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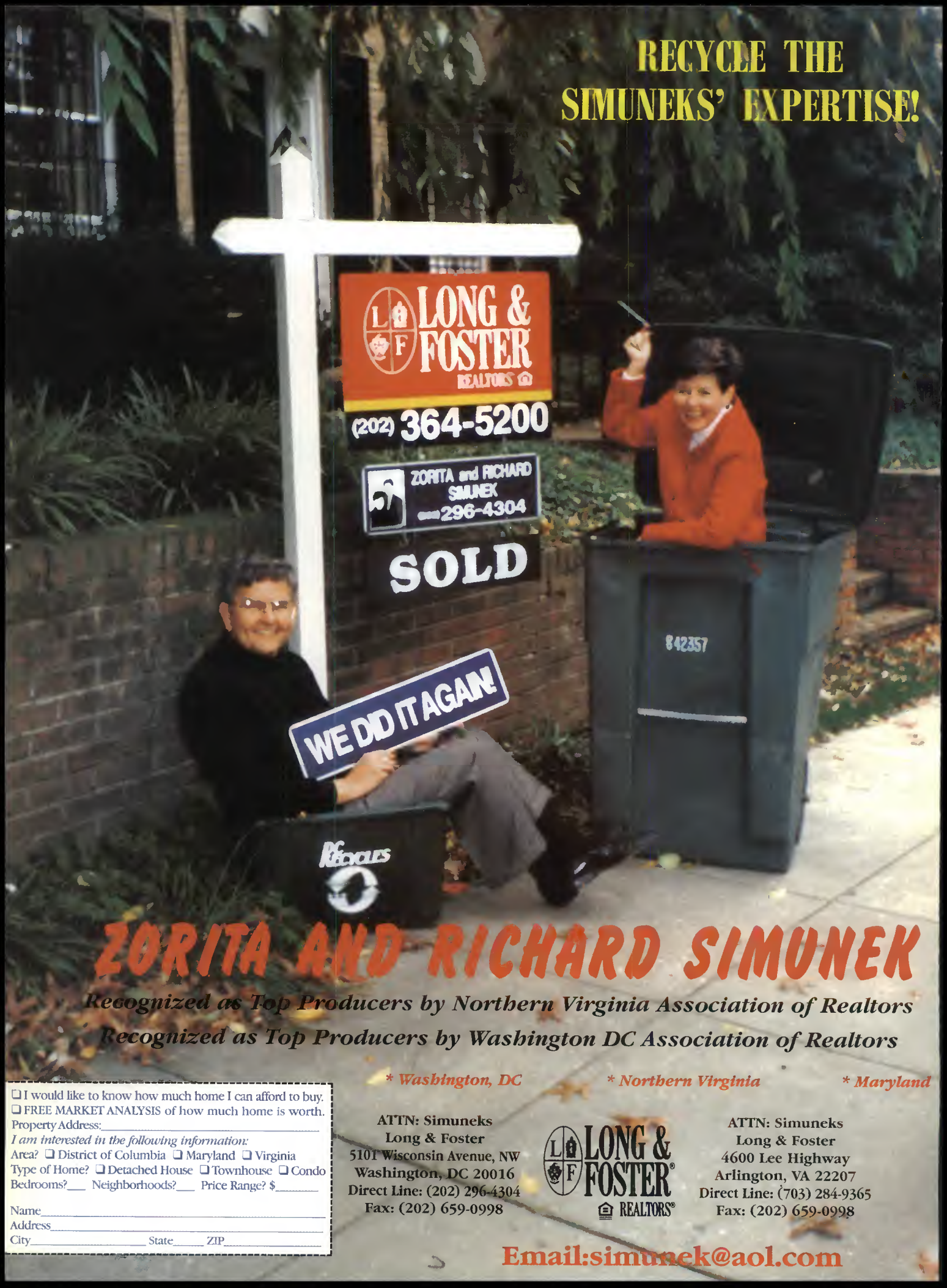
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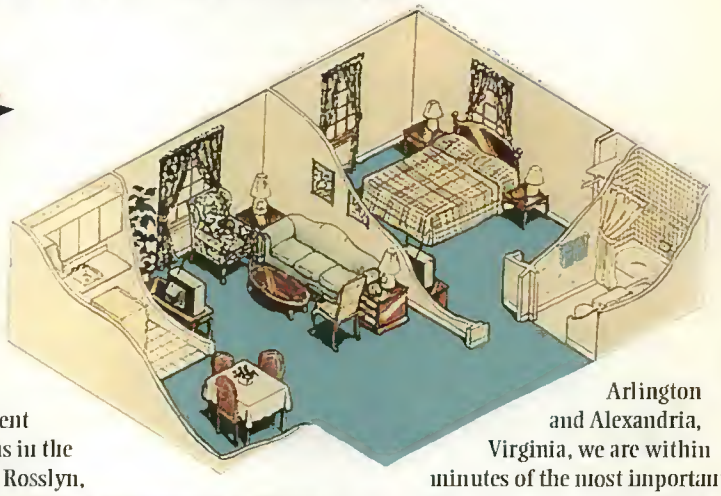
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President's Views

Reform Might Be Welcome

By F. A. "Tex" Harris

Reform is beginning, slowly, in all the foreign affairs agencies. The efforts are scattered and uneven, but they are growing.

Happiness, as Thoreau reminds us, is always a matter of expectation. The rhetorical, overpromised and underdelivered results of reform efforts in all the foreign affairs agencies have led to criticism both inside and outside. Efforts all fell short of the high expectations of participants and well-wishers. However, in the backwash of these efforts and in response to real resource cuts and threats of forced agency consolidations, pockets of dedicated reform activists have emerged throughout the foreign affairs community. This small start must be recognized, applauded, nurtured and supported.

Change is essential. The foreign affairs agencies and the Foreign Service must change or they will become marginalized while other agencies that are staffed, organized and financed move in to do the work. Lessons learned from initial reform efforts can help to define and further change the ways diplomats do the nation's key business around the world.

For example, the widespread praise for Foreign Service professionals as individual performers has blinded foreign affairs professionals to the equally widespread view that the contribution of the entire foreign affairs structure is significantly less than the sum of its many brilliant parts. To move ahead, diplomats need to adjust their organization and culture to ensure that the United States has the best overall foreign affairs operation in the world, not just the best diplomats.

> *Happiness, as Thoreau reminds us, is always a matter of expectation.*

Four critical elements need to be put in place:

- First, there must be a clear vision of the future roles of diplomacy and the Foreign Service.
- Second, top management awareness and commitment are crucial to create and implement the new vision and its underlying strategies. This is difficult when managers' time schedules are often driven by four-year electoral cycles and not by long-term organizational requirements.
- Third, a critical mass of professionals is needed in each element of the foreign affairs community to communicate and implement the new vision throughout the entire structure.
- Lastly, critical honesty and evaluation are essential. We must identify our strengths so as to leverage them and know our weaknesses so as to improve on them.

To accomplish the needed reforms, the major problems need to be recognized and overcome. How do you develop an agreed national vision for America's international operations in an increasingly partisan political environment at home and an ever-shrinking, more complex and disorderly world abroad? What values and processes will enable diplomats to set priorities among the large list of activities under way in U.S. programs around the world?

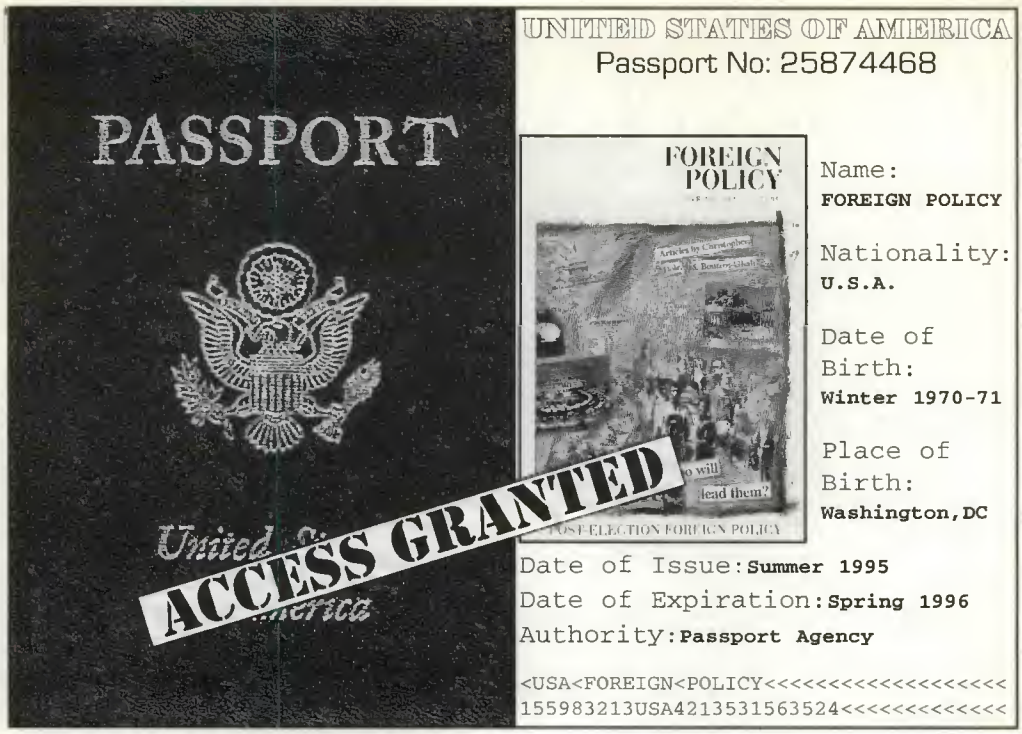
How can criteria be created to measure the value added for the United States by its foreign affairs activities, and how can it be determined that the activities truly reflect a vision and aren't just continuations of past efforts? How can the rewards system, which has traditionally focused on individual performance, be changed so as to reward team accomplishments? How can a culture of accountability be established? How can the importance of diplomatic work be communicated to the American public and elected officials? How can a risk-averse culture be replaced with one that takes reasonable risks promising high potential payoffs for the nation?

How can the Foreign Service develop a sense of corporate identity and commitment to the missions of all U.S. agencies operating abroad? How do we find time and energy to conduct the needed reforms to avoid marginalization when the relentless demands for our professional services around the world leave us no breathing space?

They're good questions. Now, we just need some answers. ■

F. A. "Tex" Harris is president of AFSA.

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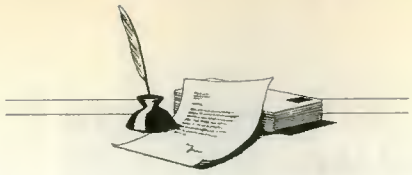
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LETTERS

To the Editor:

I just finished reading "Of Consuls and Umps" (April *Journal*), and Joel Ehrendreich deserves a prize for summing up the skills needed by consular officers. Tongue in cheek as his article might seem to some, he was right on the money with his comparison of umpires and consular officers. The article should be required reading in the [consular course].

I would go even further than Mr. Ehrendreich has, and state that his "rules for umpires" should be required reading for all Foreign Service officers: "Be active and alert ... be courteous, always ... but do not forget that the first essential in working out of a bad situation is to keep your own temper and self control ... Be impartial, be firm."

My own experience supports Ehrendreich's humorous thesis, though I had never thought to express it in such a thought-provoking way. Years ago, I adjudicated visas at a post where I was plagued with persistent and repeated applications by people from the capital city. Finally, I asked one why he kept coming to the district post, knowing that I would turn him down as an out-of-district applicant and refer him back to the embassy. He responded that "he preferred my polite refusal to the embassy's brusque approval." I was just acting the way my mother taught me: Be polite always, even when you're saying no. You can't use that when counseling subordinates, though. Now, thanks to Mr. Ehrendreich, I can use baseball umpires and a perfect illustration.

Charles A. Ray
Deputy Chief of Mission
U.S. Embassy Freetown



To the Editor:

I read with interest Richard Gilbert's "Reflections from a Stay-At-Home Man" in the April *Journal*. Although Gilbert recognizes the inconveniences of being a Foreign Service spouse, he seems to think that the burden is greater when the spouse is a male. In a few places such as Madrid, female spouses have various options to keep them busy and fill their days. But in a lot of places there is nothing for the spouse. In any event, the Foreign Service keeps blaming the maladjustment of the Foreign Service spouse on the spouses themselves. The real issue is that the State Department system ignores and fails spouses.

The problem is not unique to the Foreign Service. According to the annual *Global Relocations Trends Survey*, published with Windham International, half of nearly 150 companies responding said that finding expatriate candidates is their biggest challenge, and the reason for this shortage is the growing problem of uprooted spouses. In the same survey, 42 percent of employees seeking curtailments of their overseas assignments cited "family adjustment problems" as the reason for wanting to do so.

My family has had its share of hardship posts over the last seven years. We have lived through the Gulf War in an Arab country, and a civil war in which the U.S. embassy was bombed, as well as criminal attacks on us in our own house that could have resulted in our deaths. We have lived in cities where traffic is an incurable plague and where signs warn against cholera on sewage-like ocean fronts. At some posts, the hostility of host country nationals towards foreigners is also very damaging to morale. All along, I have observed how some spouses dealt with their frustrations by taking Prozac or other antidepressants. Denying one's emotions is not a solution but an escape from reality and from problems the Foreign Service does not want to face or resolve.

Meanwhile, dependent spouses are expected to behave as subservient assets of the embassy. Some, of course, can be heroes and work in orphanages or assist refugees. But volunteer work does not compensate for a solid career, nor insure for the future. We lose self-esteem and self-confidence. We justify our misery through self-sacrifice or a patriotism that the department relentlessly exploits. Of course, there are compensations: travelling, raising kids, spending time at home. But what good is travelling in war-torn, polluted, hostile places? At one post, a curfew limited embassy employees to

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The Foreign Service has to recognize the real hardships of the Foreign Service lifestyle and face the issues families have to deal with. When the post shows a high rate of consumption of anti-depressants and high indices of low morale, it should be noted as a serious issue for post management, not ignored as today. Personnel and regional medical officers should make it a priority to resolve the problem rather than treat the spouse as a person who creates his or her own problems.

