to its public on a question involving the shah. There was also the "good soldier" factor: When you warn and warn of a danger and your advice is ignored or rejected, you have to assume your leaders have accepted the risk on your behalf. That is the Foreign Service way. To their credit, however, some of the younger officers in Tehran rejected this premise.

The basic, tragic problem was that neither our government nor Iran's was able to deal either in general with the brooding distrust in the relationship or specifically with its public on the critical question of the shah. Both governments permitted too many contradictions of policy and lacked the political strength or will to make the consistent and hard decisions that support a coherent policy. In a terribly complex and poorly understood post-revolutionary period, one fact seemed simple and clear: If we were going to honor our long-standing, very deep commitment to the shah as a person, we should not expect to rebuild a normal relationship with Iran. Or vice versa. Unfortunately, the administration chose both conflicting options.

One final point on the question of staffing: The first move to thin out embassy dependents was ordered by an inter-agency group in early December 1978. Subse-

quent decisions to draw down personnel were made by Ambassador Sullivan. It was he and his successors who basically called the tune on the number of official personnel in Tehran, although Washington agencies exerted pressure. Dependents were banned; positions were abolished. There were interests in the consular and trade functions as Gary Sick suggests. The NSC and other agencies also pushed hard for more reporting and enhanced military ties. All that meant more people. I do not recall an NSC directive, certainly no personnel ceiling, and not even any formal or informal NSC advice on staffing levels during the period March-October. There was considerable personnel turbulence. Soon after the mass evacuation, numerous temporary-duty personnel were sent out to fill gaps and help with packing up. There were frequent absences for R&R. My recollection is that the actual post population normally ranged from 50-80 at any time during that period. The number probably peaked in late June at around 100. I do not agree that our presence increased "significantly" above a "skeletal force" that the White House is said to have approved.

In retrospect, we could, and should, have done a better job on staffing. That is probably still true at most of our posts abroad. Also in retrospect, I regret that I let my desire for the success of our policy overly influence the positions I took with my colleagues. That is a hazard of Foreign Service work. It was a difficult policy of great risks that required careful implementation. It was a policy worth great effort, but it was asked to do too much.

HENRY PRECHT  
*Deputy Chief of Mission*  
Cairo

## Clarification

My letter, published in edited form in the June issue, gives the wrong impression. As submitted, I had written that I do not now say that I am a Foreign Service officer class one (retired) *as that might be confused with Seaman first class (retired)*. The italicized words were omitted. I was trying to be cynical, or funny, or subtle—or all three. I did not succeed.

I am proud of having been a Foreign Service officer, and every chance I get I say so, firmly and clearly. I do not cite my numbered rank on retirement, as that would be meaningless to most people, the main point I was trying to make.

HOYT PRICE  
*Foreign Service Officer, retired*  
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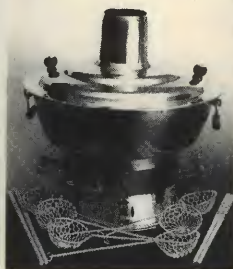
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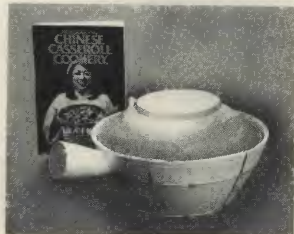
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### Reviews

*The British Council: The First Fifty Years.* By Frances Donaldson. Jonathan Cape, 1984. \$24.95.

"Cultural exchange" has joined "the peaceful settlement of disputes" as a motherhood issue in international relations—everyone is for it. But there is less agreement on the nature, purpose, methods, or worth of cultural exchange or on the proper role of government in promoting it. Donaldson's history of the British Council from 1934–84 is an account of how the British government discussed and dealt with these issues, especially in budgetary terms.

The British Treasury has argued that although culture is all very well, its contribution to the national interest is uncertain. The council, while undoubtedly despairing of the narrow connotations of both culture and national interest in such an attitude, has combined artistic programs with activities the Treasury has presumably found more practical, such as wartime morale building and development aid. Donaldson is fully sympathetic to the need for such work, but nonetheless laments that "because of the necessity to conform to constant changes of policy and to the cultural standards of the British Treasury, the council is in continual danger of forgetting the purposes for which it was created."

Those purposes were "to promote abroad a wider appreciation of British culture and civilization" by encouraging the study of the English language and British contributions to the arts and sciences, philosophy, and politics. The council was intended to be an independent body advocating no particular government policy. It would live by the uncertain benevolence of Treasury and other agencies (especially the Foreign Office), private contributors, and tuition payments for teaching English.

But some other government offices—such as the Ministry of Information, which *does* advocate policy—were less than enthusiastic about the council's independence. Information Minister Cooper, writing to Winston Churchill in 1941, hardly disguised his contempt: "The supposition



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is that the British Council exists only for cultural, and not for political propaganda, but this at the best of times was mere camouflage since no country would be justified in spending public money on cultural propaganda unless it had also a political or a commercial significance." Proponents of this widespread view failed in 1977 to abolish the council but succeeded in severely cutting its budget.

The debate over cultural programming took the form of an interminable series of papers. Donaldson's account of them is about as readable as could be asked, but only a student of bureaucracy will follow it with much delight. However, USIA officers will recognize many familiar issues, such as the relationship of the embassy to a binational center, or elite versus mass audiences, and may be comforted to learn that their problems are not uniquely American. More than 90 percent of the British public has never heard of the council, despite the fact it operates in the United Kingdom as well as abroad, while "of those who have, very few have a clear idea of what it stands for." And, the cultural budget may ultimately depend on the relationship between the chairperson of the British Council and the prime minister. U.S. cultural programs have suffered from such tinkering as the USIA-USICA-USIA metamorphosis, but it is nothing compared to what council funding has endured. Nor have U.S. public affairs officers had such official callers as Lord Swinton who, unimpressed with council activities in Australia, New Zealand, and Ceylon during his 1954 visits, simply shut them down.

Given these incidents, it is not surprising that the council's budget over 50 years shows the "realists" generally holding the upper hand. Even the recent increases, in their emphasis on development aid, tend to affirm the assumption that development aid is more essential than Shakespeare to furthering the national interest.

Indeed, those who think of the British Council in terms of art shows, concerts, and teaching English, will be surprised at the extent of its technical cooperation. In Egypt, for instance, it is now primarily concerned with technical, managerial, and scientific development, and elsewhere it is involved in such fields as agriculture, railroads, and coal mining. Yet, the council has never tried to explain government policy, nor has it had anything to do with the British Broadcasting Corporation. All of this suggests how British answers differ from American answers, and Donaldson's work invites readers to rethink similar debates on the Fulbright program or USIA.

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cultural exchange will remain convinced that something good happens at a successful concert or poetry reading. If "something good" is too vague for the accountants, let them savor the precision of the council's budget as provided by the Foreign Office and the Overseas Development Administration. Others will enjoy Donaldson's description of visits to council offices abroad, where she became convinced that the council is "unquestionably the most effective single thing which our country [does] to present itself overseas."

—JAMES F. O'CALLAGHAN

*Western Sahara, The Roots of a Desert War.* By Tony Hodges. Lawrence Hill & Co., 1983.

*North Africa, Regional Tensions and Strategic Concerns.* By Richard B. Parker. Praeger, 1984. \$34.95

As Africa becomes increasingly important to the United States, it is not surprising that there has been a spate of books published recently on developments there. One of the best is *Western Sahara*, which gives a detailed account of the genesis of the conflict in that region between Morocco and the Algerian-backed Polisario

Front. Now available in a paperback edition, it is crammed so full of political, economic, historical, and cultural data about the western Sahara that it is the closest thing to a definitive work on the area published so far. The book is extremely well-researched and footnoted, and while the writing style is not particularly lively, it is sufficiently entertaining to keep engrossed any reader who has an interest in the subject. The author concludes rather pessimistically that, despite the costs of continuing the war, Morocco's King Hassan is unlikely to withdraw, since that would jeopardize the survival of his regime.

If the Hodges work is a detailed study into a limited subject, the Parker book is quite the reverse. It treats in summary form all the countries of North Africa. The author, who served as ambassador to Algeria and Morocco, draws on his extensive practical experience to propose a more effective U.S. policy toward the countries of the area. He notes, for example, the strong U.S. support for King Hassan and suggests that striking a more equitable balance between U.S. policy toward Morocco and Algeria might yield greater influence for the United States in that region. The author also suggests the United States should avoid pushing Libyan leader Colo-

nel Mu'ammar al-Qadhafi into the arms of the Soviets.

These books are useful additions to the available works on North Africa. Both are strongly recommended to the specialist, and the Parker book would also be of value to a general reader desiring a brief summary of the situation in any North African country.

—BENSON L. GRAYSON

*Multilateral Negotiation and Mediation: Instruments and Methods.* Edited by Arthur S. Lall. For the International Peace Academy by Pergamon Press, 1985. \$30.

This book is a grab bag of information and views on international negotiation, with an emphasis on the U.N. system and post-World War II efforts on such major issues as the various Middle East conflicts and arms control negotiations. The book is long on history, analysis, and vignettes, but the contributors offer few prescriptions on how negotiation methods might be improved or yield better results. Lall has collected writings from a spectrum of thinkers in the field, ranging from Lord Caradon's eloquence on the successes of the U.N. Security Council in the 1950s and '60s to a thoughtful piece by Manfred Lachs on the central position of negotia-

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tion and diplomacy in international law. Unfortunately, much of the material sandwiched between these two pillars is uneven in quality and more useful to the student of negotiation than to the practitioner.

A main theme of most contributors is that a necessary precondition to negotiation is the confidence of all parties involved. Also required and equally obvious is that all sides believe they can gain an advantage through negotiating that would not be available through other means of dispute settlement. In describing past negotiations, the authors underscored the importance of patience—even endurance—as well as tenacity and flexibility.

Abba Eban, former Israeli permanent representative to the United Nations, is one of the few contributors critical of multilateralism and negotiations within the U.N. system, which he describes as "more effective as a restraining barrier than as a bridge to understanding." Arnold Smith provides an astute analysis of the British Commonwealth and its unique example as an inter-regional organization cutting across North-South distinctions. Mircea Malitza discusses the contributions small states can make since "they are less involved with strategic and global interests" and consequently "more open to sympathetic understanding" of the disputants.

Johan Kauffman sheds useful light on the problems that have bedeviled North-South negotiations and suggests that the negotiating strategy itself may have foreordained failure of the achievement of the New International Economic Order.

Manfred Lachs's concluding chapter provides the best justification for negotiation: it leads to lawmaking, the creation of binding rules between states. While there is no ready-made recipe for the stages and instruments of negotiation, he points out that the means should serve the end and that policy planners should rely on ingenuity and inventiveness to achieve their aims.

—GILBERT J. DONAHUE

## From the Think Tanks

**Hong Kong and China: For Better or For Worse.** By Frank Ching. *China Council of the Asia Society and the Foreign Policy Association*, 1985. 79pp. When China assumes control over Hong Kong after Britain's lease expires in 1997, the city will maintain its position as a business center only if Peking seems likely to live up to the agreement. Yet in China, this monograph warns, such agreements and constitutional arrangements are less important than current policies and dominant factions. Therefore, it will be Hong Kong's eco-

nomic importance and its role as an example for Taiwan that will preserve it rather than the Anglo-Chinese memorandum.

**Reversing Africa's Decline.** By Lester R. Brown and Edward C. Wolf. *Worldwatch Paper #65, Worldwatch Institute*, 1985. 72pp. \$4. Traditional development strategies are failing in Africa, according to this study sponsored by the U.N. Fund for Population Activities. What is needed is a broad-based effort—larger than the Marshall Plan in scale—to restore and preserve the continent's natural resources, which act as environmental support systems; i.e., healthy topsoil makes productive agriculture possible.

**Turkey's Political Crisis: Background, Perspectives, and Prospects.** By Lucille W. Pevsner. *Washington Papers, #110, Center for Strategic and International Studies, Georgetown University*, 1984. 127pp. \$7.95. In this introduction to Turkish politics, Pevsner traces the roots of Turkey's current crisis as it has developed during the last 30 years. The near future will be difficult, as the present illiberal regime attempts to guide Turks toward a resolution of the twin problems of political identity and participation and economic production and distribution.

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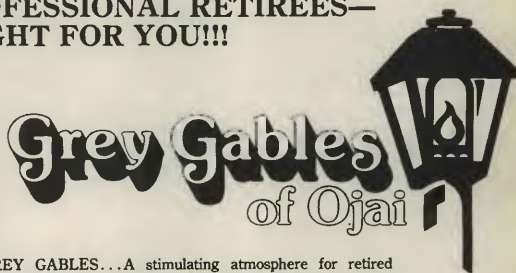
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# PERIODICALS

"Perspectives for Understanding Negotiation." By Margaret A. Neale and Max H. Bazerman. *Journal of Conflict Resolution*, Vol. 29, #1, March 1985. Established theories of negotiation do not provide an adequate answer to the question of why negotiators fail to agree when there exists—in an objective sense—an overlap in their goals. They have not taken adequate account of the fact that negotiating is a decision-making process that can deviate substantially from reality.

Instead, write Neale and Bazerman, we should pay more attention to the judgments each negotiator is likely to make. For example, a settlement described in negative rather than positive terms is less likely to be adopted, even if the result would be the same. Empirical studies have also shown that negotiators are usually overconfident about the acceptability of their proposal and so are unwilling to compromise.

The first step in overcoming these biases is to create awareness—informing negotiators of their overconfidence improved the accuracy of their judgments and the success of their bargaining, for instance.

"Black American Demands." By Kenneth Longmyer. *Foreign Policy*, #60, Fall 1985. In the past, American blacks have had little influence over U.S. foreign policy, writes this Foreign Service officer. They did not have the means—either through lobbying groups or participation in policymaking—or the motivation, since they were concerned with domestic social battles and had not maintained strong ties to a previous homeland.

Recently, however, blacks have gained more political influence both in Congress and through such individuals as Andrew Young and groups such as TransAfrica. They have also become more sensitive to foreign policy because of their experience

in the Vietnam war, the growing concern over South African apartheid, and their employment in industries threatened by overseas competition.

Yet, if blacks are to escape from being just another ethnic group on foreign policy matters, they must become active on issues apart from Africa. Polls and the positions of the Congressional Black Caucus indicate that blacks as a group hold quite distinct views on defense, Central America, and the Middle East. Although there are many obstacles to blacks' taking an active role in broader foreign policy questions, it would be better for the national interest if they did.

"The Executive Family: An Overlooked Variable in International Assignments." By Michael G. Harvey. *Columbia Journal of World Business*, Vol. 20, #1, Spring 1985. Corporations do not pay adequate attention to the impact on the family when selecting an executive for an overseas assignment, according to this study. Too often executives are picked for a foreign assignment because they have succeeded in the United States. As a result, about 25–40 percent of expatriate executives fail in their new positions and return prematurely to the United States, at a cost to the company of \$50,000–150,000 for each case.

Many of these failures can be traced to the inability of the executive's family to adjust to the cultural and psychological strains—most people can cope with the physical discomforts—of living in a foreign environment. The spouse is subject to the most stress and "deserves most of the credit" if the international assignment ends successfully. In many cases, family members have not had the same orientation as the executive, nor do they have the stability of working for the same employer.

The authors suggest a selection process based on extensive interviews to determine whether candidates and their families have the personal traits required to operate in a particular culture.

"Non-Official Mediation in Disputes: Reflections on the Quaker Experience." By Sydney D. Bailey. *International Affairs* (London), Vol. 61, No. 2, Spring 1985. Non-governmental intermediaries can serve a positive function in defusing international conflict, according to this member of the Society of Friends.

Precisely because they are not representing any particular government, such emissaries have their own set of disadvantages as well as advantages. On the one hand, they lack the resources of a government,

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such as the ability to back up their mediation with anything but words; the support of a foreign ministry's information department; or sometimes even the financial capability to carry on a prolonged shuttle mediation. Nor do non-governmental mediators enjoy the protection of diplomatic immunity. On the other hand, since they are not obligated to take into account any government's national interest, they often find it easier to gain the trust of the parties involved and are freer to suggest unconventional approaches. Furthermore, it is easier for the parties in conflict to disavow a non-governmental emissary, or approach him or her in an informal way, which can sometimes advance the cause of negotiations.

Above all, however, the success of a non-governmental mediator depends on the ability to maintain an impartial stance and present the views of each side fairly to the other.

"Requiem or New Agenda for Third World Studies?" By *Tony Smith*. *World Politics*, Vol. 37, #4, July 1985. The field of Third World studies has been stagnating since the mid-1970s conflict between the developmentalist and dependency approaches. Yet, writes Smith, the two schools of thought together offer a foundation on which the field can be revitalized.

Developmentalism grew out of a collaborative effort among social scientists—economists, political scientists, anthropologists, and sociologists—to understand the process of comparative historical change in the Third World. But the diversity of this approach moved in two equally sterile directions: either the models became so rigid that they were unsuitable for describing reality, or they became so incoherent that they did not provide adequate guidelines for study.

The dependency theorists, however, emphasized the role of the industrialized world in encouraging and maintaining Third World poverty. While this was a much more coherent theory than developmentalism, it also required that its few simple premises, such as the overwhelming importance of economics and the control of local forces by the imperialist power, remain unchallenged.

By melding the coherence and global outlook of dependency theory with the variety of analytical tools brought by developmentalism, it may be possible to reawaken the field of Third World studies from its current slumber.

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"Zurich airport. A Lebanese man, bound for Rome, was arrested. Under his shirt, a belt full of explosives, and inside a fake arm, Italian addresses. Italian police searched Rome, but found no such addresses. They kept on searching and, finally success.

"They found the addresses here in Ladispoli, a seaside town north of Rome. At dawn, on November 24, they surprised seven men, all Lebanese, all in the country as either students or tourists. Inside their apartment...they found a map of the American embassy, marked with its entrances, its exits, its defense systems. They arrested the seven, charged them with attempted mass homicide and belonging to an armed group.

"The embassy was saved—this time. But routines have changed for the American diplomats in Rome. They must wait in line each morning while their cars are checked for bombs which may have been planted overnight. And outside the embassy, there are new barriers, some concrete and metal, some electronic."

Walter Cronkite in CBS-TV program "Terrorism: War in the Shadows," June 19

"Four suspects face death for the 1983 U.S. embassy bombing [in Beirut], a military investigator said yesterday. He referred them to a military court for trial and recommended that they be executed if convicted....The military investigator identified the four as Hussein Saleh Harb, 40, and Mahmoud Moussa Dairaki, 42, both Lebanese; Mohammed Mayef Jadaa, 54, a Palestinian; and Sami Mahmoud Hujji, 47, an Egyptian."

New York Post, July 26

"William Buckley has been a hostage for 505 days as of today. Mr. Buckley, a political officer at the U.S. embassy in Beirut, was kidnapped by Shiite Moslems on March 16, 1984....Families of the seven American hostages are doing everything within their frustratingly limited means to gain their release....Several of the hostages are believed to be held for ransom by a Shiite family, which is equally concerned for a relative imprisoned in Kuwait. The

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difference between the families on the two sides is that the man held in Kuwait was convicted of the 1983 truck bombings of the American and French embassies there, which killed five people. The seven U.S. hostages are guilty only of being Americans in the wrong place at the wrong time."

*The Miami Herald, August 3*

"The grand scheme of Secretary of State George Shultz for fortifying U.S. missions abroad 'isn't going to solve the problem,' said Dean Brown, U.S. ambassador to Lebanon and Jordan in the 1970s. Turning embassies into fortresses 'will prevent small-time bombings and raids,' said Brown..., but 'in truth there are many ways of delivering a bomb or killing other than a frontal assault.'..."

" 'It's possible to make an embassy safe,' said Thomas Boyatt, former ambassador to Colombia, 'but it's not possible to make life safe for the people who work there.' Boyatt said he and his family were 'threatened once a month' during his tour in Colombia from 1980-83—and recommended 'at least as much emphasis on keeping the people safe as on keeping the embassies inviolate.'..."

"Try keeping embassy staffs in special compounds similar to those in which Soviet diplomats live, said Richard Parker, one-time ambassador to Lebanon, Algeria, and Morocco, and 'you're isolated as the Soviets are isolated.' "

*Don Kirk in USA Today, July 25*

"It's called the '15-minute door.' According to the State Department, it can survive 50 whacks with a sledgehammer, five shots from a high-power rifle, and prolonged clawing and picking with crowbars and axes. The purpose: to provide U.S. embassy employees besieged by an angry mob enough time to find safe haven inside the embassy and to burn sensitive files."

*George D. Moffat III  
in the Philadelphia Inquirer, July 2*

## Loyalty

"In urging political appointees for major embassies and throughout the State Department, Evan G. Galbraith, former U.S. ambassador to France, pursues his vendetta against the Foreign Service, which he regards as disloyal to president and country—i.e., to Republican conservatism.

"Career morale already suffers from the system that selects and trains officers with care, encourages their expertise and promotes them with painful slowness over a lifetime, only to hand over the most chal-

lenging jobs to inexperienced beneficiaries of White House patronage.

"More-successful non-careerists—such as Mr. Galbraith's homonym, former Ambassador to India John Kenneth Galbraith—far from viewing the Foreign Service as a nest of vipers, have always been prompt to honor those who have helped them to execute the policies of presidents from either party and, without partisan subservience, to defend the interests of the United States."

*John Bovey  
in the International Herald Tribune,  
July 30*

## Wives' Contribution

"Each of you [Foreign Service wives], in your own way, has learned at times that there are certain things which you can do and say which your husbands cannot. And those things also make an indispensable contribution to the progress and success of American diplomacy."

*Pamela Harriman at an AAFSW luncheon,  
May 15*

*CLIPPINGS records statements in the media or public remarks on the conduct of American diplomacy and the foreign affairs agencies.*

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Foreign Service Journal, November 1975: "The Association considers that the role of the executive branch in foreign policymaking requires a measure of confidentiality between policymakers and their advisers, a relationship which imposes obligations on both parties. The adviser, often a career Foreign Service officer, must provide his most intelligent and objective policy recommendations without pandering to the views he believes may be held by the policymakers, whether in the executive branch or the Congress, at the time the advice is given or later. To protect the adviser from the consequences of the possible unpopularity of his or her advice outside the executive branch, the policymaker is obliged not to attribute policy recommendations to individual advisers when explaining his decisions to the Congress, to whom he is accountable for these decisions."

*AFSA Editorial*

Foreign Service Journal, November 1960: "[An] overemphasis on social requirements, plus our failure to provide adequate entertainment allowances for such socially demanding embassies as London, Paris, and Rome, has led us to accept as a matter of course the appointment of wealthy political contributors to represent us in some of the world's most influential capitals.... If our embassy in Paris or London... calls for the specific talents of a particular career diplomat, the assignment should be his. The present level of allowances and the tradition of lavish entertainment now combine to make this impossible.

"But whether the post be Paris, New Delhi, Tokyo, Bangkok, or Buenos Aires, Congress should provide the embassy allowances that are required. It is undignified and self-defeating for a great nation to depend on subsidies from wealthy political contributors to conduct any of its overseas activities."

*Chester Bowles*

Foreign Service Journal, November 1935: "Single rooms with bath \$4 up; double rooms with bath \$6 up. The Willard Hotel—Residence of Presidents."

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# DESPATCH

## Women in State

Does the State Department discriminate against women? The case of one now-retired female Foreign Service officer demonstrates that it has in at least one instance, but a recent court decision threw out allegations of widespread discrimination and concluded by lauding the department for making "every reasonable effort to remove any vestiges of sexual discrimination" from its operations.

It has been nine years since Alison Palmer began her class-action suit against the Department of State, a case that eventually involved nine named plaintiffs and cost Palmer \$200,000 in legal fees. Last September, the U.S. District Court for the District of Columbia found that the women had not proven their allegations. The case covered the period 1976-83.

It was not Palmer's first sex-discrimination suit against State, nor the first time she had lost in the District Court. An FSO for 27 years before her retirement in 1981, she filed an equal-employment action against State in 1968 and won the case three years later. In 1972 she again sued to win a retroactive promotion based on her previous action and, as in the current case, lost in the District Court. She won on appeal, however, and the Appeals Court declared that "Ms. Palmer had been subject to severe discrimination and lost at least one promotion."

In 1976 she filed the class-action suit, and the department signed two consent decrees in 1983 that required it to hire 75 more women from the pool of persons who had passed the exam but not been hired. The plaintiffs also received about \$400,000 to cover their legal fees. Having settled the matter of hiring claims, the suit concentrated on what happens to female FSOs once they enter.

District Court Judge John Lewis Smith Jr. found that State did not discriminate in assignments, pay, promotions, awards, and personnel evaluations. In his ruling, Smith said the department "has made sincere efforts during the period of this lawsuit...to improve the status of women in the Foreign Service and has successfully responded to many individuals and class-wide grievances of female FSOs." The

judge's findings were:

■ **Assignment to cones.** The plaintiffs alleged that more women are assigned to the consular cone than to the political cone. A statistician working for the plaintiffs concluded that 20.8 percent of entering women were assigned to the political cone within a year, compared with 30.3 percent of the men. At the same time, 38.1 percent of the women were assigned to consular affairs, in comparison to 22.3 percent of the men. The court found that the expert's analysis "is flawed and inconclusive in establishing disparate impact in cone assignment" and criticized his data and methodology. Smith accepted State's argument that women showed a preference for consular affairs—although only those women who had taken the exam in 1973 and 1974 had the opportunity to do so—and observed that it is an increasingly important field with greater promotion possibilities. Aside from the prima facie evidence, the court found "no credible testimony that any female FSO had been denied assignment to the political cone or gained assignment to the consular cone because of sexual discrimination."

■ **Grade at entry.** The judge concluded again that there was "no credible testimony" that female FSOs were discriminated against in the level of their class at entry. In fact, because of affirmative action, mid-level female hires came in at a slightly higher class than men during the period covered by the suit, and the average man earned \$1100 a year less on entry in grades 5-8 (pre-1981 system).

■ **Awards.** The plaintiffs found no disparity between men and women who received the Distinguished or Meritorious Honor Awards but alleged that twice as many women would be expected to receive the Superior Honor Award as actually did. The court found that the plaintiffs' statistician "established no basis for his comparison of actual awards with expected awards," nor did he establish the percentage of each sex qualified to receive them. "The expert's analysis was based on a faulty assumption that all female FSOs were equally qualified for the Superior Honor Award," the court said.

■ **Evaluations.** The plaintiffs claimed that on the 1974 Officer Evaluation Reports, women were described as fair, empathetic, and thorough, whereas men were depicted as strong on policy and leadership. The court observed that several of the named plaintiffs had been rated highly in the latter areas and few in the former and noted that the department itself had moved to correct possible sexual biases in the 1974 OER form.

The plaintiffs found no significant dif-

ference in performance ratings but said that the mean potential rating was 6.98 for women and 7.27 for men. The court ruled that there was "no attempt by plaintiffs' expert to relate his analysis of evaluations to the likelihood of promotion," nor had he allowed "for one vital characteristic, that being female FSOs have less time in class than males."

■ **Assignments.** The plaintiffs claimed that few women achieved prominent jobs in highly visible posts, such as deputy chiefs of mission or ambassadors, and also alleged discrimination in assignments to Moslem, African, Asian, and Latin American countries, as well as in stretch assignments. The judge ruled that the low numbers of senior officers were due to insufficient time to rise through the ranks and noted that several of the plaintiffs' witnesses had served in those areas.

■ **Promotions.** The "heart" of the plaintiffs' promotion claims, Smith said, "is that females face a barrier at Class 5 to their promotion to Class 4 [old system]." He noted their analysis that eligible women were significantly less likely to be promoted across that threshold. "Plaintiffs' calculation of grade at hire," however, "was flawed and unreliable," the judge concluded. He again said that "time in class is the proper variable for explaining the apparent disparity of promotions of females from class." Women "are newer in the Service and have less time in each class."

In an interview, Palmer admitted that some of their data "were indeed flawed" but claimed that they were supplied by the department, which she accused of not being forthcoming in releasing statistics. "It is easier to be an expert from the inside than the outside," she said. She countered the judge's findings of less time in class by saying, "Women have been FSOs for decades." She told the JOURNAL that "no career woman has ever been ambassador at a class-one post" and questioned why women only seem to end up as chief of mission in posts such as Togo and Malta. "I felt we had a good case," she said. "I still feel we have a good case." She and her attorney are deciding whether to appeal.

State responded that it was "forthcoming in responding to all discovery requests." Attorney-Adviser Gayle R. Teicher added that the Foreign Service has changed with society over the last 15 years and is "a different institution than it once was."

*DESPATCH is a compendium of news about the Foreign Service. It is written by the editor and does not necessarily represent the views of the Association.*



# CANCELING THE DEBT

*The concept of repudiating Latin American financial obligations has revitalized Castro, who seeks a role as a hemispheric statesman*

GEORGE GEDDA

JULY 26 is the most important anniversary of the Cuban revolution, and President Fidel Castro normally observes the occasion with a speech in which he dwells at length on important issues of the day, both foreign and domestic. In this year's address before an audience of about 140,000 in the southeast coastal city of Guantanamo, however, the leader felt there was only one foreign issue worth mentioning. Castro ignored customary concerns such as Nicaragua, El Salvador, and the Soviet Union to hammer away at a topic that, for him, has become almost an obsession: Latin America's external debt. Put simply, Castro believes the debt is unpayable and should be repudiated.

The concept of debt repudiation appears to have revitalized Castro. He has put aside the many setbacks and frustrations he has endured over the past six years, a period marked by the unprovoked Soviet invasion of Afghanistan, the Mariel boat lift, the ouster of an allied regime in Grenada, and the two sweeping election victories of his chief hemispheric rival, Ronald Reagan. During much of that time, the leader seemed withdrawn and on the defensive. Even the 25th anniversary celebration of the revolution last year was a somber occasion because of the demise of the Bishop government on Grenada 10 weeks earlier.

But nowadays Castro is in a fighting mood. In the Cuban media the campaign for debt repudiation has been relentless. (The only outlet available to Cubans that has not joined in the crusade is Radio Marti.) School children sing anti-debt chants to visiting dignitaries. This past spring and summer, Castro convened five international conferences on foreign debt. At one of these Castro himself passed out to each arriving delegate reprints of an interview he gave on the subject.

Support for revolution has been a hallowed benchmark of Castro's attitude toward the rest of the Americas, but now he says his goal is the avoidance of social upheaval. In March, he told two interviewers from *Playboy* magazine, "There is no other choice: The cancellation of the debt or the death of political processes in Latin America." This disingenuous defense of democracy in Latin America is a new position for

the Cuban leader. In his July 26 speech a year ago, he ridiculed the democratic trend in the hemisphere. "The [democratic] system doesn't solve anything. I say it and I repeat it: the system does not solve anything.... And imperialism brags about the democratic regimes which unleash horses, soldiers, police, and prowl cars to massacre people when they can no longer stand hunger."

Given his reputation as a revolutionary firebrand, it is no small task for Castro to be accepted as an elder statesman. Indeed, because of such statements, Latin American democrats don't believe that his debt proposals have their interests at heart. More and more governments, however, are showing a willingness to deal with him. No South American country had diplomatic or economic ties with Havana 20 years ago. Most were willing to denounce Cuba, and most agreed with the United States that the best policy was to isolate the island. Today, it is the United States that seems isolated. President Reagan has identified Cuba as a source of terrorism, but the only South American countries that seem to agree are the remaining rightist dictatorships in the region, such as Chile and Paraguay. Culminating this trend, Cuba was overwhelmingly elected to membership in the Latin American parliament last June.

Castro of course was bolstered by the ascendancy of the Sandinista regime in Nicaragua, and in South America he had a noteworthy diplomatic breakthrough when Ecuador's center-right president, Leon Febres Cordero, paid an official visit to Havana last April. Only a few weeks earlier, Febres Cordero hosted a visit by Secretary Shultz. In addition to Ecuador, Cuba also has had constructive contacts this year with Uruguay, Argentina, Bolivia, Colombia, and Brazil, among others. Today the question is whether Castro, once the target of hemisphere-wide economic and diplomatic sanctions, can emerge as the region's principal interlocutor on its most pressing economic issue. The odds against him are long, but he has never been one to avoid missions impossible.

Castro believes that for Latin American nations to pay off their \$360 billion foreign debt, most of which is owed to U.S. creditors, austerity would be required to such a degree that "revolutionary social explosions" would occur. As he sees it, the solution is to repudiate the debt and plow back the money into social and economic development. The United States and other creditors should assume responsibility for the debt, financing the cost by cutting defense spending. In

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*George Gedda, State Department correspondent for the Associated Press, covered Castro's 26th-anniversary speech in Guantanamo and the debt conference in Havana last summer during his seventh visit to Cuba. He is a member of the JOURNAL Editorial Board.*

Castro's view, it is a no-lose proposition. The Latin American governments would rid themselves of their onerous burden while ensuring their political survival and a revitalization of their economies. It would cost the U.S. taxpayer nothing, and no American bank would go under. If there is a loser, it would be the Pentagon but, as Castro has said, "Those people would still have enough left over to blow up the world five times over."

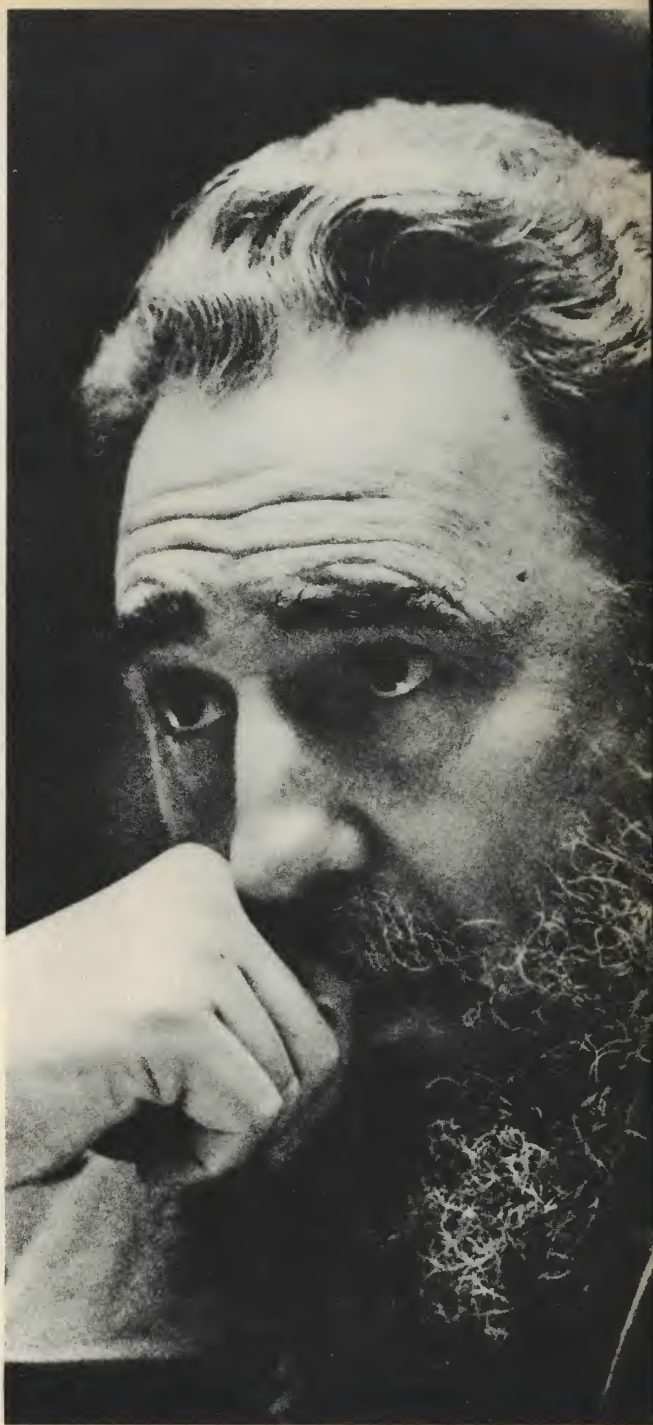
There are other aspects of Castro's proposal, including a call for Latin American economic integration and for the establishment of a new international economic order under which poorer countries would be assured a far greater share of the world's wealth. But the leader has been devoting most of his attention to the debt component of his proposals, and he believes he has the United States on the defensive. "The imperialists are losing sleep, they lie awake worrying about the advancing snowball, about the erupting volcano which this struggle has become, and they try to sabotage and obstruct its development by all possible means," he said in his July speech.

**N**OT SURPRISINGLY, Castro has won the support of Latin leftists, and he may be making headway among the more moderate political sectors as well. Four days after his Guantanamo speech, he convened a hemispheric conference in Havana on the debt issue. While leftists dominated the proceedings, several former Latin American heads of government and other prominent non-Marxists were in attendance. A significant percentage of the moderate faction agreed with his view that the debt was unpayable but stopped short of calling for outright repudiation.

No one, regardless of ideological disposition, disputes the notion that the debt poses a terrible dilemma for Latin America. Consider the remarks at the Havana conference of Pablo Gomes, head of the leftist party in Mexico, the Americas' most indebted nation: "Mexico owes about \$100 billion, it pays \$12 billion every year. In 10 years, it will have paid \$120 billion and it will continue owing the same \$100 billion that it does now. That is to say, Mexico has to turn over practically all of its petroleum for export in return for nothing."

Just as important as the merits of Castro's position on the debt question is the way in which his attention to it is perceived politically elsewhere in the hemisphere. The State Department tends to view the debt conference in Havana as essentially a failure, pointing out that most governments rejected Castro's invitation to send official delegations. Among the governments that boycotted the conference was Mexico, despite that country's role as Havana's most durable friend in the Americas. The conference was attended for the most part by leftists from a number of different countries for whom the offer of an all-expenses-paid trip to Havana was too tempting to refuse.

Castro billed the conference as the most pluralistic ever held in the hemisphere, but a number of business groups turned down invitations. A Panamanian business association, asserting that Castro rejects capitalism, said it would be incongruous to accept an invita-



Photograph courtesy *Playboy* magazine





*Castro giving revolution anniversary address last July 26. The leader ignored customary concerns to concentrate on a call for repudiation of Latin American debt.*

tion from a man bent on their destruction. Still, Castro could claim some inroads among non-Marxists. One participant, former Colombian President Alfonso Lopez Michelsen, said the United States, "instead of helping poor countries, now has the poorest countries helping it" through resource transfers. With Castro seated a few feet away, Lopez Michelsen said that the Cuban president, with his "heroic risks" as a guerrilla fighter, showed how "faith moves mountains." And he said Latin Americans should demonstrate the same kind of faith in confronting the debt crisis. Those words represented a departure for Lopez Michelsen who, as Colombian president 10 years ago, was unswervingly pro-American. Under his leadership, Colombia had no relations with Cuba.

**I**RONICALLY, Cuba itself is not greatly affected by the debt crisis—it is more a problem for Castro's fellow Latin Americans. Cuba has long since cast its lot, both economically and politically, with the socialist bloc, while virtually all other Latin countries are closely linked to the West. Cuba also is the only country in the Americas that does not belong to the International Monetary Fund, which has played a major—and controversial—role in attempting to encourage governments to achieve economic growth through austerity. What's more, Castro has declined to repudiate his own debt; last December, he described repayment of Cuba's debt as a "sacred duty." And in a report earlier this year, the Cuban National Bank even praised the "more realistic treatment" creditor nations are giving to Latin American countries in debt-rescheduling talks. Alluding to this contradiction, an internal State Department memo

asked, "Will the real Fidel Castro please stand up?"

There are other inconsistencies. During the debt conference, a wealth of detail was offered by the more than 100 speakers about the liabilities of all Latin American countries with one exception: Cuba. The island is known to have a \$2.9 billion debt to western industrialized nations, but its obligations to the Soviet Union and other socialist-bloc countries remain a secret. Western analysts believe it is approximately \$10 billion. If that estimate is accurate, Cuba would rank on a per capita basis as one of the most heavily indebted countries in the hemisphere. Castro, of course, has a special relationship with Moscow, which routinely rolls over the debt without interest. In addition, Soviet aid to Havana is believed to average \$4.5 billion annually, about a third of its budget. It is the kind of arrangement that the Soviets, because of the island's immense political value to Moscow, would grant only to Castro. For the rest of Latin America, the Cuban model is irrelevant.

For these reasons, former Venezuelan President Carlos Andres Perez didn't think Cuba was an appropriate site for a hemispheric debt conference and rejected Castro's invitation. But another Venezuelan, newspaper publisher Miguel A. Capriles, did attend even though he is a self-styled "bourgeois capitalist." According to Capriles, the locale is not pertinent because of the importance of decisive action on the part of Latin America to confront the debt issue. Capriles called for a hemispheric summit and said Castro should be invited.

The Havana conference began two days after the inauguration of Peru's new center-left president, Alan Garcia, who might seem a potential ally of Castro in South America. The debt issue, however, has apparently driven the two leaders apart. Before his inauguration in July, Garcia angered Castro when he called his debt proposals "interesting but unrealistic" and suggested that the leader was trying to convert the issue into an "East-West struggle." In response, Castro greeted Garcia's inauguration by sending him an unusually acerbic letter. He said Peru was "one of the Latin American countries with the highest levels of illiteracy, infant mortality, disease and lack of medical attention, malnutrition, unemployment, social inequality, and misery of every type, despite its immense natural resources. If you decided, really, to fight seriously and firmly against this hellish picture of social calamities...you can count on Cuba's support."

The ill feelings between Castro and Garcia suggest competition between the two for leadership on the debt question. But, in some respects, Garcia seems closer to Castro's position than most Latin American heads of government. While stopping short of repudiation, Garcia said in his inaugural address that Peru would earmark no more than 10 percent of its export earnings to debt payments over the next year. According to U.S. government figures, the ratio of Peru's debt service payments to exports should be 63 percent. Echoing Castro's view, Garcia called the IMF "an accomplice" in Peru's acute economic troubles. The fund has been encouraging Peru to lay the groundwork for economic recovery by reducing government spending, a policy that, both Castro and

Garcia agree, contributes to widespread deprivation. Garcia has decided to ignore the IMF and deal with the bankers on his own.

The significance of Garcia's defiant stand on the IMF and on debt repayment is unclear. The consensus appears to be, however, that Peru, acting alone, will not cause irreparable damage to any one bank, but if other debtor countries follow suit, many banks will indeed have cause for concern. Castro, meanwhile, can be counted on to press the issue as hard as he can. Starting last March, he seems to have cleared his desk of other matters in order to concentrate on the debt question. The Third Congress of the Cuban Communist Party had been scheduled to begin in December, an event the Cuban media had been billing as the most important of 1985. Despite the build-up, the Congress now has been postponed until February because, western diplomats in Havana say, of the attention given to the debt question.