The fact is that time can only make the officer's career more fulfilling — and the spouse's life more isolating and frustrating. Some spouses are very satisfied as stay-at-homes. But many spouses, who wish to lead a life where achievements outside the house are the rewards, worry about the meager savings and meager retirements that a career of volunteering can offer.

More meaningful positions in the embassy should be made available for spouses, who should be able to compete fairly with FSNs and contractors without federal or congressional obstructions. In favoring the hiring of foreign residents over spouses, the Rockefeller Amendment was one more nail in the coffin of a rational spousal policy in the State Department. Current efforts to list spouse positions worldwide are laudable but laughable. Spousal employment should be taken as seriously as the needs of the FSO.

The community liaison officer (CLO) should create liaisons in the local community instead of managing the cookie clubs. The CLO should establish contacts with employers in the host country, and spouse employment data should

reflect mission employment policy successes or failures, with meritorious awards to the officers and chiefs of mission responsible for those posts with successful records. When spouses do not want to work, they should note it clearly and officially and be eliminated from the post employment statistics. The CLO should be hired by the most senior personnel officer who should consider the CLO achievements as seriously as any other employee's achievements.

The "Eligible Family Member Program" has made major progress for spouses in recent years, but it is fundamentally a static program focusing on clerical and classified filing positions. The department can do better, much better, by building bridges to the communities in which embassies function, and by encouraging CLOs to really seek out innovative ways of integrating American professionals into overseas communities.

If the State Department is going to continue to ask spouses to tough out difficult living conditions abroad in marginal housing for only average to poor salary and benefits, the least it can offer is the compensation of a humane and forward-looking spousal policy.

Cyrille Castel Erickson
FSO Spouse
U.S. Embassy Panama City

To the Editor:

Regarding Richard Gilbert's "Reflections of a Stay-at-Home Man" (April *Journal*): I think he is saying the State Department and embassy communities abroad are still working through new attitudes toward gender roles, and the road is bumpy. This is news?

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John C. Ausland

Kennedy, Khrushchev, and the Berlin–Cuba Crisis 1961-1964

Foreword by Paul H. Nitze

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Henry A. Kissinger, former Secretary of State

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LETTERS

The department may be trying, as an institution, to correct unfortunate past practices, but it is mind-bogglingly difficult to change its corporate culture. For example, in the latest Foreign Affairs Manual (FAM) it states, "The Chief of Protocol is responsible for arranging a meeting with the President for new United States envoys and their wives."

It is not possible to attribute such a statement to 1950s language that has somehow Loch Ness'd itself from Ozzie and Harriet to MTV. There were women ambassadors throughout that period. Drafting, clearing and continuing to publish such a sentence in the FAM is not indicative of an organization eager to eliminate gender roles in its hiring, promotion and other management practices.

Dwight R. Rhoades
Personnel Officer
U.S. Embassy San Salvador

To the Editor:

It is interesting that the *Foreign Service Journal* now takes sufficient notice of the Central Intelligence Agency to run not one but three articles on the CIA in its February issue. In my years in the Foreign Service (1960-93) "the agency" was mentioned in hushed, usually reverential tones, if mentioned at all. With the end of the Cold War comes the demystification, it seems.

The need for foreign intelligence is beyond debate and the organizations which supply it are unquestionably headed by the U.S. Foreign Service, backed by an able analysis unit — Intelligence and Research (INR) — in the Department of State, given proper credit by Karen Krebsbach. Ambassador David Swartz also makes many cogent

points in his article. Charles Cogan, a CIA alumnus, applies a much broader brush in suggesting reforms. ... In his article, Mr. Cogan makes an extraordinary statement, which, in my opinion, captures the essence of the CIA and begs comment. He describes covert action as "intelligence in its extreme form." Aside from the breathtaking distortion of the English language, the phrase reveals the CIA's mystique: the license to carry out "intelligenee" operations as though they were the logical extension of the intelligence-gathering function.

In 1991, legislation openly authorized the CIA to conduct covert actions where "the role of the United States government is not intended to be apparent or acknowledged publicly." It took 44 years for the controversial language, which licensed the conduct of covert actions, to be spelled out. By 1991 the public ... had become used to the notion of secret foreign operations, as a response to the pressures and propaganda of the Cold War. Ironically, that license was granted after the war was over.

Should officials of the U.S. government be let off the hook so easily and conveniently? Do committees of Congress exercise sufficient oversight of the CIA to serve the needs of the public? I don't think so. ... When public officials are protected from scrutiny, in the name of "national security," the fabric of democracy, in this case the rule of law and accountability of public officials, suffers damage.

Why should covert actions continue to be authorized by the U.S. government? Hardly a shred remains of the Cold War ... where national security apparently depended on ruthless actions against the enemy. We are left with the "problem" of finding a role for the CIA. ... Candidate targets include: international terrorism, drug-running, illicit financial transactions, cheating on treaties or U.N. prohibitions on prohibited weapon production or traffic. All these are essentially law-enforcement problems for which appropriate agencies already exist.

Shrouded in Cold War mystification, the covert actions of the CIA were passively accepted by both politicians and the public, even when those actions led to disaster. I believe it is time now to debate the fundamental question whether the world's most powerful country, an unequaled model of democratic ideals, needs an organization to conduct tawdry illegal operations abroad against friend and foe alike.

Harrison B. Sherwood
Retired FSO
Longstanton Cambs
England

To the Editor:

I read with special interest the article, "Anam, 1832-1935," by W. Everett Scotten in the November *Journal* dedicated to Vietnam. Bao Dai, the former emperor of Anam, is an occasional bridge partner of mine. I passed the article on to him. After reading it, he told me that he learned something about Anam's history from it: He was previously unaware of the visit of the U.S.S. Peacock to his country in 1832. The search of the royal archives reported by Scotten was apparently never brought to his attention, and the French government's annals of the kingdom, so he informed me, contain no record of the visit.

Chris Petrow
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CLIPPINGS



"A foreign policy that failed to address [environmental] problems would be ignoring the needs of the American people."

— Secretary of State Warren Christopher, Stanford University, Associated Press, April 9

Brown Gets Credit For Agency Change

Seeretary of Commeree Ronald Brown, who died April 3 along with 34 others in a plane crash in Croatia, was credited with making the Department of Commerce one of the government's most flexible agencies, according to one news magazine.

"When called to serve by Clinton, Brown set out to transform one of the government's most selerotic agencies," wrote journalist Kevin Fedarko in *Time* magazine's April 13 issue.

"Within months, the Commerce Department — of all places — had its own 'war room' with charts, maps and tallies of foreign contracts for which U.S. firms were competing. Brown's aggressive lobbying on behalf of U.S. eorporations won rave reviews from business leaders. On trips to Japan, Brazil, Africa and a dozen other places, a seat on his plane became one of the most coveted perks of the Clinton administration."

Harriman Complains About Budget Cuts

Ambassador to France Pamela Harriman said she believes budget cuts are impairing U.S. foreign policy, reports William Drozdiak in the April 26 *The Washington Post*. The U.S. embassy in Paris employs more than 1,100 people, who serve some 40 government ageneies, but congressionally mandated budget cuts call for personnel slashings of more than 40 percent over the next three years, he reported.

"If these cuts go ahead, it will really cut the guts out of our operations, and it will make it impossible for this place to function as the global embassy that it really is ... the hub for diplomatic and business communications for all of Europe," complained Harriman.

Any doubts about Harriman's performance as an effeetive envoy, whieh were raised shortly after her appointment in 1993, have been erased, according to Drozdiak. Displaying a level of energy and drive that "amazes her staff and defies her 76 years," Harriman has won universal praise from French diplomats, business people and citizens for her diplomacy between the two prickly allies, he wrote.

However, Harriman admitted that, no matter how terrific the job, she won't throw her hat in the ring for another term as ambassador, aceording to Drozdiak.

Kissinger Lauds FSOs in Eulogy

Former Secretary of State Henry Kissinger, in a eulogy for former ambassador Thomas Enders, 64, who died March 17 from skin cancer in New York, noted, "I knew no better Foreign Service officer than Tom, few who were his equals." Excerpts of the eulogy were published in various newspapers.

"Tom represented the very acme of the Foreign Service. Brilliant, resilient, tough, uncomplaining, dedicated, patriotic," noted Kissinger. "Tom was a pillar of strength for secretaries of state and presidents. He insisted on high standards, above all for himself because he thought that his country mattered, and was on the whole a force for good. And he expressed his convictions in his conduct, in his single-minded pursuit of his calling, not in rhetoric."

Kissinger, who pointed out that he recruited Enders in 1974 as assistant sec-



CLIPPINGS

retary of State for economic and business affairs, noted that under his leadership "in the midst of Watergate and the energy crisis, [he] embarked on a typically American endeavor — to bring hope out of despair, harmony out of chaos, conciliation out of conflict."

Kissinger, who has often been publicly critical of career officers, now had nothing but praise for the Foreign Service.

"The Foreign Service of the United States is an extraordinary institution," he said. "It represents a country without a tradition of foreign policy as other nations understand foreign policy. It serves a society oscillating between a craving for withdrawal and a yen for missionary conversion. It is periodically subordinated to political requirements of incumbents. Through it all, the Foreign Service is the repository of continuity, the vindicator of the permanent values and the conscience of the national interest of a society that too rarely appreciates it."

BOTSWANA: USAID'S SUCCESS STORY

Botswana's ambassador to Washington Archibald M. Mogwe recently hosted a dinner for 80 guests from the State Department, U.S. Agency for International Development (USAID), Congress and the private sector to thank the United States for the $203 million in aid given over three decades.

USAID closed its mission in Botswana in September, asserting that the nation had "graduated" from foreign assistance, reporters Don Boroughs and Kevin Whitelaw noted in the May 6 issue of *U.S. News & World Report*. The pair reported that USAID programs have helped to combat an AIDS epidemic, sent some 800 Botswana government employees to American universities for training and set up teacher programs at the University of Botswana to train 600 primary school teachers annually. U.S. funds have also paid for more than 300 small company owners to receive business training and offered loans of up to $1,700 to poor female entrepreneurs.

One of the world's poorest countries at its independence in 1966, Botswana has since grown into one of the few real democracies in Africa, and, in the 1980s had the second fastest growing economy in the world after Oman. *U.S. News* reports that South Africa, Uganda, Ghana and Mozambique, the four top African aid recepients, also have growing economies and opening markets — and are expected to be the next success stories for U.S. foreign aid.

HAWKING US BUSINESS A JOB FOR EMBASSIES

U.S. companies operating overseas are just as important to the health of America's domestic economy as are U.S.-based firms, thanks to the efforts of embassy staff, noted Under Secretary of State for Economic, Business and Agricultural Affairs Joan E. Spero in an April 8 guest editorial in the *Journal of Commerce*.

"In our effort to put our domestic economic house in order, we must not overlook the consequences that further reductions in the foreign affairs budget would have on our domestic economy," she wrote. "Companies doing business abroad contribute immeasurably to our economic well-being."

50 YEARS AGO

"I think it's about time that some Foreign Service officer of experience came to the defense of the 'cookie-pushers,'" wrote Thomas McEnelly, the consul general in Dublin, in the June 1946 *Journal*.

"In my 32 years in the Service I have witnessed very few instances of discourtesy or indifference to visiting Americans, but I have known many cases in which the ire of the visitor was aroused because the officer would not comply with his wishes, simply because he could not without violating regulations. ... Nothing is heard of the help FSOs give visiting Americans, of the individuals extricated from dangerous and embarrassing situations, of the individuals relieved of temporary want by loans from the officer's own pocket, and of the destitute Americans repatriated with funds collected by the officer."

"Foreign assistance is good business."

— ANTHONY LAKE, ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS, THE WASHINGTON POST, *MAY 3*

Foreign Service officers at embassies overseas routinely lobby for lower tariff and non-tariff barriers and for the elimination of restrictions on investment; press for equitable treatment for U.S. investors; advise on negotiating strategies in such areas as energy, telecommunications and civil aviation; and help secure sanctions enforcement. They also lead or participate in negotiations on intellectual property agreements, commercial aviation deals, tax treaties and investment agreements, she wrote.

"U.S. companies operating abroad literally derive billions of dollars in aggregate foreign business from the efforts of our embassies and consulates on their behalf," she said. "In one Latin American country, the embassy played a critical role in opening the oil sector to foreign investment. In Africa, one of our embassies successfully advocated the resumption of U.S. courier services that had been shut down for competing with the local monopoly. In Asia, embassy officers helped a U.S. consortium break a traditional foreign monopoly on the sale of power generation equipment and win a multimillion-dollar contract. In Russia and the New Independent States, embassies have provided guidance on the economic and political reform process that has proved "critical" to U.S. businesses," she said.

"By cutting back on resources, we compromise our efforts to promote peace and security around the world — and to promote a stable climate for American exports and investment," she wrote. "In an increasingly interdependent global economy, U.S. security and prosperity depend on the success of our diplomatic investments in security and prosperity abroad." ■

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SPEAKING OUT

Cone All FSOs as 'Interfunctional'

BY ANDREW S.E. ERICKSON

In 1989, State Department management decided to delay for five years the assignment of junior FSOs' career paths: political, economic, consular or administrative. Previously, junior officers were hired with a specific job offer for a certain cone, in which they could then expect to spend their entire career.

Now, nearly seven years into State's foolish new adventure, it has proven to be a horrible mistake. Junior officer dissatisfaction is at an all-time high. Unhappy with their assigned cone, many are leaving; others remain, feeling bitter as they wonder how to defeat personnel's coning decision.

The result is a personnel catastrophe and a tremendous waste. Wasted young employees — many among the best in the system — who are leaving the department after years of expensive training in diplomatic and language skills; wasted department resources, for the cost of training new employees is high; and wasted opportunities for individuals, who might never have joined the Foreign Service had they understood the implications of entering without a clear career path.

The problem is more than simply the coning process; it is coning itself,

Andrew S.E. Erickson is a political officer finishing up an economic assignment in U.S. Embassy Panama. He has previously served in Algiers, Victoria and Washington, D.C.