**N**ONE DISAGREES with the statement that Latin American countries have borrowed well beyond their means and that much of the money was either stolen by corrupt officials of military governments or misspent on worthless projects. The ratio of debt-service payments to exports at the end of 1984 was 93 percent for Argentina, 67 percent for Brazil, 52 percent for Mexico, and 46 percent for Venezuela. But as the United States sees it, Castro's proposals are demagogic and represent a test of Latin America's political maturity. U.S. officials say countries that repudiate their debt would be denied access to new money needed to promote future economic growth, and the result would be a deterioration of already precarious economies. It would also produce threats, they say, to the existing political order from both the left and the right.

For the time being the United States has had little to say publicly about Castro's ideas, but officials acknowledge they are working on proposals for easing the region's burden. In contrast, Castro sees debt default as laying the basis for an explosion of economic activity in Latin America that would quickly bring benefits to the western industrialized countries, the United States included. Countries such as Mexico and Argentina, which have been restricting their foreign purchases, could import far more goods if they were freed from debt repayments, thus creating thousands of new jobs in industrialized countries, the leader contends. He also argues against the suggestion that debt repudiation would lead to economic crisis in Latin America because creditor nations would cease lending money in the region. "This is clear. They [the Latin countries] don't need loans of any kind," Castro says, asserting that these nations can lend themselves the money they otherwise would spend on debt repayments.

"Nobody could take reprisals against those countries or blockade them economically," he says. "The industrialized world can't do without the underdeveloped countries' trade: it can't do without their raw materials...their minerals...their fuel...their chocolate...Can you imagine an industrialized society—England, France, Spain, Italy, West Germany, the



United States, or Canada—without chocolate? Can you imagine those countries without coffee, tea, or cashew nuts to go with their drinks? Can you imagine them without nutmeg, cloves, other spices, peanuts, sesame seeds, pineapples, coconuts, or coconut oil for their mild and fragrant soaps? Well, life would be very sad and unpleasant in the industrialized countries if the steel, copper, aluminum, chemical, and power industries were also to stop. They can't do without any of that."

Castro portrays his attention to the issue as a selfless act by a government that itself is immune to the crisis and therefore has little to gain from a hemispheric debtors' strike. Still, it is difficult to erase the impression that his proposal is merely a new dimension to his life-long campaign against the United States. No one takes seriously the possibility that Reagan, given his relentless effort to boost Pentagon spending, would agree to lop off \$40 billion from the defense budget to finance Latin America's debt repayments. Castro appears to be using the debt issue as a risk-free way of driving a wedge between the United States and Latin America, while, at the same time, possibly creating havoc in the financial markets of his big neighbor.

Castro has softened his revolutionary rhetoric, but his anti-Americanism seems to have been enhanced during the Reagan presidency. In Cuba's pantheon of villains, none ranks higher than Reagan, and personal attacks on him are not uncommon. An example was the following chant heard at a recent Havana rally:

"Who gave birth to Reagan?"

"A mule."

"I protest said the mule. I didn't give birth to that son of a bitch."

"An applause for the mule." □

*Castro addressing debt conference on July 30.*

*Repudiating their debts will benefit Latin Americans and not harm the United States, the Cuban leader said.*



## NEGOTIATING WITH THE SOVIETS: GOALS, STYLE, AND METHOD

### THE EXPERTS

**W**ITH THE SUMMIT between President Reagan and Soviet leader Mikhail Gorbachev approaching and the arms control talks in Geneva heating up, the topic of negotiating with the Soviets has been placed square on the table. Last year the Roosevelt Center for American Policy Studies conducted a series of seminars in which experienced ne-

gotiators shared their views on the special characteristics of superpower conversations. Here we provide some of their comments, excerpted from *A Game for High Stakes: Lessons Learned in Negotiating with the Soviet Union*, edited by Leon Sloss and M. Scott Davis (© 1985 by the Roosevelt Center for American Policy Studies and reprinted with permission from the Ballinger Publishing Company).

Jonathan Dean, a retired Foreign Service officer, participated in the negotiation of the Four Power Agreement on Berlin and was chief U.S. negotiator to the Mutual and Balanced Force Reduction talks.

Roger Fisher is the author of *Getting to Yes: Negotiating Agreement Without Giving In* and is director of the Harvard Negotiation Project at the Harvard Law School.

Raymond L. Garthoff has held several positions in political-military affairs in the State Department and was the executive officer and senior adviser to the U.S. SALT delegation.

Sidney N. Graybeal has served as a deputy director of ACDA, as an adviser and participant in the SALT delegation, and as the U.S. commissioner on the U.S.-Soviet Standing Consultative Commission.

Max M. Kampelman was chairman of the U.S. delegation to the Conference on Security and Cooperation in Europe, 1980-83, and is now head of the U.S. delegation on Space and Defensive Arms and negotiator for the current talks in Geneva.

Edward L. Rowny, a retired military officer, has served as chairman of the NATO Military Committee Working Group on MBFR, the representative of the Joint Chiefs of Staff to the SALT talks in 1973-79, and chief U.S. arms control and disarmament negotiator and head of the U.S. delegation on Strategic Arms Control Negotiations from 1981-84. He is now the special adviser to the president and secretary of state for arms control matters.

Robert D. Schmidt is chairman of the board and chief executive officer of Jacobs Wind Electric Company. He has extensive business experience in the Soviet Union and is also president of the American Committee on East-West Accord.

Walter Slocombe served as the SALT task force director for the Defense Department and principal deputy assistant secretary of defense for international security affairs.

Leon Sloss served as assistant director and acting director of ACDA from 1976-77, and as head of the U.S. delegation to the Seabed Treaty Arms Control Review Conference.

Helmut Sonnenfeldt is a former State Department specialist on Soviet and East European affairs and has served as senior staff member on the National Security Council for U.S.-European and East-West relations and as counselor of the State Department with similar responsibilities.

Howard Stoertz Jr. has been the special assistant to the director of central intelligence for strategic arms limitation and the senior intelligence adviser to the U.S. SALT delegation.

Paul C. Warnke was assistant secretary of defense for international security affairs from 1967-69 and director of ACDA and chief U.S. negotiator for the SALT II talks from 1977-78.

R. James Woolsey has worked on arms negotiations for the Defense Department, the National Security Council, and the Senate. Most recently he was a member of the President's Commission of Strategic Forces and a delegate-at-large to the strategic arms talks in Geneva.

Herbert F. York served as ambassador to the comprehensive test ban negotiations in 1979-81 and as special representative of the secretary of defense at the Space Arms Control talks of 1978-79.

■ Agreement is not always the best thing. Do not reach agreement just for the sake of an agreement. It ought to be better than your alternatives. Part of preparing for a negotiation is to think about one's best alternative to a negotiated agreement.—Fisher

■ Traditionally, the Soviets have not been as much concerned about concluding an agreement in negotiations as about using the process to promote their own interests.—Sonnenfeldt

■ It is very important to be clear about objectives—to know what the other side wants and have a good idea about what your side wants....It is also imperative in any negotiations to have a sense of priority. The effort to preserve everything or to attain everything with no sense of priority, has never been successful in negotiations. When everything is vital, nothing is vital.—Slocombe

■ We approached the negotiations in the belief that the United States and the Soviet Union had a broad commonality of interest that should help particular conflicts; they didn't. That difference in judgments about the relationship—not different negotiating styles—produced great frustration and endless failure to agree.—Slocombe

■ In January 1984, President Reagan gave a television address calling for a better working relationship with the Soviet Union. If his objective was really to improve the relationship, he might have been far more effective if he had picked up the telephone...and asked [Soviet Ambassador Anatoliy Dobrynin's] advice.... Asking advice is one of the best ways to build a relationship.—Fisher

■ The Soviets have a broad conception of what constitutes negotiations. They see negotiations, particularly those on arms control, as part of a broader security effort designed to prevent the coalescence of forces hostile to them. They are generally serious about negotiations, but they resort to extraneous elements and extra-negotiating techniques beyond the negotiating table to get support for their position.—Sonnenfeldt

■ One of the real problems in arms control is that neither side needs a deal. It is not like a labor negotiation, where eventually there has to be some sort of settlement or the factory shuts down and the people are out of work. In the arms control field, agreement is voluntary. Moreover, in many instances, the negotiations proceed for reasons other than trying to achieve an agreement.—Warnke

■ There are respectable alternatives to negotiating for the sake of agreement. We may sometimes pursue a negotiation for reasons of public impact, or we may simply not want to let the other side derive a global public relations advantage from our unreadiness to negotiate. For a negotiation to be successful, it is not necessary to reach an agreement, nor even an informal agreement or better understanding. A negotiation can be a strictly competitive exercise in propaganda and political action.—Garthoff

■ The Soviets first set their objectives and then shape their forces to realize those objectives. They allow arms control to restructure their forces only insofar as this fits the objectives. In contrast, the United States has tended to reverse that pyramid. Too often we have placed arms control at the center of our foreign policy, and we have reshaped our military forces to satisfy the dictates of arms control.—Rowny

■ We should not expect negotiations to produce major reductions in arms, major reductions in defense spending, or a significant restructuring of the forces on either side in the near-term. We can look to arms control negotiations to provide an additional channel of communications between two hostile and suspicious states—an important aspect of their bilateral relations. Even when negotiations do not have specific results, they can reduce uncertainties and ambiguities and perhaps augment our mutual understanding of each other's military programs and strategic thinking.—Sloss

■ Soviet negotiators are more disciplined and show less observable tendency than American or western negotiators to be affected by important events outside the negotiation framework.... The result is almost total compartmentalization of Soviet negotiating behavior and a frustrating lack of clues as to Soviet motivation and thinking.—Dean

■ I do not think it is possible to obtain linkage between economic and political issues. The Soviet system, more than any other system in the world, is extremely fragmented. The leaders of the various bureaucratic sectors do not often interfere in one another's business.—Schmidt

■ [The Soviets] approach negotiation from the viewpoint of a trader....[They] want to limit U.S. force modernization as much as possible and pay the minimum possible price.... In comparison to our approach, which assumes some sort of positive common goal, their "trading approach" to negotiations may be a more realistic reflection of the relations between the two nations.—Stoertz

## ON OBJECTIVES

## ON RELATIONS

## ON LINKAGE

## ON BARGAINING



## ON FLEXIBILITY

■ Adversaries [negotiate] because they wish to avoid the risks of an all-out confrontation....[This] is clearly the main reason that the United States and the Soviet Union negotiate. ...[During the Cuban missile crisis and the 1973 Arab-Israeli war] both sides realized that if they did not work out a compromise, they would face the risk of a war, or at least a much higher level of confrontation than they wanted to face....I have a sense that the so-called "laws" of Soviet negotiating behavior would not apply well to the way the U.S.-Soviet negotiations were actually conducted during these crises.—Slocombe

■ My own observation is that the Soviets, however occasionally discomfited by such firmness, in the long run were grudgingly grateful for it. They knew where they stood with us at all points. Such clarification of issues made the agreements we reached possible....Contrary to the widely circulated opinions of some western accommodationists, such clarity and firmness serve to make agreement possible, not impossible.—Kampelman

■ Occasionally, American observers act shocked that before the Soviet negotiators make major concessions, they must check with the government back home....I had rather hoped the American delegation thought it was under the same obligation....The American negotiators probably have a great deal more de facto flexibility to say things that they are not authorized to say, but....the negotiators on both sides are on a very short leash. And when the Soviets want to move things along, they seem quite capable of floating trial balloons, using informal contacts, and the like.—Slocombe

■ Soviet and other Warsaw Pact negotiators are fairly open with the explanation that their authorities permit them little discretion formally to recommend changes in their own negotiating instruction and that the best way to obtain reaction or change of position from their capitals is for Western negotiators to take the initiative.—Dean

■ In view of the differences between our decision-making systems, we have to expect a degree of Soviet rigidity. They maintain a particular position for as long as possible. However, we can elicit concessions by making it clear that we cannot accept their position and that therefore it has to change. This will usually drive them back to Moscow and ideally result in a high-level discussion that will enable agreement to be reached and progress to continue.—Warnke

## ON CONCESSIONS

■ Future negotiators should remember that the Soviets will pocket anything they are given. Although they say that nothing is agreed until everything is agreed, they try to claim all of our tentative concessions as final. So one must be careful not to make too many conciliatory gestures.—Rowny

■ We are problem-solvers, inheritors of the Greek rationalist tradition who believe that all problems have solutions if only we try hard enough. The Soviets view negotiations differently. They are more competitive. They do not believe that all problems have solutions.—Rowny

■ A hard strategy dominates a soft one—but not for long, because hard bargaining is contagious. Essentially, we and the Soviets have both adopted a hard strategy. We both insist on winning. Neither insists on serious talks....A soft negotiator insists on agreement—insists on reaching a joint position. A hard negotiator insists on his or her position. Both are making the same mistake of focusing attention on position rather than on the underlying interests. The basic task is not to quarrel about positions that might please one side or the other, but to identify the interests—that is the concerns, needs, hopes, wants, and fears—of both parties.—Fisher

■ The Soviets tend to take maximum positions with built-in redundancies, and they are not averse to changing their position 180 degrees when they consider it in their interest to do so. The U.S. negotiator, having spent weeks trying to provide a convincing rationale for his position, has great difficulty making such drastic changes.—Graybeal

■ To reach agreement on an excellent option, we should first invent many options and then decide among them. I once told Paul Nitze that if he had asked my advice, I would have offered two suggestions on how to take a walk in the woods with less risk of appearing committed. First, always be talking about at least two ideas, not one. If there are two different options being discussed, it reduces the risk of conveying the impression that either one is an official position. Second, have such discussions conducted by a deputy or by someone else who is not the representative with full authority. Such practices help generate options free from commitment.—Fisher

■ [The Soviets] do recognize that in negotiating security there must be reciprocal benefits, and there is flexibility in their approach. It takes time to convince the Soviets to compromise, and thus there is considerable virtue in a good deal of patience. Sometimes standing pat in negotiations will enable us to win concessions, though probably not on major issues.—Sonnenfeldt

■ The Soviets have something of a counting mentality about concessions that elicits some highly predictable behavior about major meetings on arms control. There is always a Soviet concession. It may not be very big or very important, but it is always a concession and a genuine concession.—Slocombe

■ One could argue that the Soviets use rigidity and stubbornness as a tactic to elicit U.S. compromises. Be that as it may, their willingness to make concessions does not hinge only on our firmness. It also depends on their assessment of our seriousness about the negotiating process. In the Soviet viewpoint, the worst mistake that one of their negotiators can make is to offer a concession that is not reciprocated. Thus, if the Soviets decide that we are not serious, they will refuse to make real concessions on even trivial matters.—York

■ Soviet negotiators are decidedly close-fisted with their negotiating assets. Not for them the flourish or the generous gesture. They carefully husband negotiating resources, demanding a formal quid pro quo for every move and refusing to go further until NATO participants respond with a move of their own. Even a small western move may suffice to fulfill the requirements of this rather mechanistic reciprocity, which does not seek to weigh the relative importance of moves.—Dean

■ The Soviets try to capitalize on the normal U.S. desire to get the job done quickly and efficiently....The lesson here is to avoid negotiating against a deadline, because the United States usually loses.—Graybeal

■ Deadlines, such as summits or treaty expirations, can influence negotiations. The Soviets will not concede on something they value enormously, but deadlines can help the other side win on some points.—Sonnenfeldt

■ In negotiations with the Soviets, heads of delegations cannot have unofficial exchanges. Advisers can be used for exploratory activities because they are expendable. But the head of a delegation is not expendable and should not explore beyond his instructions.—Graybeal

■ The interaction between our political and constitutional systems, the strong hopes and fears associated with arms control with the Soviet Union, and the current American political structure...has nearly created a political irony: Republicans can get most anything ratified that they can negotiate, but have a hard time negotiating anything, while Democrats might be able to negotiate something, but cannot get it ratified.—Woolsey

■ The Soviets usually prefer generally worded agreements, whereas the United States prefers specificity....The Soviets like to agree first on principles and settle the details later—a "pig in a poke" approach....Remember that there is no such thing as "spirit of the agreement" in the Soviet Union. This is an American invention that carries very little weight with the Soviets. They believe only in what is in the written agreement and in the agreed statements that they negotiate.—Graybeal

■ Both hawks and doves talk about concessions and the need to be either stubborn or generous. But the concept of a "concession" confuses the process of generating options with the process of deciding among them....To negotiate only by concession, whether that concession be made stubbornly or generously, is almost certain to preclude the kind of inventing needed to produce a wise agreement.—Fisher

■ Soviet negotiators yield points rather grudgingly, and in yielding, resort to a tactic of dramatizing their concession. They use their own readiness to compromise on a particular point to extract a greater compromise from the other side in return.—Sonnenfeldt

■ [The Soviets] generally offer concessions slowly and reluctantly, trying to make their opponents very grateful for even the slightest concession, and trying then to extract further concessions in exchange for every one they offer.—Stoertz

■ The notion that deadlines always work against the United States seems overdone....There is no particular evidence that the United States is at any disadvantage where both sides face a deadline. In the last few weeks of the SALT II negotiations, for example, the Soviets put themselves under an earlier deadline than we were, told us about it and....We were able to get some agreements and concessions that they would not normally have given us without weeks and weeks of agonizing debate.—Slocombe

■ In the Soviet view, form is substance....The Soviets believe that the number of people at the negotiating table, the size of the table, and the agenda are all important issues. In the past, the United States tended to concede on such matters.—Rowny

■ We should beware of elaborate, comprehensive arms control agreements. They can take so long to negotiate as to lose much relevance by the time they are concluded. In general, we should adhere to the "pothole theory" of arms control, which draws an analogy with the notion that, while a large metropolis may be ultimately ungovernable, at least the potholes can be filled: While extensive arms control agreements may be unmanageable, small security problems can be solved with limited agreements.—Sonnenfeldt

■ The solution-oriented American polity tends to read too much into conclusion of agreements with the Soviets. Americans tend to consider that an agreement, once achieved, marks the end of the problem under discussion, and that the solution will administer itself. The Soviets see implementation of an agreement as a continuing negotiation.—Dean

## ON DEADLINES

## ON FORMALITY

## ON RESULTS





# NEGOTIATING WITH OURSELVES

*Many difficulties in developing an effective bargaining strategy are rooted in the U.S. political system, but there are ways of managing the problem*

M. SCOTT DAVIS

THE GENEVA TALKS on strategic arms may finally be getting down to serious bargaining. The November summit meeting between President Reagan and Soviet General Secretary Gorbachev will certainly have some effect on the negotiations—and not an automatically positive one. Indeed, history has taught us that it is unwise to become optimistic about prospects for arms control negotiations between the superpowers. As global adversaries with nuclear arsenals of awesome strength, the United States and the Soviet Union find it difficult to make the compromises necessary to reach agreement. Moreover, the U.S. ability to bargain effectively—to advance negotiable proposals that will enhance national security—is hindered by the demands of our political system and our alliance relationships.

At one time, such agreements not only seemed possible, but likely. The nuclear test ban treaty, the anti-ballistic missile treaty, and the SALT I agreement seemed to herald a future in which arms control would increasingly serve the vital objective of reducing the possibility of nuclear war. But the non-ratification of SALT II and the off-again, on-again nature of recent negotiations have made the prospect of a successful treaty seem ever more remote. The 11-year failure of the United States and the Soviet Union to reach an agreement has many causes: the demise of detente; changes in the strategic balance; and domestic political complications on both sides, to name a few.

The pluralistic U.S. political system need not preclude successful negotiations; after all, earlier agreements were adopted with the same system in place. During the last decade, however, the topics of strategic weapons and arms control have become politicized. As the Soviet Union caught up with the United States in most measures of the strategic balance and surpassed it in some, politicians and strategists became more vociferous in criticizing established nuclear weapons and arms control policies. Political action committees and other organizations began to appeal to the public's hopes and fears about nuclear weapons,

and the debate became polarized and confusing. As a result, it became very difficult for an administration to formulate a coherent negotiating strategy on which everyone involved could agree, much less obtain approval for a finished treaty.

What went wrong with our internal organization for formulating a negotiating strategy? Our process is such that we spend much more time negotiating among ourselves than with the Soviets. Four basic constituencies—the national-security bureaucracy, Congress, the allies, and the public—all have a stake in U.S. decisions and so seek to influence the topic and manner of negotiation. Some of our difficulties are rooted in the competing roles of these groups and hence in the very nature of our government. Lessons drawn from previous negotiations, however, suggest that certain techniques and attitudes can help the United States overcome the obstacles to sound internal organization for negotiating.

The U.S. political system presents bureaucratic obstacles that inhibit our ability to formulate effective and durable policies. They can affect any national policy, but because U.S.-Soviet negotiations center on transcendent issues, difficulties in this area may carry the most serious consequences. One problem is that in a democracy with two predominant political parties, the presidency frequently changes hands, shifting the government's political and ideological direction. When many officials in the upper levels of the executive branch are replaced, not only does it undermine continuity in personnel, it also facilitates a new president's desire to alter fundamentally the policies of his predecessor. The new people may well be unfamiliar with the evolution of a particular policy, and thus some of the constraints that had pushed the previous administration in a particular direction.