> *Beyond its other sins, coning perpetuates a two-tiered Foreign Service. It does not work.*

the career path itself. It is indisputable that junior officers overwhelmingly seek to be coned as political officers, followed by economic, then consular and then administrative. In fact, some wags in personnel have taken to calling the conal preference sheet the "PECA List" after political, economic, consular and administrative. Rather than weigh the relative merits of the various inequitable ways of determining who wins the choice cones, the department should abolish the cone system entirely and create a career path attuned to the needs of the diplomacy of the future.

Abolition of coning would lead to an open system in which all junior officers would be coned as interfunctional/generalist officers, eligible to bid on any administrative, consular, political, economic or interfunctional job. These officers would compete for jobs solely on the basis of individual merit, previous service and similar — or dissimilar — assignments, and personal preferences and abilities. In short, they would compete based not on their cone, but solely upon their "corridor reputation."

This change would provide a major advantage to the department. As resources continue to decline, unconed officers with wider experience and greater flexibility would be more easily shifted from one priority to another, based upon management's needs.

The current junior officer assignment process is based on such disparate factors as already acquired language skills, departmental need for consular bodies in visa mill posts, and Foreign Service discipline. With its current coning practices, the department is exacerbating the lottery-like nature of assignments. Even worse, under the current system, life-time coning decisions are made for junior officers whose skills in particular cones remain untested. If the junior officer is lucky, personal coning preference counts in one of his first two assignments — but most FSOs are unlucky. In one fairly typical recent A-100 class of 42 junior officers, a class poll indicated that only two officers sought to be coned consular and one administrative. This group faced a first tour "open assignments list" (the list of jobs available) of only six economic

jobs and three political jobs; all the rest were consular or administrative. Clearly these officers were most likely going to serve only in the consular and administrative cones prior to being coned.

The current practice of coning officers as political or economic based on their performance in consular and administrative jobs indicates a rational basis for changing the system. The current practice indicates that the department believes performance as a vice-consul is a valid indicator of all skills an officer will need during his career, in whatever cone he is ultimately assigned. If this methodology works, then clearly, coning is unnecessary — a good consular officer has the potential to make a good political or economic officer. Why cone at all? If merit ranking for coning is valid without reference to the cone in which the officer is serving at the time of coning, then the system is entirely unnecessary. The current coning system either works, or it is a fallacy. If it works, then the whole basis of coning is fallacious and coning itself should be abolished. If it does not work, let's abandon it.

Beyond its other sins, the coning process perpetuates a two-tiered Foreign Service. For, if 80 percent or more of junior officers want to be coned political or economic, then clearly there is the perception that consular and administrative work is undesirable. The current coning process exacerbates the process, since the "best" merit-based junior officers are overwhelmingly choosing political and economic jobs. If the "best" are getting these cones, then the logical question is who is to take the consular and administrative jobs? Only by coning all officers as interfunctional will the department avoid having administrative and consular cones partly filled with those who "didn't make it" into the political and economic cones.

But what about multifunctionality? Multifunctionality, in the view of many officers, has long served as a management measure to deal with wide dissatisfaction with the coning process. It is more of a license to bid broad after a prolonged period in one functional area. However, interfunctionality, as pro-

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posed here, is a statement that all employees are free to compete on the basis of merit for any job the department needs to fill.

Some might say that one real advantage of coning is to facilitate a rational promotion process by making officers compete against a skill-code peer group. I would argue that the opposite is true. In fact, by having officers compete against such a narrowly defined group, it weakens the promotion process. In an unconed system, officers would be judged on an annual basis, just as now, not by their cone but by the functional area of their last position. In other words, if I just finished an economic job, I should be compared with the economic cohort. But if I am going into a political job, next year I will be judged in the political group. The competition, through such a system, would be more dynamic, more varied and more intense. Isn't that the essence of fairness?

In an interfunctional system, every time an officer bids for his onward assignment, he would look at all of the available bid lists, including consular, economic, administrative, political and multifunctional. He would keep in mind his language abilities, his personal inclinations, his experience, the people he knew in the bureau, and his past training — which would make him more competitive for certain jobs.

For example, under the proposed interfunctional system, one could imagine an officer with four administrative tours in a row, and perhaps a fairly rapid cycle of ever-increasing administrative responsibilities, who might be promoted to FS-02 or FS-01 relatively more rapidly than the officer who remained in political jobs. Could that officer then leap-frog over the competition into some political counselor job? No, it would be virtually impossible. For, although he would have the grade, he wouldn't have the experience without stepping down to a lower level political job for a couple of years and then going back up to a FS-01 level political job later. This is in marked contrast to the current system of out-of-cone bidding, where an FSO's bids can be disqualified if there are at-grade, in-cone bidders. Under the

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system proposed here, the only disqualification would be lack of qualification for a position — not arbitrary bureaucratic barriers.

There would also be, under the new system, officers who did a consular tour, then a political tour, then a couple of administrative and consular tours. This type of career path would not penalize the officer. And there would certainly be a tremendous benefit to the Foreign Service, since people wouldn't be promoted to management positions without administrative experience. Today, many officers rise to deputy chief of mission (DCM) without ever doing an administrative job. There could be a requirement that an officer serve at least two years in every cone prior to consideration for the FS-01 level or the Senior Service. At the very least, one might not be eligible for consideration as a second in command — DCM — without three years of service in an administrative position.

In 1996 and beyond, there is only one management — as opposed to policy — priority for the State Department. That priority is stretching scarce resources. It expresses itself in many ways, for first and foremost, resource stretching means maintaining a highly flexible personnel system. It also requires attracting and retaining talented officers for the State Department. The attracting has proven easy. The retention has been harder, particularly since the disaster of coning upon tenure. Only by coning all officers as interfunctional will the department avoid having either an administrative or consular cone partly filled with those "who didn't make it" into the political and economic cones.

The needs of the Foreign Service require that the best officers be spread throughout each of the four cones, not concentrated only in the political and economic areas. The interfunctional system rids the department of the two-tiered Foreign Service that has plagued FSOs for years, and particularly since coning-on-tenure. The new system would replace the current caste system with a dynamic and competitive — yet employee friendly — personnel system that maximizes department resources. ■

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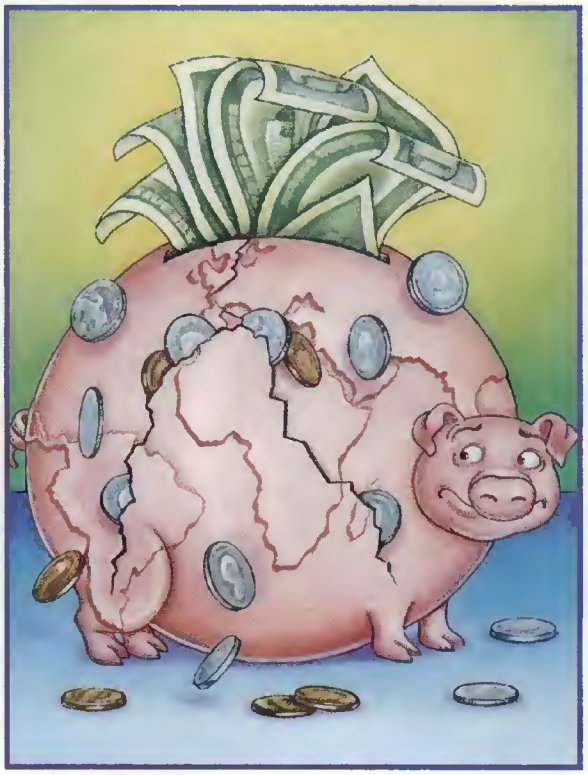
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ARE IMF, WORLD BANK READY FOR REFORM?



MELODY SARECKY

COUNTRIES NOW REQUIRE EARLIER WARNING SYSTEM, FACE CHANGING PRIORITIES

By C. Fred Bergsten

The 1944 Bretton Woods conference, which created the post-World War II International Monetary Fund (IMF) and the World Bank, might be regarded as a successful example of preventive diplomacy. The diplomats and economic specialists who met at the famous New Hampshire vacation resort July 1-22 were aware that the breakdown of cross-border financial transactions and exchange rates had deepened the Great Depression of the 1930s, which in turn became a major underlying cause of World War II. They were determined to construct viable institutions to reduce the risk of replicating those events in the post-World War II world.

FOCUS

In the beginning, the World Bank and the IMF focused on nursing leading economies back to health, but today they have little impact on major industrial countries.

In the half century since then, however, the world economy and international financial markets have grown much larger and vastly more complicated. Events such as the collapse of the Mexican peso in December 1994 have stimulated widespread debate about whether the Bretton Woods institutions without reform can continue to meet the needs of the world economy in the 21st century.

Other financial debacles such as the sharp fluctuations of the dollar against the yen in 1995 and the 1992 crisis of the European Monetary System that led to the withdrawal of the United Kingdom and Italy also raised serious questions about the ability of the Bretton Woods institutions to cope with the needs of a globalized economy.

A principal complaint has been that the IMF fails to anticipate — and take preventive measures to forestall — a financial crisis in one country that is likely to impinge on the economic welfare of others. The frequency and persistence of such crises are evidence that the flexible exchange-rate system of the last quarter century has not worked any better than the previous fixed-rate system.

The IMF itself should not be indicted for those difficulties, since governments have never entrusted it with the required authority. My criticism is of the IMF's big shareholders, namely the G-7 members that function as an informal steering committee for the world economy, but have effectively blocked the fund from doing its job. There has thus been a systemic failure to anticipate exchange-rate crises, to pressure countries to adopt measures that would avoid them, and, when they occur, to respond effectively.

Although there is little consensus among international economists as to how the Bretton Woods institutions should be reformed — although there is agreement that change is necessary — I believe incremental reforms would be more effective than radical restructuring.

C. Fred Bergsten, an economist, is director of the Institute for International Economics, a private think tank in Washington, D.C.

The founders of the Bretton Woods institutions built well. The IMF and the World Bank have operated non-stop since December 1945. Their fundamental structures remain sound, despite sweeping transformations in the world economy and shifting assumptions and preoccupations of the world's governments. Many experts credit the IMF and the World Bank for the extraordinary speed and wide distribution of world economic growth, low inflation, and effective responses to international financial crises that generally characterized the post-war period, especially during the 1960s.

In fact, many of the accomplishments of that period reflected a simple bounce-back from 20 years of weak world economic performance. Catch-up growth in Europe and Japan, far-sighted U.S. leadership, and the absence of major international economic shocks all contributed. Even so, the international rules administered by the World Bank and the IMF encouraged governments to pursue prudent macroeconomic policies that supported stable political and economic environments, ones that helped foster the successes of the Bretton Woods institutions.

But sweeping historical transformations have occurred since the Bretton Woods institutions first opened their doors. New technology and the removal of capital controls, for example, have created global markets for private financial instruments that could scarcely be imagined half a century ago; the magnitude of the resulting international financial flows now dwarfs that of trade transactions. Also, the American economic dominance that translated into a worldwide dollar standard in the 1950s has gradually given way to a world of three relatively equal superpowers: the United States, the

European Union and Japan. In the beginning, the World Bank and the IMF were principally concerned with nursing the leading economies back to health, but over the last 20 years, they have been almost wholly concerned with the economic policies of developing countries — and more recently the emerging market economies that are being transformed from their Communist past. Such developments require a fundamental rethinking of the role and structure of these institutions.

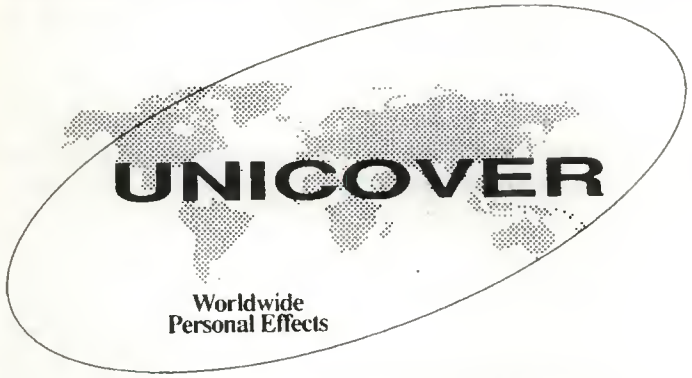
In my view, there is a particularly compelling need for an improved early warning system, vested in the IMF, capable of alerting erring economies and the international community of potentially serious balance-of-payments imbalances before they become critical. Such a facility should comprise several components, including improved analytical and forecasting resources and a stronger lender-of-last-resort facility. The IMF would intervene, for example, into the European and Mexican situations only in the clean-up phase.

The traditional fund ethos has frowned on even hinting to international markets that potential problems are developing. However, as soon as a potential crisis is spied, the IMF should tactfully and privately urge the misguided government to adopt concerted measures to correct its difficulties before they become acute. Only if the country doesn't take corrective action — and the problems continue to grow — should the IMF make its criticism public. Sometimes crises can be headed off only by mobilizing private market sentiment to encourage the country to amend its policies.

But such an early warning system will probably not succeed unless and until the major countries authorize the IMF to oversee a more structured exchange-rate system. The IMF serves a useful purpose through its periodic reviews of member governments' economic and monetary policies, its recommendations for policies to preserve monetary stability, and its technical assistance in helping governments correct difficulties once a monetary or financial crisis is imminent or has occurred.

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But at present the only real leverage the IMF has over members' monetary and exchange-rate policies is its ability to provide or withhold temporary loans of foreign currencies to help tide governments over balance-of-payments difficulties.

The international monetary reform could be accomplished in various ways — I happen to favor target zones — but, however structured, the institutional implication would be that the IMF would have a much more explicit and active management role in implementing whatever systemic substantive reform is worked out.

If the fund were mandated to manage a system of target zones for exchange rates, for example, it would have to constantly reassess two variables: the accuracy of the zones in reflecting economic fundamentals, and the policies of the participating countries in holding rates within the appropriate zones. The IMF would thus be responsible for pinpointing national policies inconsistent with countries' international responsibilities.

If the fund is to assume this enlarged function, IMF quotas should be substantially increased. In addition, The General Arrangements to Borrow (GAB), a side agreement between the IMF and the leading monetary powers that has been dormant for nearly 20 years, should be strengthened. The GAB was used primarily in the 1960s as part of a prolonged effort to keep the dollar pegged to gold at $35 an ounce. Last summer, at the Halifax meeting, the G-7 proposed to revitalize the GAB by roughly doubling its size and bringing in a wider range of donor countries. A strengthened GAB could provide important support for the early warning system.

All of these steps could strengthen the IMF's ability to provide short-term stabilization loans to help countries adjust to short-term monetary crises. Its loans, of course, would mainly go to the world's poorer countries, enabling them to avoid much worse alternatives, such as import restrictions or much sharper exchange-rate devaluations that would be harmful to the economic interests of other countries as well as to themselves.

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Some experts envisage that ultimately countries will establish a truly international Central Bank empowered to issue notes that would effectively serve as a global currency. Certainly globalization of most economic factors and world finance is accelerating rapidly. Barring a new war or some total reversion of thinking about economic openness, there will probably be continuing liberalization of trade and capital movements, which would foster the same tendencies evident in Europe over the last half century as a global phenomenon, aimed at eliminating the high cost and inconvenience of converting currencies. There would be many advantages in having a single currency, just as there would be advantages in having a single language. But it's not necessary or inevitable.

Experts also debate the nature of such a world currency. The Europeans may be leading the way: A single European currency will probably be available in 10 years or so, and the "Euro" could gradually become a global currency. That would, in fact, be the first time in history that a number of sovereign, sizable and powerful countries voluntarily coalesced around a single currency. Such a strong currency could compete with the dollar over two generations or so as a candidate to become the single world currency.

And, if the Euro should acquire and maintain deutsche mark-like attributes of stability, as the currency of a European economy larger than the U.S. economy, it might become a major international asset, provoking shifts in portfolios out of dollars into Euros. This would be the first major change in world finance since the pound gave way to the dollar after World War I. In that case, the dollar could gradually slip into a subsidiary position, or the world might basically rely on two currencies — and such a duopoly position in world finance might encourage stable and sensible economic policies in both.

In any event, fixed exchange rates of the original Bretton Woods style are probably not viable in today's world. With the increased size and mobility of capital markets, it's probable that monetary crises, exchange-rate crises and banking crises can occur more frequently and with greater impact.

I'm also dubious that special drawing rights (SDRs), the IMF's reserve asset to settle balance-of-payment accounts between member governments or the IMF and a member government, will have a significant future. I think the world went down the wrong track in creating SDRs in the 1960s instead of focusing on reforms of the international adjustment process — mainly the exchange-rate system. Similarly, I see no monetary role for gold in the future. Countries, institutions and individuals that held gold over the past two decades profited when there was a ten-fold increase in its value; but that was mainly because its value had been artificially suppressed during the preceding period. Today the price of gold is extremely volatile and uncertain, and hence it would be a highly inappropriate benchmark for international financial transactions.

As capital markets have become more global in their reach — and as developing countries have increasingly relied on them to meet their capital requirements — governments have found it difficult to regulate and supervise capital markets within their national boundries. Also, inconsistencies between supervisory regimes cause increasing problems and competitive effects. Nevertheless, embryonic steps toward cooperation exist: Members of the Bank for International Settlements and a number of other countries have agreed on common reserve requirements for their national banking systems.

So far, ad hoc cooperative responses by banking authorities across boundaries to international banking crises have been reasonably effective, but the lack of structures to handle them is threatening. Even more serious is the total lack of cooperative devices among regulators of non-banks — private institutions that channel money from investors to enterprises — such as Goldman Sachs, Salomon Brothers, the Fidelity funds — which are now bigger factors in international capital markets than banks.

There will be continuing need in the 21st century for the World Bank to encourage and facilitate the redistribution of world resources from rich countries to poor countries. Indeed, that is what the World Bank is all about — borrowing money in rich-country capital markets to invest in less affluent countries. The theory is that such transfers benefit the world economy as a whole because the resources come back to the rich countries through export earnings, returns on investment, and the like. That's a win-win proposition — and there is good evidence the theory works.

Nevertheless, the World Bank is in a very different world than it was even a decade ago. Most developing countries increasingly rely on private capital markets to meet their needs for external finance. The World Bank

should therefore rethink its objectives, shrink its magnitude, and alter the composition of its services. The bank plays a constructive role in devising development strategies and setting development policy. It should also strengthen the advisory, technical assistance and consulting facilities it offers a wide array of countries. Countries like China and India don't really need loans from the World Bank these days — although they obviously like to borrow its money at below-market rates, but they really want access to its technical capabilities and its Seal of Approval when they seek recourse to private capital markets.

Some people say the World Bank should be privatized. In a way, the bank is already largely privatized in that most of its resources come from private capital markets, although it is owned by governments, in an equity sense. It is also increasingly cofinancing projects with private-sector lenders, which enables it to leverage its money extensively. The government guarantees that stand behind its loans have never been activated, and there is little risk they ever will.

The bank has been conspicuously increasing its contributions to private-sector development activities, both directly and through its affiliate, the International Finance Corporation (IFC), which supports private investment in developing nations and is the most rapidly growing member of the World Bank family. One possible reform would be to integrate the IFC into the bank itself, which would require amending the bank's charter that allows lending only to or through governments — a restriction that runs counter to the growing importance of the private sector.

The only government-provided funds used by the bank these days are those channeled through the International Development Association (IDA), mostly to the least developed countries, which have limited access to private capital markets. Continued assistance of this type will probably be needed for some time and could become the main venue for resource transfers by the institution.

Foreign direct investment is now a much bigger factor in the world economy than trade. The value of offshore production — goods produced in a country other than the



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producing firm's home base — by multinational corporations now exceeds $5 trillion a year, compared with trade flows of about $4 trillion. And yet, despite that magnitude, foreign direct investment is not subject to organized oversight by either national or international bodies. The North American Free Trade Agreement (NAFTA) incorporates some useful rules affecting investment flows among the United States, Canada and Mexico, and the Uruguay Round agreed on a few limited rules intended to bar governments from intervening to distort the investment process. Also, the Organization for Economic Cooperation and Development (OECD) is trying to work out an agreement on investment, and the Asia Pacific Economic Cooperation forum (APEC) has adopted a set of nonbinding investment principles in the Asia Pacific area. But aside from those arrangements, there are few protections for international investors against capricious government action or even for governments themselves against the beggar-thy-neighbor actions of bordering governments. There is thus an acute need for new international rules and enforcement machinery — comprehensive in substance and global in coverage —to cover this area. Given the widespread abhorrence these days to new international institutions, I believe an existing global institution, probably the World Trade Organization (WTO), should give more attention to the issue.

The reforms I suggest for the IMF and the World Bank are likely to take place only in the context of other concerted global actions to support continuing economic expansion and rising living standards. First and foremost, the world trading system should continue to evolve fairly speedily. The General Agreement on Tariffs and Trade (GATT), envisaged as a temporary body created by executive agreement, oversaw a series of trade negotiation "rounds" that sharply reduced tariffs and a variety of nontariff barriers to trade between 1947 and 1995. The latest Uruguay Round established the new World Trade Organization (WTO) and it has begun to go behind national borders to address national economic policies that significantly affect international trade, such as government procurement, intellectual property rules and antitrust concerns.

As the world's national economies become more interdependent — and as integration among them deepens — there will be an increasing need to forge international agreements to regulate and monitor these issues.

The global trading system should involve international regimes to restrain or ameliorate the conflicts that would otherwise occur. Governments are usually behind the markets, but if they're not too far behind, they can at least limit the damage, risks and conflicts that will inevitably emerge. This goes beyond tariffs and quotas to direct investment, portfolio capital movements and other forms of international cooperation affecting international financial and investment flows. We may be at the dawn of a new era of international economic cooperation.

In summary, I think the global economic action agenda needs to be viewed across two different time horizons. In the short term, two issues are of paramount importance: improving the international monetary system, perhaps through adopting target zones to provide a reliable and stable base; and second, continuing trade liberalization. In the medium run, we need reform in the management structure of the international economic system. We also need to broaden the membership of inter-

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national institutions, so they become truly universal. The IMF and the World Bank are almost there— with 181 and 179 members, respectively, but some 25 countries, including China, Russia, and Ukraine are still outside the WTO. Small changes are needed in the IMF's governance structure — voting rights, for example — to reflect the very sharp change in the relative economic strength of countries.

This leaves the obvious question: Who will provide the leadership in the critical period immediately ahead? I see the G-7 as a failing institution no longer representative of the world economy. Its members, which include the United States, the United Kingdom, Canada, Germany, Italy, France and Japan, account for only about 50 percent of the world's economy — and that share is declining. More importantly, the G-7 in recent years has shown a real inability to provide effective leadership in managing the international economy. So we need some combination of increased roles for the formal multilateral institutions and a more effective steering committee within to lead them in the right direction.

Perhaps APEC can also help in galvanizing new global trade initiatives. The United States may get back on its earlier course of providing leadership for the world financial/monetary system, though that's possible only if U.S. budget problems are under control — and the dollar is stabilized. But ultimately, we will need a more pluralistic management structure for the world economy.

Without the necessary reforms to update the Bretton Woods vision to accommodate the vast changes in the world economy over the past 50 years, there will be major risk to the world economy. The nature of the world's economic problems are quite different from 50 years ago. Today huge private capital flows, multinational corporations and environmental concerns are on the agenda and domestic policies are becoming international trade policy issues. Eventually, all of these changes may require new structures as well as the evolution of old ones, but, meanwhile, modifications are needed to ensure continued prosperity, stability and growth for the world economy. ■

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ARE DEVELOPMENT BANKS READY FOR REFORM?



MELODY SARECKY

AGENCIES NEED UPDATE IN OPERATING STYLES, SKILLS OF PERSONNEL

By Barbara Upton

When President Clinton finally signed into law the fiscal year 1996 foreign operations funding legislation last February, one of the accounts most severely cut was that for the five multilateral development banks — the World Bank Group, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank and the European Bank for Reconstruction and Development. From an administration request of $2.6 billion, only $1.1 billion had been appropriated — a cut of nearly 60 percent. Especially hard hit were the concessional lending affiliates of the World Bank and the Asian Development Bank, which sustained 50 percent and 67 percent cuts respectively.

In the last years of this century, the needs facing multilateral banks call for more complex, finely targeted initiatives, which are harder for the older institutions to fulfill.

The severity of these cuts and the even more gloomy indications for funding for beyond fiscal 1996 — which ends Sept. 30 — have thrown into disarray the intricate system among the Western democracies of sharing the burden of funding these institutions and the privileges of governing and receiving their procurement contracts.

Some of the cuts in the appropriations were due to an abnormally tight budget year, reflecting some legislators' knee-jerk dislike of foreign spending. However, some of the cuts reflected growing questions about the current role and activities of these institutions, most of which were founded and developed in a time of vastly different global economic and political circumstances.

Many of the economic and political changes of the last five years have impacted upon the traditional functions and sources of support of the multilateral development banks.

First, the vast growth in the size and structure of global financial markets has caused significant changes in the need for financial intermediation. Much more capital from many sources is available for investment in a much broader group of developing countries than ever before. Many international financial experts and portfolio managers have up-to-the-minute knowledge about many developing countries. Financial markets have also developed more sophisticated means of pooling, hedging and charging for the various risks attendant with investment in developing markets. Between 1990-95, net financial flows from private sources to developing countries increased from about $20 billion to $167 billion. In contrast, net flows of mutilateral development banks remained level in the $12 billion to $15 billion range.

It is commonly noted that these private flows are directed at a small number of developing countries, such as Argentina, Brazil, Mexico, China and Indonesia. However, these countries include 60 percent of the World Bank's borrowers and also receive a large share of development banks' lending. A second tier — all but the poorest countries, including Colombia, Chile and the Phillipines — receive private investment flows roughly proportional to their share in the total population of developing countries.

In addition to less need for the multilateral development banks' traditional financial intermediation functions for major borrowers, their primary instrument — loans requiring a borrowing government's guarantee — are alleged to be increasingly out of step with the recent shift toward private sector-led development. As differences in efficiency in private- and public-sector entities have become more widely known, and statist ideologies have receded in most parts of the world, more developing country governments are turning to the private sector for investment and infrastructure funds.

As they do so, they run into numerous constraints regarding how multilateral development banks can support private sector solutions. While all of the multilateral development banks have programs supporting private-sector financed projects, 90 percent of their funds (except for the new EBRD) continue to go to or through governments. This is due in some cases to the development banks' charter requirements for a government guarantee on loans and, in other cases, to longstanding policies and practices.

Since January, economist Barbara Upton has been the project director of a 90-member task force, chaired by Sen. Bill Bradley (D-N.J.) and Congressman John Kasich (R-Ohio), which is studying U.S. interests in the multilateral development banks. An employee of the U.S. Agency for International Development, she has been director of its Donor Coordinator Office for 10 years. The task force's recommendations, being done under the auspices of the Center for Strategic and International Studies (CSIS), a policy research institute, are due in the fall. While Upton is a USAID employee on detail to the task force, the views expressed in this article are solely her own and do not represent the opinion or policy positions of the U.S. government. USAID strongly supports the reforms being undertaken at the World Bank by President James Wolfenson.

ADB

The Asian Development Bank (ADB), a multilateral development finance institution whose capital stock is owned by 56 member countries, promotes the economic and social progress of its developing member countries in the Asian and Pacific region. The bank, which began operating in December 1966, is headquartered in Manila, and is owned by the governments of 40 countries of the region and 16 countries outside the region, including the United States.

The bank's principal functions are to make loans and equity investments for the economic and social advancement of developing member countries; to provide technical assistance for the preparation and execution of development projects; to promote investment of public and private capital for development purposes; and to respond to requests for assistance in coordinating development policies of developing member countries. The bank provides special attention to the needs of the smaller or less developed countries and gives priority to regional, subregional and national projects. The bank's operations cover the entire spectrum of economic development, with particular emphasis on agriculture, energy, capital market development, transport and communications, and social infrastructure.