In arms control, this phenomenon has occurred twice in the last nine years, both times to the detriment of hopes that previous successes in negotiating with the Soviets could serve as the foundation for future ones. In early 1977, the Carter administration decided to abandon the basics of what had been agreed at the 1974 Vladivostok summit by then President Ford and Soviet General Secretary Brezhnev. Instead, the new team proposed "deep cuts" in levels of intercontinental ballistic missiles, especially in the heavy missiles on which the Soviets relied greatly. This idea imposed the burden of arms reduction on the U.S.S.R. and so resulted in a resounding *nyet*, setting the SALT II talks back considerably. When the Carter

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*Reagan's 1982 START proposal went far beyond SALT II. The Soviets were disturbed by yet another attempt to change the rules, and analysts agreed that the plan would be less stable than the system in existence*

administration and the Soviet Union did finally conclude the SALT II treaty, it ended up largely based on the guidelines established at Vladivostok.

Similarly, the Reagan administration, after refusing to resubmit the SALT II treaty for Senate consideration, came up with a strategic arms proposal in 1982 that went far beyond the terms of that agreement. Reagan's proposals shifted the focus from the launchers for nuclear weapons to the weapons themselves and reduced the number of nuclear missiles sharply below the SALT II level. Not only were the Soviets disturbed by yet another attempt to change the rules of the game, but many analysts agreed that the first Reagan proposal would have resulted in a strategic balance less stable than that which already existed.

The second bureaucratic obstacle to effective policymaking, one that is also inherent to our political system, has to do with the multiplicity of power bases within the executive branch. In the area of arms control, numerous departments and agencies have a say on policy and negotiating positions. These include the State Department, ACDA, the Office of the Secretary of Defense, the Joint Chiefs of Staff, the National Security Council, the CIA, and the Department of Energy. The involvement of so many agencies, many with vested interests in the weapons systems that a given arms control negotiation may be seeking to ban or limit, makes it very difficult to formulate negotiating positions and respond to developments in the talks.

**T**HIS SYSTEM, which one former negotiator has called "anarchic," gives a natural advantage to those agencies and individuals who simply do not want a particular negotiation to occur or who wish to oppose an idea for a specific U.S. proposal. Because the interagency process provides vast room for delaying tactics, these "nay-sayers" have significant—some would say excessive—influence over policy. Two not uncommon tactics are to argue that a particular subject needs further study before a decision can be made or that it must be resolved at a higher level.

If these difficulties are inherent to the system, can they be ameliorated? The short answer is yes—if the president has sufficient interest in the progress of negotiations. Numerous U.S. negotiators and arms control officials have commented on the president's ability—if he so wishes—to overcome bureaucratic obstacles to the formulation of an effective negotiating position. But he must make clear in at least general terms what he wants and direct his deputies to ensure that those wishes are carried out. The active involvement of other senior officials in pursuing the president's policy is also crucial to the process. Their interest and involvement is essential if progress is to be made in negotiating with Moscow. The role of then National Security Adviser Henry Kissinger both in working with President Nixon to develop negotiating positions for SALT I and then carefully overseeing the negotiations to ensure that the president's wishes were carried out provides ample evidence of this point.

However, as pointed out by Jonathan Dean, former ambassador to the Mutual and Balanced Force Reduction negotiations, the U.S. government seems capable of giving priority attention to only one arms negotiation at a time. Therefore, he has proposed that if an administration wants progress in more than one area, it should appoint a senior official with access to the president whose primary responsibility would be managing the secondary negotiations. This official, who Dean suggested should probably be on the NSC staff, "could use the authority of this link [to the president] to deal with divergences in agency positions." A similar concept, which was the subject of much speculation last year as a possibility in the second Reagan administration, is to appoint an "arms control czar" who would have overall responsibility for coordinating policy formulation and negotiations. This could help resolve the problem of recurring infighting over which agency should take the lead in coordinating policy and negotiations.

One way to lessen the discontinuity in arms control policy would be to avoid reviewing the desirability of a negotiation and our basic positions once the talks are underway. Unfortunately, even participation in talks is so subject to political considerations, both domestic and international, that it is unlikely that such reviews can be avoided, especially during changes of administration. But there are ways of bolstering continuity within administrations, namely by reducing the influence of "nay-sayers." Herbert York, former ambassador to the Comprehensive Test Ban negotiations, has suggested that while all relevant agencies should have a say in deciding whether to negotiate and in formulating a position, they should be prevented from torpedoing talks once they have begun. Perhaps, as Dean has proposed, the right to object to the president on negotiating positions already approved should be restricted to agency heads and their immediate deputies.

Two factors would tend to undermine these ideas, however. As Strobe Talbott has demonstrated in *Deadly Gambits*, even third-level officials such as Assistant Secretary of Defense Richard Perle have been able to influence the president's decisions without having to make a direct appeal. Also, differing opin-

ions and changing positions, even within the administration and on sensitive issues of national security, to some extent are the legitimate offspring of a functioning democracy. However, some changes in the bureaucratic machinery along the lines of those suggested by Dean and York could help narrow the policy swings that have been such hindrances.

CONGRESS IS ANOTHER constituency whose opinions and actions are important in the negotiating process. Clearly, effective bargaining by the United States has been impeded not only by dissension within the executive branch, but also between the administration and Congress. Congress has constitutional rights and responsibilities—the Senate's role of advice and consent on treaties and the full Congress's power of the purse—that give it substantial leverage in this area.

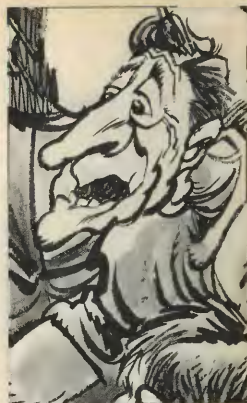
As arms control has become increasingly controversial, Congress has taken greater advantage of the available tools to steer policy in directions other than those taken by an administration. The executive-congressional relationship has frequently become adversarial, leading to delay or even paralysis in policymaking and confusion about the U.S. position. The 1972 Jackson amendment, requiring that SALT II provide for equal limits on the two sides' arsenals, and the ultimate failure of that agreement to gain Senate approval are two prominent cases in which congressional action constrained or reversed administration policy.

More recently, Congress reacted to the nuclear freeze campaign and the passage of numerous freeze resolutions at the state and local levels by considering its own such resolution (only the House passed it) and by pressuring the administration to commence negotiations and later to modify its proposals to make them more negotiable. In 1983, some congressional moderates with influence on defense and arms control issues struck a deal with the White House, trading their support for the MX missile for the inclusion of "strategic build-down"—which mandates reductions while permitting force modernization—into the U.S. position at the START talks.

Since 1983, Congress has also imposed various arms control stipulations on advanced testing of anti-satellite weapons. Some members have pressed for an outright moratorium on ASAT testing to "create a climate that is conducive to constructive arms control negotiations," in the words of a letter to Reagan from a group of representatives. James Woolsey, a delegate-at-large to the strategic arms talks, has called some recent congressional initiatives "indirect negotiations...in which the executive branch is essentially treated as a casual bystander to the process."

As with the bureaucratic obstacles to efficient policymaking, the disputes between Congress and the executive are rooted in the foundation of our political system, in this case in the separation of powers. Yet, failure to resolve these issues can have profound ramifications, and effective bargaining sometimes necessitates firmness that is undermined by congressional pressures. Even when congressional actions may result in desirable policy changes, they may undercut a tough negotiating position into which room has been

*Defense is just one of many agencies with an interest in the talks. The involvement of so many groups, some with vested interests in the weapons systems, makes it difficult to respond to developments*



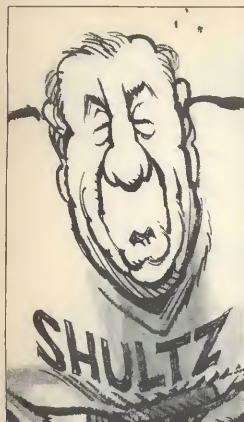
built for eventual compromise. For example, the MX may be objectionable for strategic reasons, but shaky congressional support for it may detract from the strength of the administration's bargaining position. On the other hand, when an administration's position does not reflect public opinion, as was the case on arms control in 1982, it is necessary for Congress to bring pressure to bear.

Short of the unlikely solution of a constitutional amendment to enhance executive-congressional harmony, some other techniques may be useful. Woolsey has proposed that several legislators of each party be given special status on the delegations to major negotiations and the right to participate in the talks. He suggests that this measure would enhance the degree of cooperation between the two branches. In the past, legislators have been allowed to visit the negotiating site and sometimes sit in on the talks, but not to assume a role as delegates. The new Senate arms control observer group, which enables senators to go to Geneva, receive briefings from U.S. negotiators, and hold informal meetings with Soviet delegates, is a step in a direction Woolsey would like to carry even further.

Congress could also pass a "sense of the Congress" resolution, outlining general criteria for an agreement before the United States enters into an arms control negotiation. As Robert Einhorn, a former delegate to the Nuclear Non-Proliferation Treaty review conference, has pointed out, a resolution would have to strike a balance between being specific enough to be meaningful but general enough to provide negotiating flexibility. Such resolutions have been used by Congress in the past to comment on arms control subjects but could be used more systematically to influence the formulation of a negotiating position. And if Congress and the administration can demonstrate their agreement through a resolution and negotiating strategy that are largely similar, the U.S. bargaining position would be significantly strengthened.

Such consensus would be much easier to achieve if a spirit of bipartisanship could return to congressional deliberations on nuclear strategy and arms control. The chances of this happening improved considerably





*Coordination with allies is a difficult task, but something State is familiar with. Coalition diplomacy at the MBFR talks, for instance, can involve as many as 300 officials from 12 governments*

with the initiatives of the "Gang of Six" who brokered the MX build-down compromise in 1983. The gang consisted of leaders on defense issues, such as Senators Sam Nunn (D.-Georgia) and William Cohen (R.-Maine) and Representative Les Aspin (D.-Wisconsin), but the process could be extended to include the top leadership of both parties. If the polemics emanating from the heads of both parties were to lessen, the rank and file might also cool the rhetorical fires. Woolsey has put forth a specific idea that should contribute to this effort—one of particular interest as the first superpower summit in more than six years approaches. He suggests that U.S.-Soviet summits should occur on a more regular basis, and that after elections, a president might want to invite his defeated opponent and perhaps some congressional leaders to join him at the meeting. This gesture would be likely to reduce the proclivity of candidates for national office to exaggerate their differences and would enhance bipartisanship.

**D**IFFICULTIES FOR the United States in constructing and maintaining a negotiating posture come not only from within its own political system, but also from its alliance relationships. Not surprisingly, it often seems as though keeping the NATO governments unified on arms control is even more difficult than developing a consensus with Congress and the public.

When negotiations have had major security implications for the Western Europeans, these countries have been accorded varying degrees of influence over the U.S. position. In SALT and START, for example, the role of the allies was usually limited to one of consultation, but they did exercise some influence over those issues that affected them directly, such as transfers of military technology and limits on U.S. nuclear-capable aircraft and cruise missiles in Europe. In the INF negotiations, the allies have been permitted a much more active role, largely because the talks involve their interests as much as—or perhaps even more than—those of the superpowers. In the MBFR

talks on conventional forces in Europe, the allies are direct participants.

Such multilateral involvement certainly complicates the formulation of western proposals. Dean estimates that as chief U.S. MBFR negotiator, he spent nearly half his time on "coalition diplomacy." Approximately 200-300 officials of 12 NATO governments had to pass on each negotiating move, which had to go through about 12 stages of review before being put forward. Thus, the MBFR machinery is cumbersome and leaky, resulting in positions which evolve very slowly and the maintenance of little confidentiality.

In the talks on strategic and intermediate-range weapons, these procedural problems are not as extreme because the allies do not have a direct role. However, in terms of substance, the allied dimension to U.S.-Soviet negotiations on arms control presents some formidable obstacles. In INF, intense European public opposition to the new missiles and the risk that their governments would end up rejecting deployment compelled the United States to consider their views as an integral part of decision-making for its negotiating position and ultimately to alter its initial "zero option" proposal. Western European opinion was cited in Washington for practically any point of view. The sizable hurdle represented by the Soviet insistence that they be compensated for British and French nuclear systems suggests that at some point these weapons will have to be dealt with in some way. In the strategic arms negotiations, most of the allies are now supporting U.S. proposals, but the U.S. initiative to develop an anti-missile defense has raised fears that Europe could be decoupled from the United States if Western Europe does not have its own shield. As a result, the issue of anti-missile defense has given the allies an even greater stake in the U.S. position at the Geneva talks.

The process of coordinating policy with the NATO allies, though slow and difficult, usually leads to common alliance positions, and the resulting cohesion has been crucial in accomplishing negotiating objectives. Max Kampelman, former chairman of the U.S. delegation to the Conference on Security and Cooperation in Europe and now chief negotiator in Geneva, says that he devoted much attention to coordinating with the allies at the CSCE review conference in Madrid. He cites the resulting alliance cohesion as instrumental in obtaining a satisfactory agreement. Having the allies share responsibility for a western position can bring it greater public support and consequently more serious consideration from the Soviets.

Can the advantages of coalition diplomacy be obtained by the United States at the strategic arms talks in Geneva? So far, the British, French, and other allies have not actually been at the nuclear arms negotiating table. First, they have not wanted to be there nor have they wanted their forces limited. Second, the United States has not wanted the constraints that would accompany the addition of two more participants—nuclear negotiations are difficult enough as it is. Resolving the INF issue, however, may require some formula for compensating the Soviets for British and French forces. Whatever one is chosen, London and

Paris will have to be persuaded to accept it and involved closely on its implementation. In the case of strategic defenses and the reduction of superpower strategic and intermediate-range nuclear arms, all the allies, including the Japanese, will have to be consulted. And if the superpowers ever really reduce their arsenals radically, at some point the British, French, and even Chinese will come under pressure to sit at the table and accept constraints on their nuclear forces.

For the near term, however, the United States should focus on trying to accrue the benefits of alliance cohesion without suffering the costs of having negotiating partners who have a direct say on the U.S. position. This is a tricky balance to strike, but the INF negotiations of 1981-83 provide a reasonably successful example of how cohesion can be maintained during bilateral discussions that directly affect allied interests. Clearly, it involves consultations in which allied officials are really listened to; "consultation" on strategic affairs is too often more like a U.S. lecture to allied students. But it also means greater sensitivity to allied concerns than has been shown by the United States in such sad events as the mishandled neutron bomb controversy of 1978, the careless U.S. comments in 1981 about fighting limited nuclear wars and firing off nuclear demonstration shots, and even the delay in reacting to European concerns that the INF zero option was not negotiable.

**T**HUS, THERE IS no shortage of suggestions for improving the procedures for developing a consensus among bureaucratic, congressional, and allied actors concerning U.S. positions in negotiations with the Soviets. But a final constituency—the American public—influences all others, even though it often reacts slowly and provides only general guidance. As a result, it is harder to imagine solutions to the problem of building a public consensus on these matters. As the issues of arms control and nuclear war in general became increasingly politicized in the 1970s and '80s, politicians and pressure groups found it in their interest to appeal to the public for their own partisan purposes. On the right, arms control became the whipping boy for U.S. foreign policy problems and inadequacies in our strategic posture. On the left, arms control became a panacea for solving some of the same problems. Public confusion was manifested in highly ambivalent attitudes toward SALT II. The result was the series of sharp shifts in the U.S. SALT position and congressional activism on both sides of the political spectrum.

The general antidote for this problem would be for both political parties and the legislative and executive branches to work at lowering public expectations for U.S.-Soviet negotiations. Though it would not be easy to initiate, a trend in this direction would help de-politicize arms control. If hopes are not so high, pressures on the negotiating position and disagreements within the administration and between it and Congress will be reduced. Perhaps some of the old spirit that "partisanship stops at the water's edge" could be renewed. Should talks prove more successful

*The United States seems capable of giving priority attention to only one arms talk at a time. Some have suggested an NSC official should coordinate the talks, or perhaps the president should appoint an arms control czar*



than expected, that would be all the better.

Admittedly, deflating arms control rhetoric sounds like a great idea in theory that would be very difficult to implement in our often tumultuous political system. However, some of the mechanisms suggested above could help alleviate these pressures, particularly those having to do with bipartisan and executive-congressional cooperation. In addition, the political leaders must be reminded of their responsibility to avoid excessive rhetoric and approach arms control soberly. While President Reagan's hope of defending the population from nuclear attack through both antimissile defenses and offensive force reductions is laudable, its overselling has unduly aroused public hopes and made the debate even more polemical. A more recent, positive sign is that the administration has gradually backed away from talking about "rendering nuclear weapons impotent and obsolete" since this phrase was uttered by Reagan in March 1983.

If the hyperbole in the political debate and expectations for arms control could be reduced by politicians and others active in the debate, several positive developments might occur. First, the extreme public hopes and fears concerning arms control engendered by political rhetoric would be tempered, and the issues might become less emotional. Second, as a result, perhaps changes in policy from president to president would not be so radical and congressional opposition to administration policy so intense. In short, bipartisanship would become less costly in political terms. Third, if arms control becomes less contentious politically, the range of disagreement within the bureaucracy will be narrowed, or at least bureaucrats will have less ground for obstructionism. Finally, such a trend would help moderate both allied emotions relating to arms control—so often inflated by U.S. exaggeration—and European perceptions that U.S. policy is dangerously unsteady. Ultimately, though, the nature of our pluralistic system and alliance relationships suggests that we can only hope to painstakingly manage—rather than completely remedy—the problem of internal organization for negotiating with the Soviet Union. □



# TALKING TURKEY WITH TOKYO

*To have successful discussions with the Japanese, the United States must pay more attention to its ally's negotiating style*

ROBERT S. WANG

**A**S SUPPORT FOR protectionist legislation builds in the Congress and among some sectors of the public, cries for the need to get tough with the Japanese have become more frequent. In 1984 the U.S. trade deficit with Japan rose to \$36.8 billion, and as of last July, the 1985 deficit was already \$6.7 billion larger than the previous year's. The Japanese government has promised to encourage its citizens to purchase more foreign, including American, products, but the success of these efforts is far from certain. Meanwhile, congressional and public criticism of Japan is increasing, the most common charge being that the Japanese are getting a free ride on defense while having virtually shut the doors on imports.

Before charging off to battle the Japanese, however, we should consider carefully whether adopting openly confrontational tactics in our negotiations with them will bring the results we seek. The central question is whether U.S. ultimatums will produce more immediate Japanese concessions. How are Japanese negotiators likely to react to direct and explicit threats from Americans? Are there other, more effective ways of negotiating with the Japanese?

Recent studies and personal interviews with experienced negotiators reveal that the Japanese approach to negotiation is significantly different from those of other nations, especially the United States. As our contacts with them continue to expand across a wide range of political and economic issues, it is increasingly important that we understand how and why they negotiate the way they do. This does not mean that we have to adopt the Japanese approach. Rather, understanding the structural and attitudinal framework within which their delegates operate will enable us to influence the outcome of negotiations more effectively. Failure to attempt this understanding will needlessly exacerbate the frustrations both countries are experiencing in current discussions.

The Japanese approach to negotiation goes through three distinct stages. During the first, the government attempts to formulate its position on the relevant issues before formal talks begin. Once the government can issue basic instructions to its negotiators, the second stage begins when they seek an acceptable agreement. Finally, whatever the outcome of the talks, Japanese delegates consider it espe-

cially important to be able to justify their personal conduct of the negotiations. Therefore, during the last stage, they are usually preoccupied with preparing their office for the compromises made at the negotiations, or even for the failure of the talks.

Of course, these stages are not unique, but they do provide a framework for comparing the different Japanese and American approaches. Most observers, for example, have noted that Tokyo has to spend more time and effort formulating and consolidating a negotiating position than do most other governments. This in turn affects how the Japanese conduct negotiations at the later two stages.

To formulate an official position on a given issue, the Japanese government must forge a consensus among relevant domestic agencies while attempting to gauge the likely strategy of its negotiating counterpart. The peculiarities of the Japanese approach stem largely from this demand for internal consensus. In essence, decisions are made only with the formal concurrence of *all* the major groups involved in an issue. Thus, Japanese agricultural interests, which have significant ties to the ruling party, have been largely successful in resisting domestic and foreign efforts to remove import tariffs and quotas. Similarly, the strong anti-military sentiments of much of the population continue to limit the growth and modernization of Japan's self-defense force.

Attempts to overcome such resistance and opposition by taking legislative or executive action without first reaching consensus will almost certainly destroy the political stability the Japanese have enjoyed since the war. Although known for its ability to adapt to foreign pressures in the past, Japan usually did so only after a major political upheaval (e.g., the end of the Tokugawa era in the 1860s, the rise of Japanese militarism in the 1930s, and World War II) had already disrupted the previous consensus. On issues involving deeply entrenched interests or values, the Japanese government has no choice but to invest inordinate amounts of time and effort trying to forge a long-term consensus in support of its policies, often with frustratingly little sign of immediate progress.

There are some areas, however, where interest-group configurations are such that more flexibility is permitted. This would be especially true on issues involving new and internationally connected industries, such as the high-technology sector, or where cross-cutting domestic interests and pressures prevail. Our efforts to influence Japan's trade policies are more

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likely to succeed in these areas than where a traditional consensus exists that will work against change.

**N**EVERTHELESS, THE GROWING size and independence of Japanese business interests over the years has made it increasingly difficult for the government to exert its earlier commanding influence on the domestic economy. Not only do Japanese businesses depend less now on government direction, but the political parties now depend quite substantially on financial contributions from the business sector. In addition, Japanese businesses also tend to be more divided among themselves in an increasingly pluralistic society. Companies operating in separate sectors of the economy, for example, are now less willing to make sacrifices in the interest of forging a general consensus. Ironically, just as the concept of "Japan, Inc." is gaining popular recognition in the west, its reality is in fact diminishing.

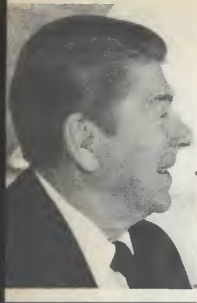
Foreigners often complain that Japanese decision-

making is scarcely visible and that there is little access before policy is formulated. In fact, the consensus-building process seldom takes place in a clear and formal structure because opposing commitments are secured through informal understandings, consultations, and pre-conditions. American government and business executives used to the direct and right-to-the-top approach are inevitably frustrated by encounters with their Japanese counterparts. Many view the ambiguity of the Japanese collective decision-making system simply as the evasion of individual responsibility at best, and duplicity at worst.

Yet, this process is essential; without it, the Japanese government would have no position from which to negotiate. Even when individual agencies are formally charged with distinct responsibilities, they do not arrive at decisions on their own; rather they have the task of shepherding an issue through the collective decision-making process. For example, although our current efforts to persuade the Japanese to designate a single approval agency for telecommunication products may simplify the formal structure, we should not

*President Reagan confers with Prime Minister Nakasone. The Japanese approach to negotiation is significantly different from that of other nations, particularly the United States.*





We do not have to adopt the Japanese approach to negotiating. Rather, understanding the structural and attitudinal framework will enable us to bargain more effectively

expect a major alteration of the decision-making process itself. This process can be extremely cumbersome. What allows it to work in Japan is a very strong sense of nationalism sustained by intense pressures for social conformity. At some point in the give-and-take of building a consensus, the perceived need to arrive at a collective decision presumably overcomes the divisive conflicts surrounding an issue, and a formal agreement is reached among domestic interests and agencies.

Outward appearances notwithstanding, Michael Blaker has noted in *Japanese International Negotiating Style* that this system tends to be "dominated by bitter dissensus [*jit*], not willing consensus." Indeed, a policy agreement reached after a hard fight is usually not the termination but merely the brief suspension of a contest, as is continually evident in the factional struggles within the ruling Liberal Democratic Party. Consequently, a government decision based on a fragile consensus is vulnerable to change. To avoid reviving the conflicts associated with evolving a new consensus, Japanese negotiators are extremely reluctant to go beyond the narrow confines of their basic instructions. If compelled to do so, they would have to await new instructions, which can only emerge from another lengthy round of domestic consensus-building. This explains to some extent the on-again, off-again nature of our negotiations with the Japanese.

Although preoccupied with the domestic requirements for consensus, the Japanese have a well-deserved reputation for being exceedingly thorough in their preparation for negotiations. The Japanese government makes a clear effort to seek out the opinions of its counterparts before formulating its own initial position. Japanese delegates assume a personal responsibility for the conduct of negotiations, and are very much concerned about developing a position that has a reasonable chance of being accepted by the opposite party. They want to understand the other party's positions and the extent to which they are flexible, so before formulating a negotiating position, the government will send officials abroad to gather information and consult about the views of others involved in upcoming talks. Those consulted usually include not only government and business participants but others indirectly affecting or affected by the particular negotiation. Moreover, rather than simply approaching other governments directly, the Japanese have been known to use unofficial third parties to obtain information, including foreign consultants and lobbyists. As former Secretary of State Henry Kissinger noted in his memoirs, the advantage of this approach is that unofficial emissaries cannot commit their own government to specific positions but can gather and evaluate information about the position of others. With the increasing pace of U.S.-Japan trade negotiations in recent years, we have seen a continual stream of Japanese emissaries to the United States. The information and analyses obtained from foreign sources are fed back to internal agencies and become important considerations in consensus-building. Whether and to what extent the Japanese position is actually affected by foreign perspectives depends on how persuasive they are rather than on their visibility.

By the time Japanese negotiators reach the conference table, they usually have with them a fairly explicit and fixed set of instructions and a good understanding of the general position of their counterparts across the table. Given these constraints, they tend not to be as flexible in conducting negotiations as Americans generally are. Indeed, they are continually surprised by the extent to which U.S. delegates tend to shoot from the hip. Instead, the primary objective of a Japanese negotiator in formal sessions is to determine more precisely the best agreement they will be able to get or, in some cases, especially when the Japanese have been pressured to negotiate, whether an agreement will be possible at all.

**S**INCE THEIR OWN position is relatively inflexible, Japanese delegates will concentrate on exploring in different and often informal ways the flexibility of their opponents' position. Most studies of Japanese negotiating style, for example, stress the importance placed on establishing good personal relationships based on trust and sincerity. Although the Japanese may value these relationships in themselves, it is clear that they are used to gauge, and perhaps influence, the other parties' negotiating position, especially in informal settings. Moreover, the Japanese are reported to be avid questioners, often asking the same questions over and over again. This is another method of exploring and testing the flexibility of the other side. Under repeated questioning, positions may appear more flexible than when first presented. Lastly, the Japanese clearly regard patience and forbearance as the most essential qualities for a successful negotiator. As time passes and deadlines approach, delegations tend to reveal more of what they are willing to give up. Although all negotiators are well aware of this, the Japanese have developed a reputation for being particularly tenacious and skilled in using time to their advantage. Only when they are satisfied that they can get little or nothing more from their counterparts will they come to an agreement, assuming one is possible.

Some observers, including Kissinger, have also commented that the Japanese often seem almost "impervious to arguments" once they get to the conference table. Many have even been known to doze off in such instances (and westerners are warned not to take offense!). Having done the homework on their opponent's arguments and with their own position relatively inflexible, Japanese delegates are not particularly interested in being persuaded by further argumentation, however eloquent.

More importantly, the Japanese are well known for avoiding open confrontation at all cost. One study, for example, listed 16 ways in which the Japanese can say no without appearing to do so. And, when presenting their position, they will often do so in the form of questions rather than risking explicit rejection of their views. To have one's views directly challenged and rejected is apparently considered something of a personal affront, and perhaps more than anything else, the Japanese are concerned about losing face, especially in front of foreigners. The Japanese particularly resent naked displays of power.

When faced with openly confrontational and high-pressure tactics, they are likely to withdraw into an emotional defense of their position as a means of saving face. They would prefer to end the talks in a stalemate rather than be perceived as having been bullied into forced concessions. The Japanese themselves are certainly not adverse to applying pressure in negotiations, but they always try to do so as discreetly as possible.

**D**URING THE FINAL stage of negotiations, the Japanese will be primarily concerned with preparations for justifying the results to their own government and domestic interests. Having taken on a personal commitment in the conduct of the negotiations, they see its outcome as directly reflecting upon their own reputations. Above all, as Blaker notes, there is a "rock-hard Japanese disdain for making unilateral concessions." To do so would be a sign of the delegate's personal weakness and lack of persistence. Any concessions must clearly be reciprocal, even if the advantage received is primarily symbolic. Without these, Japanese negotiators would almost always prefer to end the talks without an agreement than to return home in personal disgrace.

When faced with the certainty of having to concede, however, the Japanese have been known to make anticipatory concessions, proposing to do something before being asked to. In this way, the action taken would not appear to be the unilateral concession it actually is. The implementation of a voluntary restraint agreement on auto exports to the United States is one example of this. More recently, Prime Minister Nakasone's initiative raising the issue of opening Japanese markets with President Reagan is also indicative of this approach.

Finally, the Japanese tradition of an individual or group sacrificing his interests to maintain the harmony of the whole community may also be used to justify concessions that have to be made. In fact, this principle underlies the consensus-building process within Japan. To what extent it can be applied when negotiating with foreign countries depends on the relationship. In the case of the United States, for example, outgoing Ambassador Okawara and incoming Ambassador Matsunaga both evoked the importance of the alliance relationship when urging changes in Japanese trade policies. The Japanese will make concessions only when they can maintain their own personal honor in doing so.

Clearly, the consensus-building stage is the crucial one for those seeking to influence the Japanese position in a negotiation. At this stage, the decision-making process is still relatively open to new facts and arguments. In the past, however, U.S. efforts to affect Japanese policy have fluctuated according to the size of our trade deficit, causing our reaction to come with much ado long after the fact. If we wish to influence the Japanese to make their market more open, our efforts need to be more consistent.

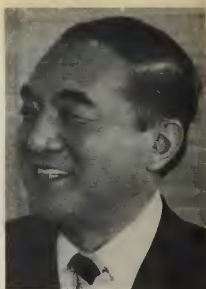
In planning our strategy, we should be aware that the western desire for a more transparent policy process is unlikely to be met. It will continue to work in a

highly personal manner, with individuals operating on informal understandings and sharing an overriding loyalty to the community. Nevertheless, the Japanese do not ignore foreign opinion. On the contrary, they are almost excessive in their concern about "world opinion." Thus, although formal access to Japanese decision-making may not exist, there are more than enough channels through which foreign views can be brought to the attention of the Japanese. We must continue to use these opportunities to present our views. Indeed, our past and current difficulties have come about not because the Japanese do not understand our arguments, but because they are not sufficiently persuaded by them.

As Japanese society becomes more pluralistic, however, U.S. businesses and officials should be able to improve our persuasive capabilities by going beyond formal contacts with the Japanese government to establish broader links with different sectors of the society. In fact, U.S. businesses would do well to emulate their Japanese counterparts by using trade associations and lobby groups more extensively to promote their interests in Tokyo. Such efforts would further increase both the visibility and the understanding of U.S. concerns throughout Japanese society, perhaps helping to avoid a conflict before the critical stage is reached.

Once a consensus has been forged, however, it will be extremely difficult to get Japanese negotiators to alter their positions at the conference table. Thus, bluffing tactics by Americans or other delegates are unlikely to push the Japanese into giving concessions and will only prolong the entire process while undermining the credibility of our negotiators. Nor are the Japanese very receptive to high-pitched ideological arguments: As Kissinger wrote, the Japanese "claim neither justice nor wisdom but necessity." Our objective should thus be to maintain a substantive and consistent position throughout the entire process (including while they are building their own consensus) so that the Japanese can satisfy themselves more quickly as to the firmness of the U.S. position. The sooner they come to this conclusion, the sooner an agreement or understanding can be reached. Finally, we must take special care that the Japanese not be made to lose face at any time in the conduct of the talks. Not only does this mean that we must be polite at all times, we must also provide, whenever possible, the means to justify whatever concessions they must make. When reciprocal concessions are not sufficient, they must be given every opportunity to take the initiative in making anticipatory concessions or to evoke our common interests and bonds in justifying their sacrifices. Ultimatums and other openly confrontational tactics will only take away the means by which Japanese negotiators can justify compromises and concessions.

Despite much frustration in negotiating with the Japanese, then, we should strive to conduct talks in a positive way. The discussions will be long and difficult, but we should constantly emphasize our overall strategic partnership. Maintaining this climate will do much to assist us in resolving the more specific differences currently separating the United States and Japan. □



**The Japanese tend not to be as flexible in conducting negotiations as Americans. Indeed, they are continually surprised by the extent to which U.S. delegates shoot from the hip**



## The Negotiation

A hard bargainer  
finds a  
buyer's soft spot

LUCILE KLONTZ

MY HUSBAND HELD the Madras newspaper open before him. "The ad is just what I specified, simple and to the point: firm price, no negotiating. We'll have buyers begging to pay our price."

"Sorry," I mocked him, "you have your advanced degree in medicine and I have mine in haggling. We are in India; Indians bargain. Whether you like it or not, they do not pay the asked price, for anything. Negotiating is an important part of life here."

Our breakfast waited as we searched the classifieds for other listings of used cars. There were none. "I hope you're right," I sighed, "I'll be an interested bystander in this deal. It's all yours. Good luck."

Hearing a hoopee bird in the garden, I went to the window. A frangipani tree gave off a heavenly fragrance in the light morning breeze. Along the road nearby, bullock carts plodded and bicycle bells clanged greetings. Rural India breathed serenity in this rice-growing season, and I felt pangs about leaving our adopted homeland for a new assignment. The chug-cough of an aged motor alerted me from my reveries, and I saw a classic touring car stop at the crossing near our driveway and then jerk forward slowly toward the house. I could see several passengers peering at our five-year-old white Ford station wagon.

I alerted my husband. "Rise and shine; your public is out there. Now we'll see whether you have taken the Indian pulse correctly."

From our vantage at the window, we

watched the visitors examine the car. They didn't kick the tires, rock the body, or even touch the hood. They did peer closely at the paint finish—top, bottom, sides. They looked inside at the odometer and silently closed the door they had opened. They walked around and around the clean, white car, looking and conferring, pointing and then discussing vigorously.

Three elegant, neat young men approached the house. Since they all wore the plaid lungi cloth, wrapped to fall from waist to ankle, we knew they were Muslim, and I suggested I disappear for a male-only transaction. When they reached the door my husband returned their salaam, his right hand going to his forehead in salutation. The three cleared their throats simultaneously.

"We have come to see the motor car announced for sale," said one, as all three looked at each other, nodding together in a kind of Laurel and Hardy style.

My husband held the door open to their indecisive postures. "Would you like to come into the house?"

They looked at each other, mumbled some Hindustani, and nodded affirmatively. Before entering, they shuffled off their new sandals. A fourth man remained outside, near their car. "We wish to discuss the business matters, please, Sir," said the man who appeared to be the leader.

"I'm sure you don't mind if I have my wife join us," said my husband, and he motioned for me to sit beside him on a wicker settee. "She can tell as much about the car as I can. She has driven it a great deal." All three young men arose uncertainly as I was included. At my salaam they backed into their chairs awkwardly.

"So Madam has a driver for the car. May we speak to that person also?" The spokesman asked.

"We have not hired a driver at all. My wife drives the car herself," answered my husband. "We found a good mechanic to take care of a few technical problems, and we brought spare parts with us from the United States. The replacements we have not needed will go with the Ford to the new owner." My husband pointed to

a carton on the floor nearby.

The leader motioned to the Madras newspaper. "We see you have stated your price here for the vehicle," he said, a question in his voice.

"Yes," answered my husband, "we have stated a firm price, no bargaining. I hope you understand that we absolutely will not enter into any negotiating." An empty silence separated the two of us from the three of them. The tik-tak of lizards sounded loud in the absolute silence.

It seemed time for me to be hostess. "May I serve you something to drink, some lemonade or tea or coffee?"

"That is kind of you, Madam. Lemonade would be pleasant." They continued to glance at one another, without speaking, looking unsure.

Just then we heard the crunching of wheels on the gravel driveway, and the noisy hospital jeep appeared at the open door. "Good morning. Is here a chit for the doctor," called out the driver.

My husband strode out to get the note, read it, and said, "I must go at once. An emergency case has been admitted."

THE LEADER AROSE and spoke quickly. "Please, sir, we know that no one expects to receive the price he asks, especially in so large a matter as this. You are in India and you must know our customs here. I have been selected to negotiate in this business. I am the youngest son and my father trusts me to learn how to conduct such a purchase, as my brothers here have learned before me." He wiped his palms on his lungi.

"I must ask you to excuse me, please, for I must go to the hospital at once," said my husband as he took his bag into the jeep. "I entrust my wife to speak for me and I know that she will carry out my wishes." I wondered how he had conjured up such magic to pull himself away.

Our oldest son now came into the room to join me. The visitors looked relieved that another male family member was at my side. "Does this son operate

*Lucile Klontz was married to a Foreign Service physician and lived in India from 1955-61.*

# iation



MIGNON KHARGIE

the vehicle?" asked the leader.

"Oh no, he's not old enough yet. I'm sure he'd like to, though," I laughed. Shyly our son told them how he pretended to drive, shifting the gears, turning the wheel, signaling—all with the motor turned off.

"Madam, we must talk about the price. It is a low figure that you ask for an imported motor car. What errors with it do you know?" Again the leader tapped the newspaper.

"The car works perfectly, no errors. Pricing was a simple procedure. We wrote to friends in the United States to

ask what the car would sell for there and then we added some of the heavy customs duty we had to pay at the dock for entry. That was it." I felt as though we were all in some stage show, talking so formally, so guardedly, everyone on cue, back and forth, all knowing our roles so well.

The leader arose. "Madam, will you permit our driver to examine the vehicle, to give us his opinion?" I told them to have him do so and said I would be happy to take my son with me so we could all go for a drive, if they wished.

As we went out the door they signaled

to the fourth man. He rushed to open the hood and began to touch the engine fondly as a child would examine a longed-for toy. From their behavior I gathered that each of the brothers could drive a car, but did not put in the gasoline or change the tires.

**A**FTER MUCH ahah-ing the driver closed the hood and went into conference with the three-some. "He finds everything in order but he can tell more by a turn at the wheel."



We climbed into the car, I into the rear seat with my son beside me, two of them in front with the driver. It was clear they did not consider it proper to sit with a strange woman so the third remained behind. The driver jumped as the engine started on the first try. He shifted and off we went down the macadam road to a bumpy dirt bullock track.

Upon returning to the house they burst into an animated discussion, gesturing from car to driver to me. I waited. "Do you wish to talk more? Would you prefer to go to your father and come again later?"

"Madam, the driver wonders that you do not know the value on the Indian market." The leader stood tall and solemn. "You should be asking much more."

"It is too late to change the price upwards so we can haggle and go down," I said. "We really had hoped to save time and tempers by doing it this way." I bent over to pick up our large Siamese cat which was rubbing against my legs. The leader looked annoyed, and the three of them reverted to Hindustani.

"Madam, this is the first time I have spoken for my father, and he trusts me to carry out a good bargain for him. I cannot agree to the price you ask, no matter for what reason you have named it. My brothers would also be in shame." He paused to accept the nodded agreement of the other two.

A noisy meow brought in the mother cat, and she jumped into our son's lap. All three visitors were staring intently, speechless and curious. "What kind of animal is that?" asked the leader. "My mother has many kinds of animals about, but we have never seen one such as you have there."

"These are Siamese cats, they are very loving." I offered the big male cat to the leader who gladly accepted the furry body and stroked the cat confidently. Some of the tension was dissipated; they were all smiling.

"May I ask, Madam, are these animals valuable? Our father has a busy pharmacy in Madurai—that is why we want a fine car—and still no one has ever told us of this kind of car." He passed the cat on to his brother.

"Yes, they are valuable. A Bombay merchant offered us 1000 rupees for the pair when he saw them at the Hill Station last year. We had hoped to take them to the United States with us when we leave, but Air India will not accept them for passage. Would you like to see the kittens, too?" As our son came in with the three fluffy babies I watched the

leader. He was counting out, father, mother, one, two, three little ones.

"You have something very valuable here," he stated, "a fertile pair with healthy young ones. I know my mother would like to see them." He straightened in his chair, held his head high, and announced, "But now we must talk about the vehicle, for that is why we came. I cannot lose face on this first assignment. Will you consider lowering the price some amount?"

I hesitated before I spoke. "I know that you must make a good bargain, and in turn you realize I have a big responsibility to represent my husband. I cannot alter his instructions; you heard him say the price is firm." I watched their reaction of dismay and sorrow. "What amount of price reduction would you have to have, for a bargain?" I asked.

"We must pay several hundred rupees less than asked. We cannot pay the full price, that is certain." They all looked determined.

"What if I made a presentation of the cats to your mother, in consideration of your buying the car at our price? Would you then think you had made a good bargain?" I saw surprise, shock, and then joy appear on their faces.

All three jumped to their feet, putting down the cats as though they were fine chinaware. "We must talk privately for a few minutes. Please excuse us." They went out the door, gesturing and talking excitedly, and returned quickly. "Madam, now it is we who think you have offered too much. If we pay the full price and accept the cats then we have taken advantage of you. What will your husband think?"

"It is best for all of us if you go back to Madurai and talk this over. I will consult with my husband when he returns. We will accept no other offers until we hear from you in three days. I think that is fair. Do you?"

"Yes, that is indeed fair," they all chorused. "We will talk with our father and return to give the decision." They clambered into their car and waved gaily as the driver pulled out.

Soon after breakfast the next day we saw and heard the same car as it pulled up to the house. After the threesome emerged they helped a woman who was dressed in the two-part salwar-kameeze that Muslim women often wear. They all looked excited. My husband greeted them and the young men introduced their mother.

"I have told our mother of your unusual pets, and she would like to see them. She wants you to know that our

father will permit her to have more animals." The mother seemed to understand English but was reluctant to speak it and turned to her sons as interpreters.

Our son went off to fetch the cats and kittens. She gasped when she saw them and reached out gently to touch the little ones. "You see, mother, what I have found for you? Is not this an excellent bargain I have made? Don't you think father will approve?" The eager son looked longingly for her approval. She motioned toward the window.

"Mother notes that you have chickens in your garden and wonders about the cats with them, what might happen."

"We have a pet turkey, as well," I said. "Never has any of the fowl been attacked by the cats. Of course, you must feed them well so hunger does not make them hunters."

The son turned toward my husband. "Sir, do you agree that we could take the cats if we pay the full price for the motor car, as you are insisting? Your wife said she would have to consult with you before we could make the final agreement."