The bank's highest policymaking body is its Board of Governors, which meets annually and every two years conducts an election for the 12-member Board of Directors, who conduct the bank's general operations. The president of the bank, who currently is Mitsuo Sato, is elected by the Board of Governors for a five-year term, and may be re-elected.

The bank has a regional office for the South Pacific in Port Vila, Vanuatu, and five resident offices, one each in Dhaka, New Delhi, Jakarta, Kathmandu and Islamabad. At the end of 1994, the bank had 645 professional staff and 1,281 supporting staff.

In addition to changes in their financial intermediation role, multilateral development banks and other aid donors are no longer the sole — or at times even the predominant — purveyors of technical, financial and legal expertise to developing countries. Many developing country governments have become extremely sophisticated, with substantial in-house expertise and private, state-of-the-art services in priority areas, such as legal representation. For example, an Indian state government recently was represented in negotiations with a large multinational firm by one of the U.K.'s best known law firms.

Beyond changes in the international market for their services, the multilateral development banks now face more rigorous scrutiny of the results of their efforts. During the Cold War, many development bank programs were justified, as were those of other aid donors, by the need to strengthen friendly regimes to stop the spread of communism. Now, with the Cold War behind us, legislators and taxpayers are asking much tougher questions about specific results of public allocations to banks, in terms of economic growth or improvement in living standards. Like other foreign assistance purveyors, the multilateral development banks are now being asked to measure their successes and failures against a more specific and transparent yardstick.

Changes in global circumstances that may have eroded the need for traditional development bank functions and products have certainly not solved all the problems the institutions were created to tackle. Indeed, one function that was discussed only in the archives of the World Bank — reconstruction — is now reemerging in the context of Bosnia, Haiti and other post-crisis situations as a major drain on the institution's funding and skilled manpower. However, many of the needs facing the multilateral banks in the last years of the century call for more complex, finely targeted initiatives, which are harder for the older institutions to fulfill and require different types of human resources and, perhaps, different financial products.

One type of changed functions is that needed to spur the private-sector development and to ensure that its benefits are fairly shared and that the accompanying public policy issues are adequately handled. This calls for the development banks to undertake a number of either new or old functions performed in significantly different ways.

First, the multilateral banks may need to subject proposed projects in productive sectors and infrastructure to more sophisticated analysis on whether private funding is available or would be available if the borrowing country were pursuing adequate policies. In cases where private funding sources are being used, but some development bank support is also sought, tough questions also arise about how to draw the line between needed bank efforts to fill gaps in private financing packages and excessive subsidies for private producers. The European Bank for Reconstruction and Development (EBRD), which began operations and developed its procedures only a few years ago, seems to have progressed further than older institutions in developing both conceptual standards and operating procedures to make these decisions.

Second, some believe the development banks need to further develop wider financial-risk mitigation mechanisms, as well as procedures for working with private entities, which respond better to the timing and operational requirements of the private sector. It appears that many large private-sector projects, especially in infrastructure, which offer attractive prospects for adding needed capacity and improving efficiency, only need initial, limited multilateral development bank support. What is needed by investors putting large amounts of capital into long pay-out projects, which often only generate local currency revenues, is some form of risk mitigation. Multilateral development banks, with their influence as large international lending institutions, are well positioned to provide such reassurance through measures like guarantees and political risk insurance. However, for a variety of reasons, current multilateral development bank programs are not seen by many as fully adequate to the task.

Also, as primarily public sector institutions, multilateral development banks have had trouble adjusting their timing, flexibility and user-friendliness to the demands of companies that compete in the international market. To accomplish these changes, the multilateral development banks, except for EBRD, would probably need more specialized financial, business and technical skills. The skills needed to analyze and develop financially sophisticated risk mitigation programs for privately funded infrastructure are different than the skills needed to appraise and implement government-guaranteed loans for public construction programs.

Finally, the multilateral development banks will need to intensify efforts to obtain regulatory frameworks — and

AfDB

Headquartered in Abidjan, the African Development Bank Group was created in 1963 by Africans to promote the economic and social development of its member African countries. South Africa was the last country on the continent to join on Dec. 14. This financial institution includes the AfDB, which makes loans on market-related terms to the higher-income African countries, and the African Development Fund (AfDF), the concessional lending affiliate, which makes loans to the poorest countries in the region. The Nigerian Trust Fund, which lends to other African states for transport, utility and agricultural loans, is also part of this group. Currently it has 77 members, including 53 African and 24 non-regional members.

The smallest of the three regional development banks, the AfDB at the end of 1995 had cumulative loans worth some $22 billion, compared with $39 billion for the Asian Development Bank and $64 billion for the Inter-American Development Bank. The bank lends primarily for agriculture, transport, utility, industrial and social projects. It lends on market-related terms to higher-income African countries, financed by paid-in capital subscriptions from member governments and borrowing from private capital markets, backed by the callable capital guarantees of member countries.

Members of African countries hold 64 percent of voting power. Nigeria, with 10 percent and Cote d' Ivoire with 7.5 percent, are the largest regional members; the United States is the largest non-regional member, with 5.9 percent voting power.

The AfDF was established in 1973; 39 low-income countries are eligible for fund resources. Its grants and loans are granted to the poorest countries with a no-interest, 10-year grace period and 50 years to repay. Lending concentrates on the social sectors, agriculture and multi-sector programs like poverty alleviation and transport. Loans and grants are financed by member country contributions: the 1991-94 replenishment was $3.4 billion.

EBRD

In 1989, French President Francois Mitterrand proposed the creation of a development bank for the nations of Central and Eastern Europe. The European Bank for Reconstruction and Development (EBRD), with headquarters in London, formally was created on March 28, 1991, with a mandate to support market-oriented economic reform and democratic pluralism in Central and Eastern Europe (including the former Soviet Union).

The EBRD is unique in its private-sector focus and its inclusion of political conditionality. By charter, at least 60 percent of the EBRD's resources must be devoted to the private sector, including state-owned firms moving to private ownership and control. The balance is for infrastructure and environmental projects supporting private-sector development and for loans to competitive state-owned enterprises.

Membership consists of 59 countries, including the G-7 and other major donors. Borrowers include all of the New Independent States, the Baltics and the Central European states formerly part of the East Bloc. Two international organizations, the European Economic Community (EEC) and the European Investment Bank (EIB), are also shareholders.

Though the United States had promised $1.2 billion over five years, this year, at the close of the five-year period, it remains about $12 million in arrears. The United States, the largest single shareholder, has a voting share of 10 percent, but the Europeans, by charter, control at least 50 percent of total votes.

As of Dec. 31, the EBRD board had approved about 370 projects with EBRD financing close to $10 billion. A significant portion of EBRD projects has been in the finance, telecommunications, energy and manufacturing sectors. Principal borrowers are Russia, Poland, the Czech Republic, Hungary and Romania. So far, the EBRD has disbursed about $3 billion. Under President Jacques de Larosiere of France, elected to a four-year term in 1993, the bank has undergone substantial reform and reorganization.

to ready the complementary local institutions. In many cases, involving private firms in more aspects of economic activity makes it even more important that public functions, such as developing regulatory structures and the institutions to enforce them, are carried out adequately. Many private investors say that they can adapt to most reasonable regulatory regimes, so long as the rules of the game are clear and fairly enforced.

However, for most developing countries and their MDB advisers, achieving this is difficult. The issues involved are often intrinsically complex and involve strong local vested interests. Once regulations are in place, it is usually even more difficult to develop the institutional capacity to adapt the regulatory structure to changing circumstances and to enforce it consistently. For multilateral development banks and other foreign aid providers, it is necessary to develop in-depth knowledge of the local situation, mount staff-intensive efforts to train and persuade local bureaucrats, and demonstrate agility at dealing with local political forces.

So while the increased willingness of private capital to move into more developing countries without resort to a middleman is probably good news for the world economy, it makes the role of the multilateral banks more complex and nuanced, and their functions more difficult to perform.

The area in which the stated objectives of the multilateral banks probably have changed less is in their efforts to reduce poverty. Many of the activities undertaken to move the poor out of poverty — "investments in human capital" — such as health and education, credit programs directed at small farmers and microentreprenеurs, and targeted safety net programs, are clearly areas where private capital will not flow on a significant scale soon.

However, the role of the multilateral development banks and their track record in poverty programs has been controversial. Previously, projects for so-called "desirable" programs like education and health have escaped serious scrutiny, but in the current budget-cutting atmosphere, sponsors of such projects are being forced to prove they yield results. The banks' case also has not been helped by a spate of internal reviews of project portfolios in the early 1990s — the "Wapenhans Report" in the World Bank, the Tapoma in the Inter-American Development Bank and

the Knox and Schulz reports, respectively, in the African Development Bank and the Asian Development Bank — which identified incentive structures more geared to encouraging new lending than implementing ongoing projects or developing the small pilot projects or technical assistance activities needed to lay the groundwork for future successful programs. Development bank supporters believe the banks deserve high praise for subjecting their operations to such searching reviews, which have uncarthed problems that have largely been solved. Critics believe the reviews only uncovered obvious problems and that subsequent changes made may not have been sufficiently far reaching.

Supporters of the multilateral banks, even those who agree poverty reduction is a central objective, do not agree on where the banks' comparative advantages lie compared to internal and external actors, such as other aid agencies or local governments. Some believe that since adoption of good policies is so fundamental to poverty reduction and that encouraging improved policies is an area of traditional development bank strength, banks should concentrate on policy advice and reform. Others say development banks should maintain their traditional focus on poverty reduction, by building structures, promoting growth and financing infrastructure the private sector will not readily fund, such as rural roads. This, along with private sector advances, they believe, will eventually reduce poverty. Others, led by most of the governments of the major multilateral development bank donors, have encouraged the spending of resources on more direct poverty-reducing efforts, programs in the social sectors and micro-credit activities. But this is a major challenge for the multilateral development banks, armed with products and operating modalities adopted when their major functions were financial intermediation, constructing infrastructure and supporting policy reform.

The primary product of the multilateral development banks remains hard-currency loans to central governments at near-market interest rates. Direct poverty-reduction programs generally require local currency expenditures and do not generate hard currency or significant short-term financial reflows to repay the loan. Perhaps even more challenging is that program success in development terms depends on lots of things working out right in many scattered rural villages or urban squatter settlements, which is a very decentralized and staff and management-intensive

IDB

The Inter-American Development Bank (IDB), the oldest and largest multilateral development institution, was created in 1959 to help accelerate economic and social development in Latin America and the Caribbean. In 1958, Brazilian President Juscelino Kubitschek proposed that the countries of the hemisphere embark on a cooperative effort to promote the region's economic and social development. The bank's charter states that its principal functions are to use its own capital and the funds raised by it in financial markets for financing the development of borrowing member countries and to provide technieal assistance for development projects.

Bank membership totals 46 nations, including 29 Western Hemisphere countries and 17 nonregional countries. In its 34 years of operation, it has mobilized financing for projects that represent a total investment of $178 billion. The bank's annual lending has grown dramatically from the $294 million in loans approved in 1961 to $5.3 billion in 1994. Bank lending has emphasized agriculture and industry, energy and transportation and social projects in environmental and public health, education and urban development. Future areas of lending include the social sectors, modernization and integration and the environment.

During the 1960s and '70s, the bank was a pioneer in financing social projects. The bank's first loan, approved in February 1961, was for improving the water and sewage system of Arequipa, Peru. Beginning in 1995 the bank targeted a small percentage of resources for direct lending to the private sector, without government guarantees. The largest sector loans have been in agriculture and fisheries, energy, mining and tourism, transportation and communications, health and sanitation, urban development and education.

The bank employs 1,000 employees at its headquarters in Washington, D.C.; it has a regional office in Paris and offices in each of its member countries.

process. Some believe this is like asking a very sophisticated, high-tech, low-overhead wholesaler to move into an extremely decentralized, low-tech, high-cost retail business.

The multilateral development banks are trying to respond to this challenge in a number of ways. Some, such as the World Bank in an experimental program in Mexico, have decentralized most of their headquarters-based country operations to offices in Mexico, including one in embattled Chiapas. Some are relying on traditional central government partners to implement new programs, while others are experimenting with more ambitious partnerships with non-governmental organizations. The institutions are finding that these programs require changes in their traditional ways of identifying, processing and implementing projects, including building in time and funding to listen to local views, making mid-course corrections and being more flexible in time-honored rules and regulations to take account of local variations.

Perhaps even more dramatic changes in multilateral development banks' operating styles are required by the role at least some of the multilateral banks are being asked to play in post-conflict reconstruction. Over the last couple of years, the World Bank has played a prominent role in post-conflict reconstruction in Cambodia, Rwanda, West Bank/Gaza and Haiti, and now has the very high profile lead role in reconstructing Bosnia. In these locales, multilateral development banks need to develop dramatic departures from their traditional methods of operation, since these situations require speedy, flexible programs to show the population that peace brings rapid and noticeable improvements in living standards. It also requires bank staff on the ground to endure unaccustomed dangers and, for institutions that pride themselves on their apolitical nature, to make judgements that affect a volatile political situation and a fragile peace.

In many ways, the end of the Cold War and the recent changes in the global economy have brought the five multilateral development banks a more difficult clientele to satisfy and a tougher mission on which to be judged. ■

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FS Day Ceremony Unveils Two Plaques

In a salemn mid-day ceremany an May 3, attended by Secretary af State Warren Christapher, Secretary af Defense William Perry and Secretary-designate af Cammerce Mickey Kantar, the names af thase wha died an missians in Basnia and Craatia were unveiled an twa plaques in the State Department. Secretary Christapher remaved veils fram the plaques and a U.S. Armed Farces hanar guard placed a wreath in frant af the Memarial Plaque, while family and friends af thase hanared and representatives af business and Cangress laaked an.



Shawn Moore/State

Left to right: Secretary of State Warren Christopher and AFSA President F.A. "Tex" Harris at ploque ceremony.

AFSA President F.A. "Tex" Harris intraduced Harald Ickes, deputy White Hause chief af staff, wha read a greeting fram the president an Fareign Service Day, which included the wards, "As we pay tribute ta the memary af thase we last, let us rededicate aurselves ta the gaal far which they lived: maintaining America's leadership in the fight far peace and freedam thraughaut the warld. ... Our fareign affairs men and wamen serve an the frant lines – I am cammitted ta da all I can ta ensure that Cangress provides the funding we need ta suppart yaur essential wark. ... Ta all Fareign Service prafessianals ... and ta their family members ... I send my deepest thanks and appreciatian."

Friends and family af thase hanared, as well as Senatar Paul Sarbanes (D-Md.) and Nancy Kassebaum (R-Kan.), the Basnian and Craatian ambassadars, representatives af the business cammunity and Fareign Service calleagues, including Anthany Quaintan, directar general

Continued on page 2

• Dateline •

● AFSA and USIA Internatianal Braadcasting Bureau (IBB) management have requested assistance fram the Federal Mediatian and Canciliatian Service ta assist them in resalving remaining issues in impact and implementatian negatiatians an IBB's prapased RIF af 21 Fareign Service averseas specialist pasitians.

● AFSA sent a letter ta USAID Administratar Brian Atwaad stating its cancern that USAID management had not pravided infarmatian ta AFSA shawing thot alternatives ta a RIF had been cansidered. AFSA alsa asked the administratar ta cansider, in determining the number af FS emplayees ta be separated, that the Fareign Service has already undergane a significant reductian aver the past years because af the "up ar aut" system.

● The State Department Child Care Center apened its daars an May 6 and expects ta have 50 children enralled by July. Hawever, spaces are still available in the 3-,4- and 5-year-old raams and in the summer pragram, which is far ages 6 ta 12. Far infarmatian, call the center at (202) 663-3555.

● Everyane is invited ta the AFSA Award Ceremany at 12 naan, Friday, June 21 in the Benjamin Franklin room. Nine awards will be canferred far autstanding achievements.

STATE DEPARTMENT

V.P. VOICE

• BY ALPHONSE F. LA PORTA •

Public Mistrust and Trust

The woning fartunes of public service in America ond the Fareign Service depend on the people's trust. Unhoppily, occarding ta Dr. Paul Light af the Pew Charitoble Trust, there hos been a radicol decline in populor trust in government except for the military, which has worked itself back from disfovor ofter the Vietnom conflict. Furthermare, Americons da nat distinguish amang the voriaus elements of public service. Meritariaus public servonts, the nomeless bureoucrocy, Cangress ond paliticol oppointees are marked with the some approbrium.

Public mistrust is a recent phenamenon, occarding ta *Woshington Post* pollster Richord Marin. In 1964, three aut of four peaple said they trusted government ta da the right thing most of the time; by 1992, the trusting public drapped to one in faur. Importontly, there is o strong correlatian between ignaronce of what gavernment daes and suspicion ond roncor. For the leost trusting 27 percent of Americans, polling doto tells us, fully one-holf hod no confidence in government, only one-third vated, ond holf felt they hod no voice in government.

Even more importont, o recent ond often-cited University of Morylond survey showed that mony Americons knaw little abaut whot our government does overseos. The pall shawed that peaple believe we are spending 18 percent af the federal budget an fareign aid, whereas the true level is about 1.2 percent fallawing decade-lang reductians. Far o skepticol and antaganistic public, restoring trust is o mammath undertoking in light af this degree af misunderstonding.

One key in daing sa is better performonce. "Reinventers" paint ta the need ta delayer, simplify, reduce obviaus casts, and accept that palitics is part of our lives by influencing the Cangress and persuading the public – in short, bringing public diplomocy hame.

AFSA's Gaverning Baard has been acting on these prescriptians. Mare than actively warking the Hill and reorgonizing aur cammunicotions technology, o strong effart is being made to corry the messoge beyand the Capital Beltway. Yet reams af tolking paints, dazens of ap-ed pieces, o thousond letters to the editar ond similor initiotives, largely pursued by energetic retirees and cooperoting grossraots orgonizotions, will not suffice unless performonce within the deportment ond by the Foreign Service is seen ta be ethical, ond praven ta be respansive.

The Americon public wonts to be reossured that qualified prafessianols ore running the shaw, thot there is public accauntobility, ond that palicies and pragrams can withstond the glore of medio ottention. Stote ond the Foreign Service must be truthful ond open, using the tools of public diplomocy oggressively ond wisely. But the effort must be greoter thon o few more speeches by the secretory ond odditionol Sunday morning encounters with the pundits. The messoges af o respansive, ethical Fareign Service must be braught hame in persanal, credible and imaginative ways – oll Fareign Service employees must take a part.

The speciol capabilities of the Fareign Service in the canduct af national affairs must be projected at home as well os obrood. The experts say that there is o "reservair af desire" amang the American peaple to trust gavernment ogoin. Like the military, the Foreign Service must be respected and trusted.

FS DAY CEREMONY

Continued from poge 1



Shawn Moore/State

Secretary of State Warren Christopher stands by the twa memorial plaques unveiled an May 3.

of the Foreign Service, listened as Secretary Christopher greeted the fomilies af thase hanared.

Christapher noted further, "Ta aur sarraw, we learn that peace cannat be mode through telephone or fax. It usuolly can't be made in Woshingtan ar Genevo. It can anly be made by peaple wha are willing to fly where the bullets fly, ta go where roods are treacherous and where safety and security ore often missing in actian. "

He continued, "The mast eloquent tribute to Bab Frasure's wark ... ond ta oll those we honor today has been the return to normol life ... in Sorojevo. Every school reopened, every fomily reunited, every rood ond foctory rebuilt is o manument to the service of these brove Americans. ... Let these nomes be a reminder to us oll – a reminder of the risks ond hordships thot dedicated Americons endure far their country, ond let it be o reminder af the canstant need to carry an their wark, aur wark, until it is finally finished."

Samuel Nelson Drew, Rabert C. Frasure and Joseph J. Kruzel, who died when their armed personnel corrier ralled off a muddy mountain raad while an their way ta the besieged city af Sarajeva in August 1995, were added ta the Memariol Ploque in the diplamotic entronce of the State Department. Alsa odded to the Memarial Ploque were the names af three wha died in the plane crosh in Croatia an April 3: Secretary af Commerce Ranald H. Brown; Treasury officer Lee F. Jacksan, wha served in

FS Day Ceremony

Continued from page 2

London; and Foreign Commercial Service officer Stephen C. Kaminski, who was stationed in Vienna.

A separate bronze plaque was unveiled with the names of all those who died on the mission to Bosnia and Croatia – a mission, as Secretary Christopher noted, that was "trying to make sure that the peace our diplomats had forged would endure. [This team] was convinced that American capital and know-how could help rebuild that shattered land."

The plaque, inscribed with President Clinton's words, "In their memory and in their honor... let us resolve to continue their mission of peace and healing and progress," honors Secretary of Commerce Ronald H. Brown and the members of his mission to Croatia: Gerald V. Aldrich, Niksa Antonini, Dragica Lendic Bedek, Duane R. Christian, Barry L. Conrad, Paul Cushman III, Adam N. Darling, Ashley J. Davis, Gail E. Dobert, Robert E. Donovan, Claudio Elia, Robert Farrington Jr., David Ford, Carol L. Hamilton, Kathryn E. Hoffman, Lee F. Jackson, Stephen C. Kaminski, Kathryn E. Kellogg, Shelly A. Kelly, James M. Lewek, Frank Maier, Charles F. Meissner, William E. Morton, Walter J. Murphy, Lawrence M. Payne, Nathaniel C. Nash, Leonard J. Pieroni, Timothy W. Shafer, John A. Scoville Jr., I. Donald Terner, P. Stuart Tholan, Cheryl A. Turnage, Naomi P. Warbasse and Robert A. Whittaker.

Foreign Service Day attendees listened to the Memoriol Plaque ceremony from the Dean Acheson Auditorium after witnessing the presentation of the Foreign Service Cup to Ambassador Andrew I. Killgore for his contributions to the increosed awareness ond understanding of the Middle East and the Director General's Cup to Ambassador Herman J. Cohen. Other Foreign Service Day events included an overview of world events by Peter Tarnoff, under secretary for Political Affairs; remarks on Bosnia by Christopher Hill, ambassador-designate to the Former Yugoslav Republic of Macedonia; an eighth floor luncheon with Senator Paul Sarbanes (Dmd.) as speaker; and multiple seminar workshops on foreign policy issues. AFSA hosted a reception at the Foreign Service Club on Friday evening and a brunch on Saturday morning.

USIA

V.P. VOICE

• By Bruce K. Byers •

AFSA Guards FS Rights

Last month I talked about AFSA/USIA's ongoing RIF negotiations with International Broadcasting Bureau (IBB) management. As of May 1 we are still negotiating. Though the proposed RIF in IBB affects only Foreign Service overseas specialists in engineering, it has served as a wake-up call to all USIA Foreign Service officers. During the past six weeks of the negotiations it has become increasingly apparent to many AFSA members and other Foreign Service officers in USIA that their union is the only thing which stands between individual FS employees and management in issues as varied as questions about allowances and housing at post to assignments and improperly prepared or grievable performance evaluations and possible separation from Service.

"AFSA has built up an impressive record of successful representation of FSOs' grievances."

Often, we hear from FSOs after they have to confront a management decision impacting their careers. These FSOs frequently admit that they never thought they could be harmed by management decisions. Once the shoe has dropped they learn that management officials are, like them, capable of mistakes and misinterpretations or even violations of regulations. More importantly to FSOs in crisis, they learn that AFSA is there to serve as their advocate, and if not members before, they then join.

This summer AFSA/USIA will undergo a significant transition as I leave for my next overseas ossignment, a year short of finishing my two-year vice president's term. Other members of USIA's Standing Committee will also be moving on. Labor Relations Specialist Carol Lutz remains one constant in AFSA's representation of the Foreign Service at USIA. Her experience in labor relations and alternative dispute resolution is invaluable to AFSA. She is largely responsible for the very positive dialogue AFSA continues with USIA management representatives in partnership and traditional negotiations. AFSA, again in the person of Carol Lutz, has built up an impressive record of successful representation of FSOs' grievances, often winning positive decisions through informal negotiations without having to go through the lengthy, formal grievance process. AFSA/USIA is very fortunate to have her on its team. Just ask those she has helped.

Unlike the comforting constancy of AFSA's presence, the other givens of our unpredictable professional lives are less desirable: Employee grievances and the passibility for misapplication, even abuse, of laws and regulations governing Foreign Service employment and employees' rights and responsibilities. When these happen, it is AFSA which has the clout to defend individual FSOs and the Foreign Service as a whole.

It won't happen, you say? Think about it, and don't wait until you hove to grieve or for your turn to be part of a RIF to become on AFSA supporter and member. Remember that the greater AFSA's membership, the more resources it has to meet the problems which occur in Foreign Service life with all too common frequency.

RETIREE

V.P. VOICE

• BY ED ROWELL •

A Heavy Agenda

Thanks to oll of you, Senotor Kassebaum's resolution (S. 217) to recognize Moy 3, 1996 os American Foreign Service day passed the Senate by unonimous consent on April 30. Our retiree octivists in the Woshington area who were seeking co-sponsors hod crunched against stiff resistance. Then the senotors started hearing from their home districts. One senotor received some 800 letters from Foreign Service retirees and their friends. That corried weight. Another senator who hod been giving us o deof eor suddenly wrote to constituents that it would be an honor to co-sponsor. You did it.

> *"The stakeholders in our foreign relations are numerous and diverse."*

Now we hove bigger problems to tackle. First, the director general of the Foreign Service, Ambassador Anthony Quainton, pointed out in his closing remarks on Foreign Service Day that some important persons in Washington have asked why the United States needs o professional Foreign Service ot oll. Others doubt that diplomacy is or can be a profession. Absurd os these questions moy be, we must confront them. Second, although we do not think the Congress or the Executive Branch will meddle with the Consumer Price Index (CPI), the Cost of Living Adjustment (COLA) formulo, or the Federal Employees' Health Benefits Program (FEHBP) during the runup to the November election, all three of these issues will be part of the budget game early in the next Congress.

We need your help ogain. If we can get Americons to see that they need a professional Foreign Service and that it is the most affordable element in advancing our notionol security ond welfare abroad, that should add to AFSA's weight os it works to protect your retirement benefits.

The stakeholders in our foreign relotions ore more numerous ond diverse than even they themselves realize. They include major businesses in every state. For exomple, Thomas Friedman recently quoted Governor Carlson of Minnesoto in o piece on "Heortlond Geopolitics" in the *New York Times*, saying that farmers understand thot they benefitted from NAFTA, Minnesota last yeor hod $8.8 billion in exports; no one in componies such as Honeywell, 3M and Generol Mills is going to be isolationist. Acodemia, consultants, lobor, environmentolists, human rights groups and many others also have a big stake in our foreign relotions – and in the highly qualified, professional United States Foreign Service that conducts them.

A coll by such stakeholders on newly elected congressmen in their home districts right after November 5 would help to sensitize the new Congress to the breadth of American interests obroad. Major congressionol hearings eorly in 1997 on foreign chollenges and opportunities would enoble everyone to see how powerfully the rest of the world affects our welfare. This summer AFSA will be working toword both gools: colls on congressmen in home districts in November ond hearings next year. You were successful with the Kosseboum resolution. We'll ask for your help on the summer and fall ogenda, too.

Congressional • Update •

KEN NAKAMURA
Congressional Affairs Director

It hos been o dark legislative period for the Foreign Service and the foreign affoirs community this post year. Although the wor continues ,there have been some importont bottlefield victories.

The president's veto of the State/USIA/ACDA Authorizotion Bill (H.R.1561) has been sustoined in the House. President Clinton vetoed this bill, which a yeor ogo looked like a freight train moving down the track, because the funding levels were insufficient for the conduct of foreign offoirs, it inappropriotely intruded on the president's prerogative to organize the foreign offoirs ogencies, contoined objectionoble foreign policy mandotes ond declining ceilings for the size of the Foreign Service.