My husband tried to look serious. "Yes, I decided a fair bargain had been reached for everyone. We would want to keep the cats a few more weeks, however, since they are such good friends for our children."

THE NEGOTIATOR could not contain his relief. His mother looked happy and the other two brothers hurried to his side.

"Sir, you have been very generous. We have brought the full purchase money with us and we are ready to take the car today, at once." While the men withdrew to complete the financial arrangements I took the mother out to the garden. We saw the men shaking hands all around and motioning to the car, so we went to join them. The leader looked jubilant.

"We will return for the cats in four weeks. We all thank you. We all are happy. Now I have completed my first business and I feel successful."

The sons escorted their mother to their new car, one son sitting in front with the driver, she alone in the rear seat. The other sons entered the aged sedan and together the cars rolled out onto the road, a happy caravan.

"Thanks for holding to that firm price. I'm glad we didn't have to lose face, aren't you?" My husband took a deep breath and looked as happy as the three who had just completed their great bargain. □

# PEOPLE

## 1986-87 AFSA/AAFSW Scholarships for Foreign Service Students

Applications are now available for dependent students of Foreign Service personnel who have been or are currently stationed abroad for the AFSA Scholarship Programs. The *AFSA/AAFSW Merit Awards* are for graduating high school students only and are based on academic excellence. These awards are \$500 to each winner, usually 22 per year. The *Financial Aid Scholarships* are for undergraduate educational study and are based solely on need as established by the College Scholarship Service, Princeton/Berkeley. Grants range from \$200 to \$2000 for individuals, with a \$3000 limit for families. Write for applications and information now from the AFSA Scholarship Programs Administrator, 2101 E Street N.W., Washington, D.C. 20037. The deadline for completion of applications is February 15.

## Other Scholarships Available to Foreign Service Students

The Association has been informed that the following scholarships are available to dependent students of Foreign Service personnel. Applicants should write for complete information *directly to the schools, colleges, and universities indicated.*

### Secondary Schools

*The American School in Switzerland, TASIS England, TASIS Cyprus:* \$1000 tuition reductions are offered at all three TASIS schools in Switzerland, England, and Cyprus to the sons or daughters of State Department personnel on the basis of academic merit. Additional financial aid may be offered on the basis of need. Boarding students enroll in grades 7 through post-graduate. For further information contact: Caroline Cox, TASIS U.S. Admissions Office, 326 East 69th Street, New York, New York 10021. Telephone: (212) 570-1066.

*Castilleja School, Palo Alto, California:*

Scholarships based on demonstrated financial need are available to daughters of personnel in the Foreign Service agencies or of U.S. military personnel serving overseas who are registered at Castilleja School for admission to grades 7 to 12 inclusive. For complete information write to the Headmaster, Castilleja School, 1310 Bryant St., Palo Alto, California 94301.

*Dana Hall School:* The Congdon Prize Scholarship is awarded on a competitive basis to two entering sophomore resident students. In addition to the \$2500 prize, each winner is eligible for financial aid up to full tuition when warranted. Financial aid for all grades is also available based on need. Applications must be completed by February 1. Inquiries should be addressed to: Sarah C. Kirby, Dana Hall School, Wellesley, Massachusetts 02181.

*Grier School:* A \$1000 reduction in tuition is available to daughters of Foreign Service personnel. Additionally, girls may compete for scholarship support on the basis of demonstrated financial need and all-round abilities. For information please contact: Admissions Director, The Grier School, Tyrone, Pennsylvania 16686.

*Miss Hall's School:* A \$2000 reduction is available for the daughters of Foreign Service personnel. Miss Hall's enrolls 200 students from grades 9 through 12. This reduction is offered in recognition of higher travel costs and represents 20 percent of the total tuition cost for 1985-86. For further information, contact Diederik van Renesse, Director of Admissions, Miss Hall's School, Pittsfield, Massachusetts 01201.

*Middlesex School:* Scholarship offered on the basis of proven financial need for grades 9 through 12 to the son or daughter of a Foreign Service family. For complete information write to the Director of Admissions, Middlesex School, Concord, Massachusetts 01742.

*The New Hampton School:* A \$1000 abatement on tuition to Foreign Service boys and girls. The school enrolls approximately 300 students in grades 9 through post-graduate. For further information write to Admissions Office, The New Hampton School, New Hampton, New Hampshire 03256.

*Northfield Mount Hermon School:* A \$1000 reduction in tuition is offered all sons and daughters of State Department personnel stationed overseas, grades 9 through 12. This reduction is afforded in recognition of

higher travel costs. Additional financial aid is available on the basis of need. At present, students from 42 states and 54 countries are enrolled. For further information contact Adrienne Carr, Director of Financial Aid, Northfield Mount Hermon School, Northfield, Massachusetts 01360.

*Phillips Academy, Andover, Massachusetts:* The Charles and Jane Stelle Memorial Scholarship is awarded to the son or daughter of a Foreign Service person. The award is based on financial need. For further information, and to apply for this scholarship, write to Jeannie F. Disette, Dean of Admissions/John McClement, Director of Financial Aid, Phillips Academy, Andover, Massachusetts 01810.

*St. Andrew's School, Middletown, Delaware:* The Norris S. Haselton Scholarships are awarded to sons and daughters of Foreign Service families where need is indicated. For complete information write John M. Niles, Director of Admissions, St. Andrews School, Middletown, Delaware 19709.

*Vermont Academy:* An Edward R. Cheney Memorial Scholarship is being awarded to the son or daughter of a Foreign Service person. Those interested should write to the Director of Admissions, Vermont Academy, Saxtons River, Vermont 05154. The academy enrolls approximately 246 students in grades 9 through 12.

### Colleges

*Dartmouth College:* S. Pinkney Tuck Scholarship. For students at Dartmouth College who are the children or grandchildren of Foreign Service officers of the United States and who are in need of financial assistance. Address inquiry to the Director of Financial Aid, Dartmouth College, Hanover, New Hampshire 03755.

*Vassar College:* The Polly Richardson Lukens Memorial Scholarship is awarded to children of Foreign Service personnel. Another scholarship, awarded by an anonymous donor, is granted at Vassar to the child of an American Foreign Service officer. If no such applicant qualifies, the scholarship may be awarded to the child of an employee of the federal government or of a state government. Both awards are based on financial need. Apply to Director of Financial Aid, Vassar College, Poughkeepsie, New York 12601.

*Yale University:* Children of American Foreign Service officers will be considered for a need-based scholarship made possible by



the gift of an anonymous donor. If no child of an American Foreign Service officer qualifies, children of members of the U.S. military services or of employees of the federal government will be considered. Recipients must demonstrate financial need according to Yale's criteria and must, therefore, complete the regular financial aid application process. Contact: Director of Financial Aid, Box 2170 Yale Station, New Haven, Connecticut 06520.

## Deaths

THOMAS MOORE ARNDT, a retired Foreign Service officer with AID, died July 15 at Fairfax Hospital following a heart attack suffered at his home in McLean, Virginia. He was 46.

Mr. Arndt was graduated from Wesleyan University and earned a master's in Chinese history at the University of California at Berkeley. From 1962-65, he was assistant director of the Taiwan Christian Service, a relief agency associated with Church World Service.

After working briefly for *The Washington Post*, Mr. Arndt joined the Foreign Service. He served first in India and later in Sri Lanka, where he was head of the AID mission from 1976-78. He retired in 1984. Following his retirement, he was a consultant specializing in economic development.

Survivors include his wife, Celestine Favrot Arndt, and four sons, Thomas Channing, Michael de Bruyn, David de Kanter, and Christopher Favrot, all of McLean; a brother, Robert E.S. Arndt, of Southport, Connecticut; and a twin sister, Judith C. Arndt, of Cohasset, Massachusetts.

FRANCES RANDS BEERY, wife of retired Foreign Service Officer Lawrence A. Beery Jr., died of pulmonary fibrosis complicated by pneumonia on August 19 in Boston, Massachusetts.

Ms. Beery accompanied her husband on assignments with the USDA and AID to Guatemala, Sumatra, Brazil, Java, Cameroon, Tunisia, and Zaire. She developed successful ballet schools at each post. Following her husband's retirement in 1975 to Lake Wales, Florida, Ms. Beery opened the Lake Wales School of Ballet, which she directed until June of this year.

In addition to her husband, she is survived by a brother and two sisters.

NINA RAMSAY COLLADAY, wife of retired Foreign Service Officer Montgomery H. Colladay, died in San Diego, California, on June 22 following a brief illness.

Mrs. Colladay accompanied her hus-

band on assignments in Warsaw, Basel, Tallinn, Winnipeg, London, Dublin, Trinidad, and Spain. In addition to her husband, she is survived by three daughters and ten grandchildren.

JOHN E. CUNNINGHAM, a retired Foreign Service officer, died July 2 of cancer at Anne Arundel General Hospital.

Mr. Cunningham earned bachelor's degrees from both Catholic and George Washington universities. He also earned a master's at George Washington. He was an infantry officer in the First Infantry Division during World War II. He was decorated with the Silver Star as well as three Bronze Stars.

In 1951, he joined the Foreign Service as vice consul in Kuwait. Later assignments took him to Iran, Sudan, Morocco, Guinea, Madagascar, and Libya. His last post was as deputy chief of mission at the embassy in the Ivory Coast. He retired in 1974 following 23 years of service. Mr. Cunningham was a member of DACOR and the Society of the First Division.

He is survived by his wife, Betty C., a son, Andrew, and a daughter, Bridget, all of Annapolis; two brothers, Francis and Edward; and four sisters, Helene McManus, Delores Dunn, Marie Mulhearn, and Jane Stine, all of Philadelphia, Pennsylvania.

MARY ANN DUBS, a Foreign Service officer and widow of Adolph (Spike) Dubs, an ambassador who was killed by terrorists in Afghanistan in 1979, died of leukemia July 23 at George Washington University Hospital. She was 40.

Ms. Dubs was graduated from Wilkes College in 1965. She then moved to Washington and worked in the public affairs office of the State Department. In 1971, she began work in the Office of the Parliamentarian of the Senate. The following year she joined the *Congressional Record Daily Digest* as assistant editor. She became the editor in 1979.

In 1980, Ms. Dubs was commissioned in the Foreign Service. She was assigned to Mexico, where she was administrative officer. Ms. Dubs was a founder of the Afghan Relief Committee of Washington and was decorated for these efforts by the government of Pakistan.

Survivors include her parents, Elmer and Mary Laskowski, a sister, Mrs. Gary W. Miller, and a stepdaughter, Lindsay McLaughlin, of Washington.

RICHARD I. PHILLIPS, a retired Foreign Service officer, died June 28 of Alzheimer's disease at the Washington Home in Washington, D.C. He was 74.

Mr. Phillips earned a bachelor's and a law degree from the University of Southern California. He practiced law in Argentina in the 1930s. During World War II, he was executive secretary and acting chairman of the Coordination Commission for Uruguay.

He joined the Foreign Service in 1946 as information officer in Uruguay. He also served in Venezuela, Kenya, and Mexico. From 1954-57, he was deputy public affairs officer of the State Department's Bureau of Inter-American Affairs. In 1962 he became special assistant to the assistant secretary of state for public affairs. He became the State Department's official spokesman when he was named director of the Office of the News in 1963. From 1964-69, he was deputy assistant secretary of state for public affairs. He retired in 1971.

Mr. Phillips was a recipient of State's Commendable Service, Meritorious Service, and Distinguished Honor awards. He was a member of the Rotary Club and of DACOR. He is survived by his wife, Katherine, of Washington.

JOAN LUBIN SMUCKER, wife of retired Foreign Service Officer Larry Smucker, died of cancer May 29 at George Washington University Hospital. She was 44.

Ms. Smucker was graduated from Grinnell College in Iowa and earned a master's in education from Harvard University. From 1978-80, she taught high school in Lima, where her husband was on assignment. She also accompanied him on assignment in Turkey. Ms. Smucker later taught at the Holy Cross Academy, the Washington Ethical Society School, and the University of the District of Columbia. Her translations of contemporary Latin American literature appeared in several literary journals, including the *Latin American Literary Review*.

In addition to her husband, survivors include three children, Daniel, Jonathan, and Julia; her mother, Miriam Lubin Sidlick; and stepfather, Willard Sidlick, all of Silver Spring; and a sister, Beth Estensen, of San José, California.

## Announcement

Foreign Service members and others associated with the Service meet once a month for lunch in New York. The lunches are held at the Delegates Dining Room at the United Nations. Any member who plans to be in New York the third week of any month except June, July, or August may contact Jim Green at 300 E. 56th St., New York, New York 10022. (212)758-7198.

# FOREIGN EXCHANGE

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# ASSOCIATION NEWS



## Significant year to be followed by significant challenges

The Association has won several battles with the foreign affairs agencies and on Capitol Hill, and its financial and membership base has never been stronger, yet threats to the very existence of an independent Foreign Service will challenge AFSA through the next several years. Meeting that threat will take concerted action on the part of the union's leadership and its membership, said State Vice President Anthea S. de Rouville at AFSA's Annual Meeting in the State Department in September. "You are our most valuable asset. You are AFSA. You have the greatest voice in what we do."

The Association's new president, Gerald Lamberty, echoed de Rouville's message. He painted a pessimistic picture of severe attacks on the Service and moves to make it comparable to the Civil Service. These measures do not take into account the unique mission and work environment of the Foreign Service, Lamberty said, nor do they recognize that in a postwar era that has seen immense expansion of the United States' global responsibilities, there has been relatively little increase in the size of the diplomatic corps.

Lamberty also appealed to the 60 members present at the meeting to participate in the Association's working-level stand-

ing committees in each agency to help formulate positions on these issues and to devise strategies to meet the several challenges the Service faces. Lamberty, named to the post just a week before the meeting, after

## AID Standing on female promotions

AFSA's AID Standing Committee has held several meetings with agency management to discuss problems with female promotion levels, particularly to the higher grades, management positions, and so-called "fast track" jobs. Preliminary discussions have resulted in the receipt of data on the rank of women in the Foreign Service in relation to men.

To develop further data, the standing committee will be mailing a questionnaire to high-level female AID officers. Along with interviews, the survey will help the committee identify what factors influence promotions and career advancement.

Agency employees interested in helping or providing data should contact Jeanne Durette (ASIA/PD, Room 3318, 632-3516) or Jinny Sewell (S&T/POP, Room 711 in SA-18).

the resignation of Robert V. Keeley, appointed as ambassador to Greece, said he would seek his mandate through consultations with the Governing Board and through a series of open meetings on key questions.

AID Representative William Ackerman told the members that his agency was now exceeding State in "the number and severity of crises, measured per capita." He described AFSA involvement in limiting the impact of agency reorganization and stopping reductions in force to accomplish it. New USIA Vice President Charles Loveridge lauded outgoing Vice President Richard Arndt for significant gains in membership levels in the agency and for many successful activities by the standing committee, including its monthly lecture program.

## Lamberty named new president

Gerald Lamberty was named AFSA president by a vote of the Governing Board in September. He replaces Robert V. Keeley, who resigned to become ambassador to Greece a few weeks after he was elected to head the Association by the membership. State Vice President Anthea S. de Rouville served as acting president in the interim.

Lamberty, former director of the Office of Development Finance in the State Department and a member of the Senior Foreign Service, has been a Foreign Service officer since 1956. He has served in Havana, Guatemala, Lima, Santo Domingo, Warsaw, and several Washington offices. His last foreign assignment was as deputy chief of mission in Lima from 1980-83.



## Death rate higher in Foreign Service than military, FBI

Ten percent more people die of all causes in the State Department's Foreign Service corps than in the military, a study by AFSA has shown. The military suffered one death per 941 members during 1982-84, while the Foreign Service had one death per 858 members. The period of the study includes both bombings of the Beirut embassy, as well as the bombing at the Marine headquarters in Lebanon and the invasion of

Grenada. The study was conducted by AFSA's State Standing Committee.

The comparison with the FBI is even worse. During the entire history of the bureau, which now numbers about 9000 persons, 27 agents have been killed in the line of duty, the most recent in October, according to FBI statistics. The entire Foreign Service, though slightly larger than the bureau, has lost nearly that many since 1979.



## Telkins voted Editorial Board chairman

A. Stephen Telkins, chief of the Africa Press Office in USIA, was voted chairman of the JOURNAL Editorial Board by unanimous consent on September 16. He succeeds Caroline Meirs Osterling, who was named public affairs officer in Bogota.

Before his current job, Telkins was special assistant to the deputy director for modernization of the Voice of America. Previous to that he was information officer in Santiago and a congressional fellow. Other postings include Cape Town, Kinshasa, Antananarivo, Kaduna, and Monrovia. Telkins is a 1966 graduate of Williams College with a master's from University of Pittsburgh. He joined the Foreign Service in 1966.

## Time to apply for AFSA scholarships

Now is the time to apply for the two scholarship programs run by the AFSA Committee on Education. Students who are qualified dependents of career Foreign Service personnel are encouraged to apply for either the **AFSA Financial Aid Awards** or the **AFSA/AAFSW Merit Awards**.

The aid program is open to undergraduates studying in the United States, and awards are based solely on need. The merit awards are for students who will be graduating from high school in 1986 and are based on academic excellence. Interested students must submit completed applications by February 15, 1986. They can obtain materials now by writing the scholarship administrator at 2101 E Street NW, Washington, D.C. 20037. Be sure to state agency affiliation.

## Association implores Hill panel to recognize special needs of FS

"Foreign Service employees are unique among federal government employees" and need a retirement system that recognizes the distinct nature of their careers and the hardships they face, AFSA Treasurer Warren Gardner told the Senate Committee on Governmental Affairs in September. "Foreign Service employees must accept worldwide assignment, with the attendant hazards of living in locations characterized by psychological hardship or physical danger, such as high rates of disease, crime, or terrorist activity," Gardner said. "During the past four years, 25 American employees have been killed at posts abroad." The stresses of Foreign Service life mandate a right of early retirement that has been recognized by the Supreme Court, he said.

Gardner requested that the Service be included under the Stevens-Roth bill, which would

place air-traffic controllers, fire fighters, and law enforcement officials in a special retirement category meant to take into account the hazards and stresses of those careers. The State Department also supports the inclusion of the Foreign Service in the bill.

Gardner noted the unique nature of the Service as an up-or-out system with mandatory retirement "unrelated to misconduct or age." He said that Congress has supported this extremely competitive system as recently as the Foreign Service Act of 1980, and that the option of retirement at age 50 without penalty was necessary to make the system equitable. He also said that a distinct retirement system has worked for 60 years for the Service and urged that it be continued, with cost-of-living adjustments that reflect inflation rather than budgetary pressures.

## Life & Love in the Foreign Service



"Well, Madame Ambassador, Elizabeth Ray didn't know how to type, either."  
Ronald Rorty, Washington

### Honorable Mentions:

"Aren't you over-reacting a bit to your first EER? I mean, maybe some other junior officer got an Outstanding too."

Bob Fouché, Washington

"Golly! I thought I was just getting a plaque!"

Josephine Michalec, Bangkok

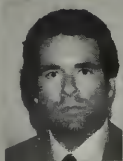
Winners of the monthly LIFE & LOVE contest receive a certificate for a free lunch for two at the Foreign Service Club. Honorable mentions receive a free carafe of wine. Send entries to:

LIFE & LOVE #26  
Foreign Service Journal  
2101 E Street NW  
Washington, D.C. 20037

entry deadline November 30

### Competition #26





## Managing Your Money

### Trusting Your Children for College Expenses

By Mark Waldman, *Financial Planner*

If you have more than one child, the cost of sending them to college is approaching that of a home mortgage. Recent cuts in financial aid have hit middle and upper income families particularly hard. Planning for college expenses is now more important than ever, even for families with substantial resources. Let's see how a sample family deals with this problem.

Albert and Renee, both Foreign Service officers, have just married. Albert is 45 and has a son who is 17. Renee is 29 and has two daughters, four and seven. They want all three children to attend first-rate private colleges. Albert has just received an inheritance from his father, and Renee's parents have committed themselves to helping out. The couple is in the 50-percent tax bracket. They want to make the most effective use of their funds. Let's explore some of their alternatives.

The fortunate thing about college costs is their predictability, both in terms of time and dollars. Albert and Renee know exactly when each child will be in school, and can calculate how much it will cost. Knowing how many dollars they will need, and when they will need the money, makes their goal much easier to reach.

They must, of course, start a meaningful savings plan for the younger children. Even with their substantial resources, however, their high tax bracket will cut heavily into the returns they can earn on what they put away. Because they are highly motivated to get the most for their money, they are willing to consider a variety of intra-family transfer or income-splitting techniques. These will allow them to get a high rate of return while limiting the risks involved. The basic method is to shift income to the children, who are in a much lower tax bracket than their parents. The additional compounding will, over the years, greatly in-

crease their income without adding more risk.

Albert and Renee could transfer cash or other income-producing assets into their name as a custodian for a child under the Uniform Gifts to Minors Act. Parents can give \$20,000 per year per child, free of any gift tax. Grandparents can make the same contribution. Because the assets will belong to the child, the income will be taxed at the child's bracket, starting federally at 11 percent after the exemption of at least \$1,000. This technique can significantly increase the amount available for the child's education.

UGMA accounts have some drawbacks, however. The assets belong to the child, and at age 18 the child can do with them what he or she wishes. And, if the parent-custodian dies before that time, the full amount, including all income, will be included in the estate for estate-tax purposes. For substantial sums, therefore, the UGMA gift is often inappropriate.