The fiscol 96 funding battle finolly ended with the passage of the Omnibus Appropriotions Bill (H.R. 3019). The bulk of the battle was over funding for the environment ond educotion ond in the end, the internotionol offoirs occount did better than it did at the beginning of the doy. Thonks to the work of the odministration, more funds were found for U.S. contributions to internotionol organizotions, for peocekeeping and for ACDA. The starting point for the foreign affoirs funding levels wos the vetoed Commerce, Justice ond Stote oppropriotions bill, and funding for operotions remained at that level. However, perspective must be maintained; funding for State/USIA/ and ACDA is more than $490 million lower for fiscol 96 than it was in fiscal 95.

With the help of mony retirees ond friends oround the country, we got the necessory cosponsors to poss Senotor Kassebaum's Sen. Res. 217, "American Foreign Service Day." With 53 senotors cosponsoring this resolution, the Senote, on April 30, unonimously approved the resolution. For the first time in the three decades thot we hove been observing Foreign Service Doy, o Senote resolution commends the men and women who hove served or are presently in the Foreign Service for their dedicoted ond importont service to country; honors

CONGRESSIONAL

Continued from page 4

those in the Foreign Service who have given their lives in the line of duty; and designates the first Friday in May 1996 as "American Foreign Service Day." All who have helped get the resolution through the Senate deserved to be congratulated and sincerely thanked.

While we have had victories this past year, the war is far from won. We are beginning the budget cycle for fiscal year 97. Again, we are hearing alarming budget numbers for the next few years. The Republican Congress believes it will have to make deeper cuts to reach a balanced budget by the year 2002. The appropriators also seemed determine to continue to make real cuts in the resources available to the foreign affairs community.

AFSA's legislative job, beyond the personnel issues crucial to our members, is to help convince Congress and the political community that promoting and protecting U.S. interests abroad is a federal prerogative, and that there is a floor below which we cannot go and still expect the job to get done. We are at that floor. The foreign affairs account has been cut by more than 45 percent in real terms in the last decode. During the current administration more than 36 diplomatic or consulor posts, 10 USIA posts, and 28 USAID missions abroad will have been or are scheduled for closing by the end of 1997. Manpower has been cut, and necessary changes in areas such as updating the communications and information systems has been slowed. AFSA will continue to be engaged. And with your help we look forward to more victories.

FSJ STAFF NOTES

Managing Editor Nancy Johnson and Advertising/Circulation Manager Janet Emery both left the Journal on May 15. Johnson, who has been with the FSJ for more than eight years, is resigning to travel with her retired FSO husband, Charles Johnson. Emery, who has been with the FSJ for two years, is leaving to pursue a career in New York City.

Editor Karen Krebsbach recently returned from a two-month Knight International Press Fellowship in Bolivia, where she taught investigotive and economic reporting and journolism ethics to both journalists and journalism students.

USAID V.P. VOICE

• BY FRANK MILLER •

RIF at USAID

Administrator Brian Atwood recently announced his decision to separate (RIF) at least 200 USAID employees. This decision will have a devastating impact on those of us who leave as well as those who remain.

AFSA is well aware of the enormous financial challenges facing USAID. However, AFSA is concerned that this important decision was made and announced without consultation with the employees' representatives and without detailed discussion of the trade-offs associated with various approaches to reduction of the operating and expenses (O&E) budget.

At an April 17 Partnership Council meeting, AFSA has requested that USAID management provide the analysis of the O&E budget that led to the recommendation that a RIF was necessary. We are still waiting for this information. Absent this data, AFSA remains skeptical that other options were adequately explored. The following are options that AFSA believes the agency should be pursuing now:

- Buyouts would offer a financial incentive to retirement-eligible employees, and others to depart voluntorily.
- Voluntary retirement procedures should be established in which employees in surplus categories could volunteer to be separated, thus qualifying for severance pay, or, in some cases, an immediate annuity.
- Voluntary and Mandatory furloughs might be established in which employees could volunteer or be directed to work a reduced work week or take uncompensated leave. USAID management estimated that a five-day furlough would save $1 million or 10 fewer people separated.
- Replace over 300 PSCs in USAID Woshington ond the field with program-funded direct hire employees.
- Reduce the number of political appointees proportionately.
- Slow down reengineering efforts and equipment purchases for the next 12 months. These efforts and systems have made significant improvements in the way we do business, but the costs are very high. Can't we spread future costs over the next few years and as a result, save some jobs?
- Outsource more non-core functions in the USAID Washington bureaucracy. Other public organizations have successfully outsourced non-core functions such as accounting, finance, personnel, training, data management, at considerable savings. With over 750 employees (50 percent of all USAID Washington employees), the Management Bureau can greatly reduce its levels.
- Institute a DOD-type cost recovery system, assessing an overhead charge on recipient countries to cover the cost of implementing programs in the field.

If, upon exploration of these other alternatives, USAID finds it is still necessary to conduct a RIF, AFSA will ask that the agency consider that the ranks of our Foreign Service employees hove already been depleted over the post yeors through our "up or out" promotion system and the curtailing of career extensions. Although USAID is a foreign affairs agency, for the first time, FS employees number less than GS employees. We believe that our "de-facto" downsizing should be taken into consideration when downsizing targets are established for different classes of employees.

The agency plans to send RIF notices to Foreign Service employees as early as June 15. The need to move quickly in exploring these options is of critical importance. The time for transparency and true partnership and participation is now.

AFSA/AASFW Scholarship Awards Announced

Thirteen Schalarship Award winners, wha represented award winners warldwide, received certificates at the Department af State an May 3. The 1996 Merit awards were given in hanar af AAFSW and DACOR, which cantribute ta the AFSA Schalarship pragram. Merit awards af $1,000 each are given ta the winners, with the Hanarable Mentians receiving $100. Valunteer panelists fram State, USIA, USAID and AAFSW participated in the selectian pracess.



Janet Emery/AFSA

AFSA scholarship winners, back raw, left to right: Virginia Stewart, Christapher Miller, Andrew Bowen, Seon Brennon, Yuri Waldo, Erik Brown, Scatt Saiers, Jasan Pielemeier, Kimberly Philley; frant row, left to right: Alexandro Postic, Nicole Shorma, Erin-Elizabeth Tadie, Catherine Crump.

Award Winners

Merit Winners:
Allisan Barnes
Andrew Bawen
Sean Brennan
Erik Brawn
Jennifer Christensan
Catherine Crump
Elizabeth Diffily
Tiffany Elkins
Kate McCreary
Christapher Miller
Karen Mu
Brierley Ostrander
Jasan Pielemeier
Samantha Radearmel
Scatt Saiers
W. Gwen Sedney
Nicale Sharma
Caralin Spiegel
Virginia Stewart
Erin-Elizabeth Tadie

Community Service
Gina Cabrera

Honorable Mentions
Ethan Alter
Michael Arellana
Jillian Bandler
Megan Graves
Jennifer Jahns
Maggie Kettering
Katherine Kawalchek
Catherine Livingstan
Alexandra Pastic
Jeremy Samers
Michael Williams

Best Essays
Kate McCreary
Gina Cabrera
Janathan Rickert

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Erin-Elizabeth Tadie
Kimberly Philley
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Saving Liberia From Itself

Has US Abandoned Its 'Best Friend' In Africa During 8-Year Civil War?

By George Gedda

On Dec. 24, 1989, a Liberian rebel group led by an American-educated adventurer named Charles Taylor crossed into Liberia from the Ivory Coast. Numbering about 50, the Libyan-backed rebels set in motion a devastating civil war that persists to this day. It is doubtful that any country has descended further into anarchy over the past seven years than has Liberia. Liberia has come as close to national suicide as any country in memory.

So far, an estimated 150,000 have died and lurid tales of rotting corpses lining the streets of Monrovia have been common, as are the scenes of rifle-toting "boy soldiers," some as young as 10. One day six years ago, 600 people who had sought shelter in a church were massacred. It is believed that more than half of the country's 2.8 million people have been uprooted from their homes and that more than 800,000 have fled to neighboring countries. There is no functioning government and, for most of the past six years, the beleaguered citizenry has had to do without public transportation, electricity and other services.

Much of the blame obviously rests with Taylor and leaders of five other rebel groups who have shown far more capacity and inclination to kill than to compromise. But to many Africa-watchers, the United States has demonstrated an inexcusable indifference toward a country which had been America's best friend on the continent for over a century. They are dismayed that the United States has shown less interest in aiding Liberia than it has other African countries with which the historic ties have been far weaker. To the advocates of non-intervention, the risks of becoming involved in a situation as hopeless as Liberia's far outweighed any potential rewards. They contend that the U.S. response might have been more assertive had there been a genuine democratic movement that the United States could comfortably support.

"No country in the world has given the U.S. more consistent support than Liberia," says James Bishop, a retired career diplomat who is a former ambassador to Liberia. In both symbolic and substantive ways, the Liberians have shown their regard for the United States ever since the country was founded by freed American slaves 150 years ago. Liberians named their capital, Monrovia, after the fifth American president, James Monroe. Its flag, replete with alternating red and white horizontal stripes, is patterned after the American flag. Until a few years ago, the U.S. dollar was the official currency. In fact, for years, frayed dollars discarded by American banks were exported to Liberia and circulated there. Liberia's navy blue police uniforms were a replica of New York City's.

While the United States provided a combined total of about $1 billion to Liberia in assistance until the current decade, it was hardly a one-way relationship. Liberia entered both world wars against the

George Gedda is the diplomatic correspondent for the Associated Press.

Germans. In his book, *Liberia, The Quest for Democracy*, J. Gus Liebenow notes that in World War II, Liberia provided the allies with land for an important military base and was the major source for natural rubber following the fall of Malaya. It is the only African state to conclude a defense pact with the United States. It also provided diplomatic support for the United States during the Vietnam War and was a staging area for U.S. supplies sent to anti-communist rebels in Angola during the 1980s.

In addition, Liebenow points out that Liberia assisted the United States during the propaganda battles of the Cold War by permitting the construction near Monrovia of a Voice of America transmitter powerful enough to cover the entire continent. The American linkage was further reinforced through the opening in 1976 of a navigational station in Liberia that provided round-the-clock assistance to ships worldwide.

Actually, the American connection dates back as far as 1816, more than 30 years before independence was declared. It was then that the congressionally funded American Colonization Society began organizing ship caravans of freed slaves who wanted to return to the Africa of their forebears. The first shipload landed in 1822. With the ex-slaves was an agent of the society and a U.S. Navy lieutenant, who "persuaded the local chiefs at gunpoint to sell them the site for $300 worth of assorted hardware, knick-knacks and biscuits," according to Africa expert and author David Lamb, who wrote *The Africans*.

"The pioneers and their Americo-Liberian descendants became a black colonial aristocracy. They controlled the commerce, ran the government and sent their sons abroad to be educated. The men wore morning coats and top hats, drank bourbon, joined the Masons and joined a secret society called Poro that acknowledged no African heritage."

After the first settlers arrived in 1822, 45,000 others would follow. They brought accents from the deep South, which were passed on from generation to generation, along with names with a distinctly American flavor. Lamb points out that the Liberian Army's chief of staff in the late 1960s was named George Washington. The Whig Party in the United States died long ago but the True Whig Party of the Americo-Liberians survived and prospered — it never lost an election in 100 years. Its politics was unambiguously conservative, not much different from U.S. southern Republicanism.

But, except during periods of international crises when Liberians were viewed as a strategic ally, the country was never been able to feel fully accepted by the United States. After the former American slaves declared independence in 1847, it took the United States 15 years to extend diplomatic recognition. Liebenow says such a move before then was unthinkable because social mores at the time would not permit the presence of a black envoy in Washington, D.C.

And it wasn't until 1978 that an American president, Jimmy Carter, made an official visit to Liberia. It retrospect, Liberia might have been better off had it gone through a colonial experience, which usually meant schools, roads, hospitals and a trained bureaucracy. With only half-hearted American support, Liberia never really became a showcase. "The very independence that made Liberia unique also cost its people dearly," observes Lamb.

Africa-watchers are dismayed that the United States has shown less interest in aiding Liberia than it has other of the continent's countries, with which historic ties have been far weaker.

The American comfort level with the Liberians also was affected by the treatment by the Americo-Liberians of indigenous groups as second-class citizens. The settlers dominated the country's political, social and economic life. The extent to which the native population was marginalized was underscored by the national motto: "The love of liberty brought us here." However, clearly the "us" didn't apply to the locals who had been there all along.

The United States has always felt closest to countries with strong democratic traditions, and Liberia never could meet that standard. The country's presidents were servants of the Americo-Liberian class. They insisted on ostentatious displays of public adula-



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tion which many westerners found revolting. An example was the palace that President William Tubman, who served from 1944-71, built for himself at a cost of $15 million even though the country's national budget at the time, according to Liebenow, was only $27 million. Tubman and his successor, William Tolbert, also were the recipients of costly gifts from their subjects at birthday time — largesse paid for through deductions from government workers' paychecks. In the Tubman era, the gifts became increasingly grandiose — a car, a yacht, a plane, a library. One year Tubman was presented with his own military academy.

If the American government seemed less than infatuated at times with Liberia, the American connection nonetheless remained strong through a range of contacts in unofficial channels. Liberia was a favored location for Protestant missionaries, who were responsible for most of the educational and health programs in the country. In the business sphere, the most notable event was the major investment in 1926 by the Firestone Plantations Co., which dominated the Liberian economy until the 1950s. American universities also were significantly involved in Liberia. Between the two world wars, only Nigerians accounted for a higher percentage of African students in the United States. A number of American universities provided direct assistance to the Liberian government and educational institutions. The roots of the Peace Corps in Liberia also run deep, with an average of 100 volunteers assigned there each year since 1962 until the civil strife forced a withdrawal.

In terms of high-level contact between the two countries, the 1970s were the high-water mark. Secretary of State Henry A. Kissinger stopped in Liberia during an Africa visit in 1975. President Tolbert made an official visit to Washington in 1976 and there was the Carter visit to Monrovia in 1978.