For the older child, a possible source of funding is gifts from others. Under section 2503(e) of the IRS Code, a person may pay another's tuition, direct to the institution, free of gift tax, regardless of the amount. This exclusion from gift tax is only for tuition expenses.

Renee's parents have \$50,000 they could donate the income from, but they will need the principal back. Albert feels the same about his inheritance. The solution to this problem may lie in the use of a trust of one kind or another.

The Clifford trust is one of the best methods of accumulating income for a child's education. The donor gives assets to the trust, which lasts at least 10 years and one day. The income is taxed to the child, and the assets return to the donor when the trust ends. The trust may or may not distribute the income to the child, and when substantial as-

sets are involved, the trustee, appointed by the donor, can balance the income between the trust and the child to keep the overall tax level as low as possible.

For older children, or those already in college, there is the spousal remainder trust, which has no minimum term. The child receives the trust's income for a set period, like four years. Then the trust terminates and the principal passes to the donor's spouse, free of gift tax. Because the child's interest income runs for a short time only, it may be possible to make a large transfer to such a trust free of gift tax.

Note, however, that the principal passes to the spouse, not the donor or the child. Financial advisers consider the spousal remainder trust an "aggressive" technique, because while it is a frequently used procedure, it is not protected by statute and might be challenged at some point in the future.

If parents can afford to part with the principal as well as the

income, and still want the tax benefits of a trust, they can create a minority trust under IRS Code Section 2503(c). This trust, set up to use both principal and income for the child's education, can run until the child is 21 or, if so drawn, older. The major difference between a minority trust and a Clifford is that, in the case of the former the parents pass the principal to the child, while in the latter case it returns to them. The particular case must determine which technique the parents use.

Another technique parents can use when they need the principal is to give the money to their children, and then borrow it back, signing a formal note for the loan. The interest payments, which are tax deductible to the parents, are then paid to the child's trust or UGMA account. The principal must ultimately be repaid, of course.

Albert and Renee can use any combination of these techniques they wish. After their inquiry into this area they know that parents who don't make use of these techniques, even though they could afford to do so, are giving a substantial part of what their children would have received to the government in unnecessary taxes.

Albert and Renee have also discovered that they must act soon if they want to set up a Clifford trust. The president's tax-reform proposal would eliminate them. But it will probably not affect trusts set up before the new law goes into effect, which would be January 1 at the earliest.

Using trusts properly can generate many extra dollars for your children's education. They can also help you achieve your other financial objectives at the same time. In fact, trusts are such a good idea that the best time to start one is when the child is newborn. Be sure, however, to consult your attorney and financial adviser prior to setting one up.

*Mark Waldman, a former Foreign Service officer, is a certified financial planner and economist working with Wealth Management Consultants Ltd., a Washington area-based Registered Investment Advisory/SEC firm.*

## Agencies to award SFS back pay

After several months of pressure by the Association, the State Department has decided to award back pay due Senior Foreign Service employees under a recent court decision. The decision, *Squillacote v. U.S.*, mandates that Senior Executive Service employees be reimbursed for an improper pay cap in fiscal years 1980-81.

AfSA successfully argued that comparability language in the Foreign Service Act extends the decision to the SFS. AID management has indicated that that agency too will comply with the case. Since the SFS was not created until 1981, only that year's cap will be reimbursed.



# RETIREMENT NEWS

## Retired Diplomats: 'A Collective Experience Matched by None'

International issues are increasingly important for the state of Florida, and now a new organization that incorporates a group founded and run by Foreign Service retirees is attempting to coordinate and promote cultural and educational activities relating to the state and its southern neighbors.

The organization, the Florida International Alliance, brings together the state's executive branch, the legislature, the business community, educators, and retired Foreign Service officers in an effort to "pull together so that Florida will become a new and more important factor as we relate to hemispheric cooperation," in the words of Florida Secretary of State George P. Firestone. The new alliance will "serve as an umbrella organization to enhance ties between Florida and its Latin and Caribbean neighbors, helping to shape relationships on the cultural, economic, political, and social levels."

The network hopes to conduct conferences on policy issues affecting the state, coordinate cultural missions to Latin American neighbors, create resource and data banks for general use, found a public policy institute for Latin issues, serve as a "staging area" for meetings between Latin Americans and Floridians to

identify social and cultural interests that will enhance commerce, serve as a clearinghouse for the collective efforts of the state's disparate international organizations, and help the state government set public policy on foreign trade and cultural issues.

The founders of the alliance are Firestone, State Representative Samuel Bell III, who as chair of the appropriations committee helped secure \$200,000 in enabling funds, and Foreign Service retiree **Robert J. Ryan**, former ambassador to Niger and assistant U.N. secretary general. Ryan chairs the alliance's Council of Diplomats, which seeks to provide the experience of its members to educational and cultural exchange programs and to aid international understanding. Attending the first meeting of the council, which is limited to Foreign Service retirees, were **Charles Adair**, **Clarence A. Boonstra**, **John Bell**, **Alfred Puhon**, **Margaret Morgan**, **L.O. Sanderhoff**, **Max Shimp**, and **Karl Sommerlatte**, as well as Ryan. Other retirees expressing interest in the council include **Edward Dobyns**, president of the Florida Foreign Service Retirees Association, **Bayard King**, and **John Anspacher**. Anspacher was the author of an article that



Florida State Representative Samuel Bell, International Alliance Executive Director Ann Polk, and Foreign Service retiree Robert J. Ryan at the opening meeting of the Council of Diplomats.

appeared in the JOURNAL a year ago calling on retirees to bring their expertise to bear in the local press on Foreign Service and foreign policy issues.

"Florida is a veritable prism of cultures and people," says Ryan, "and few who have been in the Foreign Service miss the point that Florida has a special international character that links vast resources with trade and tourism and bicultural relations." Ryan notes that "Florida has 13 international ports, more than 100 multinational corporations that operate in the state, more than \$10 billion in yearly exports, and more than a half million non-citizens living in our state. In addition, citizens of nearly 50 nations have investments in the state, and 38 nations maintain consulates here."

Ryan sees benefits for the Foreign Service in the program. "Except among the few very sophisticated leaders and organizations in this country, departments and agencies such as the Foreign Service and the Department of State are not generally understood or appreciated. And too often at the local levels of government, where so many direct international contacts take place, there is great need for additional knowledge and under-

standing. Issues of peace as well as economic issues depend in great part directly on understanding, at the local level and by all the citizenry." In addition to drumming up support around the state, Ryan is attempting to get the department to lend a hand, particularly in helping contact each new class of retirees.

Ryan calls the alliance a "clearinghouse" for coordination needed to establish a statewide approach to international issues. "The Council of Diplomats will assist the state government in achieving these objectives. Florida has a very special resource—one that could be considered unique in our 50 states. Florida has more than 1000 residents who have served in the international programs of government: the State Department, the Foreign Service, and in other official capacities." Concludes Ryan: "If Florida could tap but 20 percent of this group to help direct the efforts of the alliance, the state would have a collective experience matched by none."

*Persons interested in the Council of Diplomats should contact the Florida International Alliance, PO Box 1111, Daytona Beach, Florida 32015.*



Foreign Service retirees L.O. Sanderhoff, Clarence Boonstra, and Margaret Morgan chat with Bell (second from right) at opening meeting.

# ANNUAL REPORT OF THE GOVERNING BOARD 1984-85

## President's Overview

The fiscal year ending last summer was one of the most successful in the Association's history, both in the political realm and in its own internal administration. AFSA had a number of successes at the bargaining table and on Capitol Hill. We brought nearly to a conclusion four years of negotiations implementing the myriad provisions of the Foreign Service Act. And we helped defeat nearly all proposals to gut the Foreign Service benefit and retirement system. At the same time, the Association membership roll reached a record of nearly 9000, the members approved an important dues increase that will give us the resources needed to preserve the Foreign Service as we know it, and more than one member out of five contributed to the Legislative Action Fund to enable us to carry our fight to the Hill.

Once again the Association was called on to conduct a year-long battle to forestall the adoption of proposed changes to the federal retirement system. As in previous years, we have continued our successful two-track program of opposing changes to the Foreign Service system while working with employee coalitions on a government-wide basis. Not only did we once again stave off major changes in the current system, we now have the momentum to carry us safely forward through the remainder of the 99th Congress. Following this success, we will now focus on the new system being put into place for our colleagues hired after 1983. Our position on this will be straightforward—the unique nature of the Foreign Service requires that all members have the option of early retirement without penalty, be eligible for an immediate annuity if retired involuntarily, and be given recognition for the overseas component of our work.

The dues increase approved by the membership last spring will ensure that AFSA remains financially secure into the 1990s. The Association's record membership level is irrefutable testimony to the importance the Service places on its union and professional association in this time of troubles. The tremendous outpouring of contributions to the Legislative Action Fund has enabled us to extend our reach and influence far beyond what it had been in previous years. The addition of Rick Weiss to our legislative team, a direct result of the LAF, has given us entry into many more offices and assured us that our message gets through to the right people.

Last summer, the Association successfully stopped an assault on its very existence, when the Senate passed legislation to remove the Senior Foreign Service from the bargaining unit. This move was designed by its authors to divide and conquer the career service by excluding the SFS from the protection of AFSA and by setting one group against the other. Our response to this was firm—from the most senior ambassador to the most junior member of the Service, our common concerns over safety for our families, education for our children, an equitable retirement system, etc., far outweigh the administration's organization charts. It was by no means a sure thing, but with strong support from our friends in both chambers and the help of many active and retired members of the Service, including the Council of American Ambassadors, we fought this one off.

During my three years in office I have had the sad duty to preside over the inscription of the names of 25 of our colleagues on the Memorial Plaque. My successor will be faced with adding more. The Association will continue to work with management and the Congress, as well as publicizing its case through the media, to ensure that everything possible is done to protect our members overseas and to see that the sacrifices of our colleagues are not forgotten.

As I write this, I am already at my new post of assignment and have gotten a renewed perspective on the issues that face us. I wish to express my personal thanks to the post reps and others overseas who have given us ideas, advice, support, and the occasional kick to keep us moving. At the conclusion of my three years as president I remain as convinced as ever that this nation needs a strong, independent Foreign Service. I remain just as convinced that our success or failure in maintaining such a service will depend on our own willingness to work and fight for the things we believe in.

*Dennis Hays, President*

## State Standing Committee

The Standing Committee has been lucky in that there has been considerable continuity in membership and experience. Even though this year we lost Dennis Hays, Jane Floyd, Dave Simcox, Jim Spain, Eleanor Ravens-Hamilton, Irving Williamson, Jo Ann Jenkins, and Tom Miller to onward assignments, and their contributions are greatly missed, a substantial core group remains, and we are in the process of adding new members.

Most of the provisions of the Foreign Service Act have finally been implemented. We are continuing joint negotiations with AFGE and the foreign affairs agencies on allowances and benefits affecting AID, State, and USIA. For maximum coordination, a member of the AID Standing Committee also sits in these negotiations. In addition, the combining of resources with AFGE where our goals and objectives are the same has had a very positive effect. Many agreements are now coming up for renegotiation, and in these days of short budgets and at times hostile congressional scrutiny, we have to work to hold on to what we have. At the same time, we are very active in seeing that agreements reached are properly administered. We encourage anyone who feels any regulation or benefit is not being implemented to contact AFSA/Washington. We try, however, to head possible problems off at the pass, rather than end up with a reenactment of "High Noon."

In addition to the negotiating function, the State Standing Committee has been active in other areas:

- We have tried to answer every attack on the Foreign Service by letter or other means. We have taken advantage of all the air time and newspaper space we could get to educate the public about the Foreign Service and to challenge misconceptions. The Foreign Service is traditionally reticent. In the present climate this does not work to our advantage;

- Members of the standing committee are in contact with the Hill through our lobbyists to defend our present retirement plan and



ensure that the plan proposed for new employees protects them and the Foreign Service "up or out" system itself. We have worked to make clear our professionalism and dedication and our role in implementing the administration's foreign policy;

- We have actively sought to outline our problems and protect those allowances and benefits which are so essential to family life overseas and the support of all employees who spend many years abroad, frequently in dangerous and difficult posts;

- We defeated an attempt to exclude the Senior Foreign Service from the bargaining unit, a move that would have disenfranchised many senior officers not holding management or confidential positions;

- We testified when necessary or desirable on proposals affecting the Foreign Service or amending the Foreign Service Act;

- We negotiated the 1985 precepts, a two-year open-assignment agreement, and a new multi-functional agreement which hopefully will encourage out-of-cone or less traditional assignments for those who want them, without putting careers in jeopardy. As this is written we are talking with management concerning performance pay, a proposed new mid-level course, and problems of tandem couples and how to alleviate those problems equitably. A consumables allowance agreement was finally concluded, and the storage and shipment allowance regulations finally seem to be going well.

For the next year, terrorism, security, and retirement are at the head of our list of on-going problems.

There is a possibility of some proposed amendments to the Foreign Service Act attempting to narrow medical benefits, tax overseas allowances, and eliminate language training incentives and the like. The Secretarial Task Force report has just been issued, and we'll be taking a long, hard look at that. The creation of a new bureau for security affairs offers scope for negotiations, and the problems of senior officers will require our utmost time and effort.

We need more active members in Washington and we particularly need more feedback from posts. The committee tries to be representative of all sections of the Foreign Service. But very often negotiations affect most those of you who are overseas, and there may be new problems of which we are not aware. If you feel like commenting, complaining, yelling, passing on suggestions, or even telling us how well something is working, please go ahead and do it.

*Anthea S. de Rouville, State Vice President*

## AID Standing Committee

This has been a year of considerable transition for the AID Standing Committee. As of this writing, Bill Ackerman has just assumed the chairperson's responsibilities from Charlotte Cromer, who has resigned in preparation for her new overseas assignment in Cairo. Many thanks to Charlotte for her countless hours and attention to myriad tasks, both large and small. Her leadership and dedication will be sorely missed. Thanks also to Roy Harrell, who has finished his tenure on the board but remains a valuable legal and institutional resource for the committee, and to Bernie Salvo, who garnished his distinguished AID career with years of devoted service to AFSA and has now retired to New Mexico.

I began actively working with the standing committee last November. Joining me on the Executive Board representing AID and forming the nucleus of our standing committee are Frank Young and Jean DuRette. Frank's prior experience working on Capitol Hill has already proved a valuable asset in our contact and dialogues with Hill staffers on a variety of subjects; although new, Jean's presence and enthusiasm ensures that a woman's perspective will continue to be included in the issues addressed with AID management.

Major issues dealt with this year include: threats to retirement, the new retirement plan, reorganization of AID, threat of a RIF, open

assignments, restrictions on language training, status of commissioned officers, reinstatement of IDI classes, separation travel, and the Helms amendments.

As I took the reins from Charlotte, the first thing I inherited was a thick folder filled with memos, cables, and letters marked "action" or "attention." The feeling is comparable to the one exhibited by a Charlie Chaplin look-alike in the IBM PC ad who tries to box various sized cakes hurtling down an assembly line. Many of the letters and cables unabashedly ask, "What is AFSA doing" about this or that? The irony is that while AID's current active AFSA membership is 1250, the standing committee that meets at noon each Thursday consistently numbers four or fewer people. These individuals are, of course, fully employed, and only through their own initiative and concern are they able to spend time addressing tasks that never dissipate in number. The irony is the more marked in that most AID posts overseas have large and active AFSA populations.

A variety of attempts at recruiting AID/AFSA manpower have met with little success. Through the year the committee plans to impress the demands placed on it to constituents through periodic REDTOPS, cables, and the ASSOCIATION NEWS. In the interim, remember you (not the Standing Committee) are AFSA, and it is up to you to provide the bulk of its human resource effort. Jean, Frank, and I pledge our continued effort and support—but one quarter of one percent of the active membership of an organization has a severely limited capacity to adequately serve their constituents. Your service and your ideas are both welcomed and sorely needed.

*Bill Ackerman, AID Vice President*

## USIA Standing Committee

In 1984-85, AFSA in USIA moved steadily forward. From a low point in February 1984, we have increased membership by 54 percent, and the total inches upward every month. Our welcoming luncheons for new entrants to the agency have kept the image of AFSA meaningful in the eyes of our younger officers. Our eight "Dialogs on Public Diplomacy" have become the major channel for discussion of professional issues within the agency, a need cited as critical by the U.S. Advisory Commission on Public Diplomacy. Our presence on the JOURNAL Editorial Board has helped make it a serious vehicle for discussion and assessment of our work.

Experience this year has enabled us see the task ahead more clearly. Our relationship with AFGE, representing the agency as a bargaining unit for at least another two years, has served to redefine our role in ways that are still being explored. We have shown we can work together against a common threat. For example, we succeeded together in our effort to convince Congress to drop an amendment designed to deprive the Senior Foreign Service of its right to union representation. Within the agency, our AFSA diplomacy has been quiet, but consistent and purposeful: we have sought a role as spokesman for professionalism in foreign affairs and public diplomacy. Our positions have been conveyed accurately in these pages during the year and, while our influence in USIA is limited, we believe we have been persuasive on important issues.

The Dialogs succeeded beyond our hopes, proving there is a serious need for discussion of policy issues in public diplomacy. Yet our limited one-hour format left audiences frustrated and hungry for more, and we are now seeking ways of carrying on some of these debates in greater depth, based on the critical issues that emerged. Above all we are proud to have been able to attract a distinguished roster of speakers: Senator Mathias, Marvin Kalb, David Newsom, Leonard Marks, Gerald Helman, Edwin Feulner, and Walt Raymond. An eighth session, on the writing of OERs, was run by USIA officers. Every one of these men is an actor in public diplomacy, and each from his own viewpoint made it clear that he cared deeply about our work.

Concern this year was focused on the problem of organization: it

is not easy to manage USIA's AFSA constituency given the short time most Foreign Service employees spend in Washington. We need continuity, commitment, and service from Washington-based personnel if we are to move on to new levels of achievement. One move we have made is to formalize an Executive Committee to carry the brunt of the work. All AFSA members in Washington are welcome to attend all standing committee meetings; the Executive Committee in its managerial role is by necessity a smaller and more flexible body. To get a sense of support for our stewardship, we circulated to all members an informal request to ratify our choice of the slate of officers who had agreed to serve next year on the Executive Committee. This move provided gratifying results: a sizable positive response to our questionnaire, along with many comments which raise our hopes.

This "election," the first of its kind, had a special significance this year, now that the AFSA Governing Board has voted to give USIA a constituency vice-presidency, as well as its traditional seat on the board. This year, we have two representatives on the AFSA Governing Board, matching our two representatives on the JOURNAL Editorial Board (including the chair). We see this move, and the response to the AFSA referendum which authorized it, as strong support within AFSA for the work of the USIA constituency.

Last year at this time we announced we had passed the prologue stage and were looking forward to a year of gain. We have done that, but we have also learned that the way ahead is long and that every minute must be made to count. We have increased our membership, but we need to double the figure before we can speak with convincing authority. Our Dialogs worked, but the discussions fell short of dealing with issues in depth, and we need to find ways to do this. Our efforts concerning professional issues within the agency, and outside when appropriate, have been satisfactory, but there is much more to do. After this year of gain, we need more active support, we need to begin growth toward the kind of AFSA strength that will make a difference in our work and our lives.

Dick Arndt, USIA Vice President

## Treasurer's Report

The Association's fiscal year 1985 books are currently undergoing the annual audit. We expect the General Fund, exclusive of income and expenses for Legislative Action, to close with a foreseen loss, offering further proof that our recent dues increase was necessary.

The market value of the Scholarship Fund increased during the past 12 months. Near the end of the year we changed investment counselors in order to improve our income potential. We are now using Shearson Asset Management, Inc., of New York, which has an excellent performance record. After a period of restructuring our portfolio, Shearson is expected to provide us with even more investment income to fund the Merit Awards and Financial Aid Scholarships. AFSA has continued to make timely mortgage payments to the Scholarship Fund. The remaining balance is now \$51,973.82.

The Matilda Sinclair Language Awards Fund had a market value of \$186,066.26 at year's end. It paid its first awards in May totaling \$7000. This fund is also being managed by Shearson.

The budget for fiscal year 1986 is the result of many weeks of work by both staff and the Finance Committee. The current projections call for a surplus of approximately \$100,000 in fiscal year 1986. Income and expense items for Legislative Action, which we expect to be entirely funded by fiscal year 1986 contributions and the 1985 carryover, should net out to about zero by the end of the budget year. The General Fund's anticipated excess cash will be partially invested in a "replacement reserve" fund and used in part to pay for special repairs and replacements for both the building and equipment. Any remaining amounts will go to cover operating costs in subsequent fiscal years, when inflation and expansion of members' services cause expenses to exceed overall revenues.

The new budget includes a long-overdue staff benefits package

## BUDGET, FISCAL YEAR 1986

|                                    | Unrestricted Fund | Restricted Fund | Total            |
|------------------------------------|-------------------|-----------------|------------------|
| <b>Revenues:</b>                   |                   |                 |                  |
| Communications (Journal Adv.)      | \$ 87,500         |                 | \$ 87,500        |
| Communications (Journal Subs.)     | 7,500             |                 | 7,500            |
| Communications (Lecture Series)    | 5,500             |                 | 5,500            |
|                                    | 100,500           |                 | 100,500          |
| Club Sales                         | 197,000           |                 | 197,000          |
| Membership Dues                    | 731,160           |                 | 731,160          |
| Investment Income                  |                   |                 |                  |
| Scholarship                        |                   | \$ 95,800       | 95,800           |
| AFSA Fund (includes Sinclair)      |                   | 14,000          | 14,000           |
| LAF                                | 1,000             |                 | 1,000            |
| Other                              | 5,000             |                 | 5,000            |
| Contributions:                     |                   |                 |                  |
| Scholarship                        |                   | 64,000          | 64,000           |
| Legislative Action                 | 10,000            |                 | 10,000           |
| AFSA Fund                          |                   | 200             | 200              |
| Insurance commissions              | 13,000            |                 | 13,000           |
| <b>Total Revenue</b>               | <b>1,057,660</b>  | <b>174,000</b>  | <b>1,231,660</b> |
| <b>Expenditures:</b>               |                   |                 |                  |
| Direct:                            |                   |                 |                  |
| Communications                     | 220,186           |                 | 220,186          |
| Club                               | 220,757           |                 | 220,757          |
| Membership                         | 60,765            |                 | 60,765           |
| Management and general             | 134,419           |                 | 134,419          |
| Labor relations                    | 187,815           |                 | 187,815          |
| Scholarship Fund                   |                   | 143,042         | 143,042          |
| Legislative Action                 | 51,100            |                 | 51,100           |
| AFSA Fund                          |                   | 12,725          | 12,725           |
| <b>Total Direct Expenditures</b>   | <b>875,042</b>    | <b>155,767</b>  | <b>1,030,809</b> |
| Indirect:                          |                   |                 |                  |
| Communications                     | 26,637            |                 | 26,637           |
| Club                               | 51,546            |                 | 51,546           |
| Membership                         | 5,849             |                 | 5,849            |
| Management and general             | 22,976            |                 | 22,976           |
| Scholarship Fund                   |                   | 5,073           | 5,073            |
| Legislative action                 | 4,976             |                 | 4,976            |
| AFSA Fund                          |                   | 330             | 330              |
| Labor relations                    | 15,682            |                 | 15,682           |
| <b>Total Indirect Expenditures</b> | <b>127,666</b>    | <b>5,403</b>    | <b>133,069</b>   |
| <b>Total Expenditures</b>          | <b>1,002,708</b>  | <b>161,170</b>  | <b>1,163,878</b> |
| <b>Operating Surplus</b>           | <b>54,952</b>     | <b>12,830</b>   | <b>67,782</b>    |

which provides paid insurance and a 401k retirement plan. This will make us comparable with other similar-sized associations and better able to attract and retain high-quality employees. The board has also approved modest additional office equipment, which should improve overall staff efficiency and provide for enhanced fire safety in the club's kitchen.

Any member may obtain a copy of the FY 1985 audited financial statements by contacting the AFSA office.

J. Warren Gardner, Treasurer

## Legislative Action

Two issues of major consequence to present and future Foreign Service retirees dominated the legislative agenda over the past year. First were the proposals set forth in the president's 1986 budget to cut back the benefit structure of the present retirement system. Second was the process of developing an entirely new retirement system to supplement the Social Security coverage mandated for all federal employees hired after 1983.

The president's 1986 budget document stated that "the administration's priority continues to be to reform the high costs and generous benefits of the current civil service retirement system." Toward that end, the administration proposed raising the retirement age to 65 with a five percent annuity reduction for each year a retiring employee was under that age; skipping the 1986 cost-of-living adjustment and limited subsequent full COLAs to the first \$10,000 of



the annuity with the excess subject to 55 percent of the COLA; and computing annuity levels on the basis of the highest five years of salary rather than the highest three at present.

As soon as the 99th Congress organized itself and the members of the House and Senate budget committees were appointed, AFSA embarked once again on a coordinated effort to defeat these proposals, working in close cooperation with other federal employee organizations in the federal retirement coalition called FAIR—the Fund to Assure an Independent Retirement. Many AFSA members, both overseas and in the United States, generated a significant impact by communicating their views to their senators and representatives.

While Congress took no action to implement the retirement proposals in the administration's 1986 budget, the Senate Budget Committee, in its first concurrent resolution, did propose omitting the retiree COLA in 1986 and limited subsequent COLAs to the rise in the Consumer Price Index minus two percent. The committee also proposed raising the employees' retirement contribution from the present seven percent to nine. The House budget resolution contained none of these provisions.

In the weeks following the appointment of House and Senate budget conferees, it appeared that a majority of the members intended to link the federal retiree COLA with the much larger issue of the Social Security COLA. Finally, only hours before Congress adjourned for an August recess, a joint budget resolution from which all reductions in federal retirement had been deleted was passed by both the House and the Senate. One widely circulated federal employee newsletter attributed this result to "the effective round-the-clock lobbying of federal and postal unions and retiree groups and managerial and professional organizations." AFSA may properly claim a share of this credit.

The introduction in July of S. 1527, "The Civil Service Pension Reform Act of 1985," by Senators Stevens and Roth of the Governmental Affairs Committee marked the culmination of months of work by the committee staff and representatives of the principal federal employee organizations, including AFSA, to develop the background necessary to establish a new retirement system to supplement the Social Security coverage mandated for all post-1983 employees. Surveys of hundreds of pension plans in the private sector, numerous actuarial presentations, hearings, and debates over the relative merits of one type of plan or another preceded the drafting of the bill.

It was expected that legislation addressing this problem also would be introduced by the administration since, in the president's 1986 budget document, plans were announced "to submit legislation for a new [retirement] system containing a defined contribution plan and costing—including the employer share of the social security tax—approximately 20 percent of payroll on an actuarial normal cost basis." In fact, a proposal was being readied for transmission to the Congress from the Office of Personnel Management when the OPM director left that agency. No action subsequently has been taken in this regard.

Consequently, it appears that the first formal review of any proposed new retirement system will take place before the Senate's Governmental Affairs Committee soon after Congress reconvenes after the summer recess.

However the detailed provisions of the program are finally resolved, it appears fairly certain that the new system will consist of three tiers: social security; a supplemental defined benefit pension, probably financed in full by the government; and a capital accumulation or "thrift" plan under which an employee may make an annual deposit up to a designated amount, matched in part by the government.

The House Post Office and Civil Service Committee has also been making preparations to take action on a new retirement plan, but it appears that the committee will postpone the introduction of any specific legislation until the Senate has acted upon S. 1527.

AFSA's principal concerns are to ensure that any new plan will at

least maintain pre-retirement income replacement at present levels for Foreign Service personnel, and that provision will continue to be made for optional retirement from the Foreign Service at age 50 with 20 years of service.

Bob Beers, Congressional Liaison Officer

Both the *Federal Register* and Mike Causey's *Federal Diary* recently gave kudos for the successful lobbying effort federal employee organizations carried out with Congress, overcoming budget measures potentially impacting negatively on employees' retirement and pay status:

- No five percent pay cut, just a one-year freeze. Three percent longevity step increases will not be delayed;
- Eligible retirement age is unchanged;
- Retirees will get annual COLAs in January;
- No health voucher system;
- No increased contributions to retirement (a two-percent increase had been proposed);
- No change in annuity computation (from high-three to high-five had been proposed);

AFSA was very much a contributor to that process.

The new retirement plan proposal has now been presented to the Congress and published in the *Congressional Record*. Our next effort on the Hill should undoubtedly include presenting a position on strengths and weaknesses of the proposal. For example, two aspects AFSA has stressed in the past are portability and enough attractive components to encourage younger employees who entered the Service prior to 1984 to consider conversion. With this in mind, we invite Foreign Service employees to review the plan and provide us with your reactions and comments, which the Legislative Action Committee will in turn incorporate into its next round of talks with Hill staffers.

Bill Ackerman, Legislative Chairman

## Legal Actions

The past year has seen Foreign Service conditions of employment come under significant attack. As a result, AFSA has had to balance its legal efforts between preserving the level of benefits and allowances already in place, and seeking improvements to the career Foreign Service. The following are illustrative of the many cases we have handled and the legislation we are monitoring.

The Foreign Service Labor Relations Board affirmed the authority of ambassadors to limit employees' conversion of currency upon sale of personal property overseas. AFSA had originally filed the unfair labor practice charge after the department issued instructions to ambassadors to limit conversions, two days before the effective date of a negotiated agreement allowing employees to retain profits on the sale of personal property.

In an attempt to force the agencies to the bargaining table to negotiate a second consumables allowance for employees serving a second or extended tour at a hardship post, AFSA filed an unfair labor practice charge against the department for dilatory bargaining. When faced with the charge, the agencies agreed to negotiate and we were able to reach a satisfactory agreement.

AFSA has contacted State and AID to ensure that Senior Foreign Service employees receive the back pay to which Senior Executive Service employees are entitled under a recent U.S. Appeals Court decision. The court found that Senior Executive Service members' salaries were improperly capped in fiscal years 1980 and 1981. Although the Senior Foreign Service is not technically covered by this litigation, the Foreign Service Act of 1980 mandates that salary levels of Senior Executive Service and Senior Foreign Service members be equivalent.

Two institutional grievances brought by AFSA are separately pending before the Foreign Service Labor Relations Board and the Foreign Service Grievance Board. In the first case, AFSA charged that an employee was denied a promotion due to his activities on

behalf of the union. The second institutional grievance sought to compel AID and State to implement the properly negotiated agreement increasing the combined allowance for shipment and storage of household effects. More than 10 months after the parties reached agreement, the agencies have agreed to retroactively provide the increased allowance. AFSA is now seeking to ensure that employees will be reimbursed for any excess storage fees incurred as a result of the agencies' inaction.

AFSA was forced to file another unfair labor practice charge against the department when it acted in violation of the open-assignments agreement and attempted to force-assign employees to hardship posts without consideration of their recent service at such posts. AFSA withdrew the charge when the department agreed to abide by the agreement.

AFSA successfully lobbied to defeat a proposed amendment to the Foreign Service Act which would have deprived all Senior Foreign Service members of their employee rights. The amendment would have removed all members of the SFS from the bargaining unit, regardless of whether they hold a management position.

In response to the active participation in a political campaign by 22 political ambassadors, AFSA supported an amendment to the Hatch Act which would extend the act's provisions to non-career appointees. Although further consideration of the bill has been postponed until this fall, AFSA is monitoring the situation and will likely be called upon to testify. AFSA also testified in support of legislation which would amend the Hostage Relief Act to provide more generous education and medical benefits.

*Susan Holik, General Counsel*

## Membership

AFSA increased its membership by 1160, posting the largest numerical gain in any of the past four years. This is an increase of approximately nine percent, and it was distributed fairly evenly among the various ranks and categories. AFSA membership stands at a record 8755. The number of post representatives—the bedrock of our recruitment and retention program—more than doubled, rising from 65 to 135. We have met and exceeded the goals of the past year's membership drive, and we are looking forward to sustaining our momentum in 1986.

*Lee Midthun, Membership Coordinator*

## Grievances & Members' Interests

This was a busy year for AFSA's grievance department. Requests for assistance increased to the extent that last October the Association hired an additional grievance counselor. Recognizing employees' general unfamiliarity with the grievance process, we also developed a handbook on grievances. *AFSA's Grievance Guidelines* is now available worldwide and may be requested from AFSA reps at post or from our office in the department. The guidelines have reduced the need for initial counseling, giving us more time to spend on the substantive issues of a given case.

The majority of grievances concern performance evaluations. Other actions involved alleged violation of regulations and denial of benefits, including medical travel, per diem and transfer allowances, R&R provisions, excess weight of household effects, and violation of the open-assignments agreement. An increasing number of cases have been filed against the department on the issue of administrative error, i.e., the department's failure to submit an employee's file for consideration for promotion, or submission of an incomplete performance file to the selection boards.

As the result of an article we published in the *JOURNAL* last March, several employees are seeking retroactive salary adjustments for periods they served in higher-ranking positions on detail to certain private and public organizations, specifically provided for in the

Foreign Service Act. Employees in eligible positions had in the past routinely been told they could not receive the higher salaries of the positions they were filling because the Service is a rank-in-person organization.

More than 50 percent of grievances in which AFSA represented were resolved through settlement agreements. While not suitable in all cases, this process works particularly well in time-sensitive cases, since settlements can be reached in record time, cutting the average time for resolution of a grievance from 3-10 months to a few days or weeks.

Throughout the year AFSA responded to numerous tax inquiries. The controversy over home-leave deductions has finally settled down; last year's most frequently asked questions centered on the deferral or exclusion from capital gains upon sale of principal residence.

After numerous and persistent complaints about poor pouch services, we conducted a worldwide pouch survey last year. The response from the field was tremendous and extremely helpful in pinpointing specific problems and particularly vulnerable geographic areas. While AFSA was told that a major overhaul of the pouch facilities is not possible due to budget restrictions, the department has added 10 permanent pouch positions and has budgeted for additional help during the holiday season, as well as upgraded its equipment and locator and sorting procedures.

Another area affecting employee morale is travel and transportation. We have received many cables from posts unhappy with designated R&R points or the discovery that management's interpretation of an agreement financially disadvantaged some personnel once a new and much-coveted benefit had been negotiated, such as optional R&R to the United States. AFSA continues to look into the department's policy of authorizing "cheapest mode" for R&R travel. In many instances this has made use of excursion fares mandatory for personnel which in some cases has also caused conflicts with Fly America Act provisions. In each of these cases AFSA has gone to management. In most instances we were successful; in some we had to seek recourse through the grievance process or federal labor channels.

As in previous years we monitored problems employees encountered with shipment and storage of their household effects. When it was learned that the department has dropped Fidelity Shipping and Storage from its rolls, AFSA and many employees became concerned about effects in storage with this company. Rumors persisted about extensive damage and losses of goods and the department hired additional inspectors to investigate who concluded that no major losses or claims had been discovered.

*Sabine Sisk, Members' Interest and Grievance Counselor*

## Insurance Programs

Our group insurance programs grew at an exceptional rate last year, largely as a result of the "open season" between May and September for non-members wishing to join either or both of two programs. This led to a 20-percent increase in subscribers to the plan for insurance against accidental death and dismemberment and an amazing 120-percent increase in enrollment in the Hospital Income Plan. It is apparent that these two plans and the Personal Insurance Plan for members serving abroad are also serving to attract new members. All three programs have gained attention in recent years and now represent a strong inducement to join AFSA's ranks. This is particularly true of the Personal Insurance Plan, for which there was also a marked increase last year even though it was not a part of the "open season" offer. Indeed, the Board of Trustees for Insurance Programs made a point of monitoring this program to ensure that new and renewal policies were issued only to AFSA members. Even so, this program has continued to grow at a steady pace of almost 20 percent per year, and premiums for 1985 are expected to exceed \$200,000.



Nevertheless, the last 12 months have not been trouble free. At the end of the fiscal year we were faced with the necessity of finding a new underwriter for the AD&D program because of heavy claim payments during the last three years. In 1982 this program was significantly improved both as to rate and coverage when the Federal Insurance Company took it and included coverage against claims arising from acts of war, declared or undeclared. This coverage was extended to spouses and dependents as well as named insureds, and, to our knowledge, it is the only policy on the market that does so. Since 1982, the company has paid several large claims, amounting to over \$500,000, while taking in considerably less in premiums. None of these claims were deemed to be due to acts of war, which would have limited payment to 50 percent of the principal sum of the policy. After careful consideration and lengthy negotiation with the Hirshorn Company, administrator of the AFSA insurance programs, the Federal gave notice of cancellation effective September 1, 1985, the anniversary date of the master policy.

Thanks to the unremitting efforts of the Hirshorn Company, we had two prominent insurance companies offering to take over the AD&D contract on terms acceptable to the Board of Trustees. We chose the Insurance Company of North America, and on September 1 coverage on all those insured under the Federal policy was picked up and continued by the INA without interruption and with only a marginal increase in premium from 70 cents per \$1000 of insurance to 80 cents. The basic elements of the old contract are maintained, including the war risks for insureds and dependents, but benefits payable for accidents attributable to terrorist action will be limited to 50 percent of the principal sum and payment for permanent total disability is to be made in monthly installments rather than by lump sum.

The Board of Trustees is continuing to monitor the AFSA insurance programs carefully to ensure they meet the needs of our members. It is essential that we continue actively to promote our existing programs not only as a means of attracting new members but also to be able to provide greater benefits under these programs to all who participate in them. This, of course, is the basic principle of insurance.

The board is also actively pursuing the possibility of contracting for group insurance in certain other fields. One such area that has been proposed is automobile insurance for members serving outside of the United States, Canada, and Mexico. We would welcome comments from the membership on our current programs and suggestions for new ones. *Hugh Wolff, Insurance Chairman*

## Scholarship Programs

1984-85 was a banner year for the AFSA Scholarship Programs. A total of 105 students received scholarships of more than \$91,000 from the two programs that benefit dependent children of career Foreign Service personnel who are serving or have served abroad in the foreign affairs agencies operating under the provisions of the Foreign Service Act of 1980.

The Financial Aid Scholarships are for full-time undergraduate study in U.S. colleges and universities, and are determined solely on need. In academic year 1984-85, approximately \$79,000 was awarded to 80 students. These grants range from \$200-\$2000, depending on need and allowability by the individual schools. The bulk of the AFSA Scholarship Fund money is used for financial aid.

The 1985 AFSA/AAFSW Merit Awards for graduating high school seniors were named in honor of Horace G. Torbert Jr., retired ambassador and long-time supporter and former chairman of the AFSA Committee on Education. These awards of \$500 each are given for outstanding academic achievement and community leadership during the students' four years of high school. Volunteer panelists from State, AID, USIA, AAFSW, and the retired community review submitted materials from eligible students to determine the winners. AFSA contributed \$7000 and AAFSW contributed

\$5500 to the \$12,500 cost of these 25 awards. This year, 12 women and 13 men received Merit Awards. Sixteen of the winners graduated from overseas schools—a record number.

The Scholarship Fund benefits from tax deductible contributions from AFSA members, the AAFSW Bookfair, overseas groups, bequests, current memorial donations, and perpetual scholarships established as named memorials for Foreign Service people. These voluntary contributions supplement income from the scholarship investment portfolio. The AFSA Committee on Education is chaired by Claude G. Ross. The members are Sheila W. Austrian, USIA; William R. Ford, AID; David T. Jones, State; Lisa C. Keller, AAFSW; James F. Prosser, State. Dawn H. Cuthell is the Scholarship Programs administrator.

*Dawn Cuthell, Scholarship Administrator*

## Communications

*Journal:* The magazine has completed its 60th anniversary expansion program and become a truly useful tool for the membership and an authoritative, independent voice of the Foreign Service. Issues today are averaging 56 pages and contain at least four feature articles, a historical piece, and columns covering diplomacy, Congress, books, periodicals, the press, the foreign affairs agencies, and Foreign Service people. As the magazine for professionals in foreign affairs, the JOURNAL aims to provide a monthly forum for the debate of Foreign Service issues and foreign policy, while covering related areas that affect Association members. Bound within the magazine is AFSA's house organ, ASSOCIATION NEWS, and its monthly editorial, ASSOCIATION VIEWS. The former, redesigned in the last year, covers AFSA's union and professional activities and reports on the events it sponsors, as well as offering service pieces such as LEGISLATIVE ALERT on Capitol Hill issues that affect the Service and MANAGING YOUR MONEY, written by a rotating team of financial experts with Foreign Service experience. In the last year a bimonthly RETIREMENT NEWS section was added to keep our ever-growing retired constituency in touch.

With extensive press subscriptions, the JOURNAL has achieved wide play in the national media. Twelve articles in the last year have received media attention—on national news programs and the wire services, and in the principal metropolitan dailies, the news magazines, and foreign publications. Total press citations in the last year probably topped 1000. By bringing Foreign Service issues to national attention in this way, the JOURNAL helps the Association in its mission of creating a national constituency for the Service and in fostering understanding of its concerns.

Though expenses have been pushed up by inflation and the magazine's expansion, advertising sales achieved a record of \$92,000, nearly doubling in the last four years. Because of the robust advertising revenues and continued efforts to hold down production costs, the JOURNAL has been able to bring ever more pages, features, and services to its audience at a price per member that is less than it was four years ago.

*Press Relations:* In the last several years, journalists have learned to turn to AFSA for authoritative information and opinions on the U.S. diplomatic corps. Citations in the major dailies and on the networks are frequent, bringing ever greater exposure of Foreign Service concerns to a national audience.

*Lectures:* When AFSA started 60 years ago, one of its principal activities was to bring important professionals before the membership to report on topics in diplomacy. The new VIEWPOINT series has continued to do so, with former Ambassador to Moscow Malcolm Toon, former Ambassador to Yugoslavia Laurence Silberman, and Undersecretary for Management Ronald Spiers speaking in separate events at the Foreign Service Club. Reports on the lectures appear in the JOURNAL, and the address given by Ambassador Spiers was cited by the *New York Times*.

*Stephen R. Dujack, JOURNAL Editor*



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| 1985 | \$10.91   | \$23.65  | \$36.91       | \$79.97 |
| 1986 | \$12.41*  | \$26.90* | \$34.85       | \$75.51 |

#### Overseas Option

|      |         |         |         |         |
|------|---------|---------|---------|---------|
| 1986 | \$ 4.77 | \$10.33 | \$14.50 | \$31.43 |
|------|---------|---------|---------|---------|

\*The slight 1986 increase in your portion of the premiums is the result of a decrease in the Government's portion of the premium.

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