Things often seemed to go wrong during these encounters. Much to the chagrin of Liberian authorities, Kissinger told reporters on his plane after a visit to Monrovia that he was "appalled" by the country's poverty. Tolbert's bicentennial visit in 1976 was marred by a bizarre incident shortly before he was to address a joint meeting of Congress. Vice President Nelson A. Rockefeller was conferring at the podium with House Speaker Carl Albert. Rockefeller talked about how the Americo-Liberian class had dominated the indigenous population for decades. Unbeknownst to him, the microphones were turned on, and his words could be clearly heard by reporters and the accounts of the gaffe were played prominently. Six years later, President Reagan made his own contribution to the foot-in-mouth tradition by referring to visiting President Samuel Doe as "President Moe."

If there was a turning point in U.S.-Liberian relations, it occurred in 1990 when the country descended into chaos following the Libyan-backed invasion led by Charles Taylor. If Moammar Gadhafi's purpose was to cause havoc in a country known for pro-American sentiments, he succeeded beyond his wildest dreams. Libya, of course, has been on the anti-American warpath for years. In retaliation for U.S. air attacks in 1986, Libya is widely believed to have masterminded the attack on Pan Am 103 in late 1988 over Scotland, a tragedy that claimed the lives of 270 people. It was almost exactly a year later that Taylor and his cohorts entered Liberia. Taylor was a Liberian government employee during the 1980s and fled to the United States after being accused of embezzling public funds. He was imprisoned but escaped while awaiting extradition and soon established ties with Gadhafi.

FLEEING MONROVIA

BY DUDLEY SIMS

When the six-year Liberian civil war resumed on April 6, the capital of Monrovia was once again under siege. As my wife, Mattie, and I left our house, we encountered huge moving masses of frightened men, women and children. Thousands of refugees, with bundles on their heads and under their arms, were fleeing their homes in search of safe havens near the U.S. embassy and the nearby offices of U.N. agencies.

Liberia is the second country I've served in that is classified as a "high threat" post — Uganda was my first — and I was prepared for most of the security precautions. However, I was not ready for the sight of thousands of desperate evacuees. I could sense the rising frustration among residents as they prepared for more violence, after months of relative quiet that had brought optimism and hope to this country that had not known peace for six years.

We heard rocket-propelled grenade fire, mortar-fire, heavy arms fire — it was pretty bad. Despite the chaos outside, we were lulled by the incredible order inside, and I remember feeling frightened only once — when I was escorting a journalist out of the embassy compound and we encountered gun-toting young men, obviously drunken and drugged.

As the situation deteriorated, Ambassador William B. Milam received approval for the evacuation of American citizens and qualified Liberians. Some 10,000 to 15,000 people were given refuge at Greystone, the nearby housing compound for U.S. embassy employees. The U.S. embassy is the main Western presence here.

Hundreds more Liberians pressed against the gates of the embassy compound, asking for admittance for evacuation processing. With only two consular officers at post, it was very hectic, but we all pitched in. Mattie and other spouses volunteered, helping out at the embassy switchboard or distributing food.

We turned the compound cafeteria into a processing room, which doubled as a dormitory at night. Virtually every store in the capital had been emptied by looters, and the embassy's food supply was dwindling rapidly. The sheer numbers of refugees also strained the embassy's water supplies, eventually forcing us to use chlorinated swimming pool water for toilet and household facilities. On April 15, when the food and water supply problem became acute, the ambassador requested permission to evacuate non-essential American officials, including myself. Mattie, much more organized than I, had already packed our most important documents, clothing and personal items. Our evacuation training proved invaluable: Having important documents in one place saved time.

Eventually, more than 2,000 people, including third-country nationals, Liberians, along with U.S. expatriates and American employees, were evacuated. When the helicopters arrived, between 25 and 40 persons were packed into each one, and ferried the 235 miles to neighboring Sierra Leone. From Freetown, we flew two hours by plane to Dakar, where U.S. Ambassador Mark Johnson and his staff welcomed us for a brief overnight stay, before sending us off to the next leg of our passage to the United States.

Throughout the entire ordeal, I remember feeling indebted to those who helped us through it: the American military who supervised the evacuation; my colleagues in Liberia, Freetown and Dakar; and the State Department personnel in New York and Washington, D.C., who welcomed us home. ■

FSO Dudley Sims, who was the public affairs officer at U.S. Embassy Monrovia from October 1995 until his evacuation in April, is now the acting branch PAO at Capetown.

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The warfare that spread quickly in Liberia in early 1990 became an ethnically based conflict. Liberians didn't see themselves as Liberians but as Bassas, Kpelles, Manos, Gios or any of the additional tribes that populate the country. Eventually, 150,000 Liberians would die, a huge number for a relatively small country, the proportional equivalent in the United States of 15 million dead. Many of those who escaped death fled — more than 800,000 to the neighboring countries of Guinea, the Ivory Coast and Sierra Leone. The perpetrators were not limited to marauding rebel groups. On July 30, 1990, Liberian Army troops attacked St. Peter's Church in Monrovia, a designated Red Cross shelter, and massacred the 600 or so people who had gathered there.

In Washington, Africa hands at the State Department and elsewhere looked on with horror and lobbied hard for decisive U.S. action to end the carnage. But the Bush administration's response was limited to providing humanitarian assistance, supporting West African troops sent to restore order and evacuating Americans and other foreign nationals who wished to leave. U.S. navy vessels with 2,500 Marines aboard were dispatched to Liberian coastal waters in April 1990, but their mission was to ensure the safety of Americans, not to intervene.

There were a number of reasons for avoiding deeper involvement. The most compelling was that Liberia was a potential quagmire; escalating U.S. involvement, it was feared, could lead to the introduction of U.S. troops — and the spectre of U.S. casualties. At the time, officials likened the situation in Liberia to the worst days of the civil war in Lebanon. Secondly, none of the warring factions had proven democratic credentials so none had a reasonable claim for U.S. support. Also, a U.S. intervention most likely would have led to the installation of Taylor as Liberian president because his forces were the strongest militarily. "Bush didn't want the U.S. to be a party to seeing a felon become next president of Liberia," says Bishop, the former ambassador to Liberia. Beyond that, the arguments against intervention were reinforced by factors unrelated to the situation in Liberia.

On Dec. 20, 1989, four days before Taylor and his followers entered Liberia, U.S. troops were sent to Panama to depose Gen. Manuel Antonio Noriega. When the situation began to deteriorate in Liberia in the ensuing months, some officials felt that on the heels of the Panama invasion, the political costs of yet another military intervention in a Third World country would be too high. The expensive U.S. investment in Liberia, ranging from VOA facilities to the Coast Guard navigational station, were considered important but not important enough to risk a major U.S. commitment. The strongest opponents of intervention at the time were the chairman of the Joint Chiefs of Staff, Colin Powell, and Deputy National Security adviser Robert Gates, and their arguments carried the day. Long-time Africa hands at the State Department, led by Assistant Secretary Herman Cohen, argued in vain in support of a more activist U.S. policy.

The interventionist group held that a vigorous diplomatic effort could have led to a negotiated solution between the rebels and the government and duplicate what the Reagan administration did in the Philippines four years earlier when officials persuaded President Ferdinand Marcos to leave and then arranged for his departure. In 1990, the Bush administration persuaded Togo to accept Doe in exile but he refused to yield. Cohen wanted to escalate the pressure on Doe but his superiors told him and his allies to back off.

Cohen recalls the frustrations he felt at the time. "Just landing a compa-

ny of Marines would have settled everything," he says. No less dismayed was James Woods, an Africa expert who retired not long ago after lengthy service at the Pentagon. "We had a special relationship with Liberia, but the policy decision was to the contrary, an irresponsible policy which the Clinton administration has embraced ever since," he says. Chester Crocker, a top Africa adviser to President Reagan, says, "It was a conscious choice not to lead when that decision was bound to have consequences, when there was no one else likely to quickly step forward."

Peacemaking in Liberia was left to the Nigerian-led military grouping from West Africa. At times, they kept the level of fighting down but they were unable to bring about lasting peace. There were several promising attempts, the most encouraging in August 1995 when the factions agreed to disarm, to share power and to hold elections in August 1996. But in April, the old patterns began repeating themselves: renewed civil war, wanton killing and looting, an American-sponsored evacuation of U.S. citizens and other foreigners and attempts to restore order left to the West Africans. As of May, a sense of hopelessness pervaded the country.

It has been a distressing turn of events for a country that prided itself on being perhaps the most stable on the continent. Actually, the era of instability predated the Taylor-led invasion by 10 years. The transformation came on one horrifying evening in April 1980 when a semi-literate sergeant, Samuel Doe, 28, and 18 allies scaled the wall of the presidential palace, overpowered loyalist guards and shot President Tolbert to death. The body of the man who was chairman of the Organization of African Unity was taken to a cemetery and dumped in an unmarked grave.

Compared with many other African leaders at the time, Tolbert was a progressive. During his nine-year presidency, he took a step virtually unheard of for an African leader: He had the constitution changed to forbid re-election. He also sought to bring indigenous Liberians into the mainstream but his efforts fell short; he was unable to overcome the decades of resentment most Liberians seemed to feel toward the Americo-Liberians. As Lamb saw it, Tolbert's reforms were too few and too late, and their main effect was to give the opposition more room in which to agitate.

When the coup occurred, Doe was treated as a liberator. Mobs of Liberians cheered when, a day later, 13 top Tolbert aides were executed. The United States responded with horror. Over time, it concluded the best course was to try to nudge Liberia towards democracy. The Reagan administration, which took office nine months after the coup, sought to gain influence with Doe by increasing aid levels. Indeed, roughly $500 million was spent there during the Reagan years. After Doe was declared the winner of a patently fraudulent election in 1985, U.S. assistance dropped sharply.

Doe's presidency was marked by corruption and repression, and within four years after his inaugural, Taylor and his allies took up arms against him. Doe, who took power through violent means, went out the same way. In September 1990, he was captured and killed by enemies who cut his body into slices while video cameras were rolling.

The stability that Liberia had enjoyed for so much of its history seemed a dim memory. For 133 years, there had not been a single coup. In 1971, Liberia became the first African country to achieve a peaceful constitutional transfer of power. When he was sworn in following Tubman's death, Tolbert said, "This nation stands as a true example of stability." But, for many Liberians, the high hopes of that period have long since dissipated. ■



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Where's the Beef?

How US, Egyptian Officials and Military Saw Eye to Eye Across A Dinner Table

By Maria Bauer

Diplomacy has long recognized that the best setting in which to get to know host country nationals is at a small dinner party. Once the initial formality and stiffness have been broken down and a relaxed atmosphere has been established, a rapport can develop naturally between the Americans and the guests. But in Egypt in the 1960s, dinner parties served a more important purpose because under the anti-American and authoritarian regime of Gamel Abdul Nasser, most offices were tapped and private conversations could occur only in private homes.

No outsider could possibly imagine how much effort and work were involved in making arrangements for these parties. Each time we had to brace ourselves for the inevitable last minute disasters that were bound to occur. Promises of delivery of various foods or flowers did not mean a thing; the telephone was usually out of order; and the electricity was entirely unreliable, since it usually depended on a single fuse consisting of one copper wire wrapped around a piece of porcelain. It was always the same scenario: Whenever electric lights were strung around the trees to illuminate the garden, the whole electric system would blow and no amount of copper wire would do any good. Then the gardener would be dispatched to fetch an electrician and would return with a little boy, the electrician's son, and we would watch with amazement and anxiety as he climbed up the trees and rearranged the electric wires. Each time, miraculously, all the lights would come on and the refrigerator and freezer would begin working again.

And all these efforts were usually worthwhile, for in this setting of Arabian nights, with lights aglow in the garden and candles flickering in Egyptian lanterns, Egyptian government officials and foreign diplomats could mingle in complete informality. Trivial and important conversations were held, opinions were discussed, common interests were discovered and long-lasting friendships were formed.

Of the many evenings stored in my memory, one that took place in Cairo almost three decades ago still stands out: It was a dinner for the U.S. War College seminar, a group of senior military officers and government officials who were traveling in Egypt to familiarize themselves with the problems of the region and to meet with Egyptian officials. I have no recollection of our guests that evening except for the men who flanked me at the dinner table: to my right, Dr. Magdi Wahba, Egyptian deputy secretary of state for culture, and to my left, an American army colonel from Texas whose name I have forgotten.

We had hardly finished our first course when, to my increasing uneasiness, the conversation turned

Maria Bauer is a freelance writer and the spouse of retired FSO Robert Bauer.

to the Vietnam War. Wahba, speaking perfect Oxford English, became very outspoken in his criticism of the American role in the war and tore down, with great logic, all the official reasons for U.S. involvement. I desperately tried to change the subject but was unable to break into his monologue. In no uncertain terms he expressed his strong opinions on the immorality and hypocrisy of U.S. foreign policy. By now I was extremely nervous, fearing that our Texan guest would be insulted, wondering how he would respond and expecting this dinner party to be a total disaster. I kept watching the American colonel who, staring at the Egyptian deputy secretary of state and listening intently, showed no emotion whatsoever.

When Wahba finally stopped speaking, the colonel with a faint smile said, "These are exactly the same arguments I have been hearing from my wife every night at the dinner table. I was hoping to get away from that." There was a moment of silence, and then Wahba broke into loud laughter. "My dear colonel," he said, "you have herewith restored my confidence in America. Do you realize that no Egyptian would ever admit, not even to his best friend, that his wife would, and actually dared to, express an opinion different from his own? And, least of all, if he was an Egyptian army officer, when it concerns war or a matter of national defense which, after all, involves sacred patriotism, fatherland and honor.

"I know that you did not come here tonight to discuss the Vietnam War, but to learn and see firsthand the workings of our government, which is not only Socialist but also engaged in the dreadful endeavor of wanting to push Israel into the sea.

"Now I shall be entirely honest with you and to make our irrational government a little more understandable to you, I shall tell you something about one of its irrational officials: me. Being a high official of this Socialist government, I also happen to come from a very rich family. We live in a most luxurious villa and own a valuable collection of Islamic antiques. A few weeks ago, at 2 o'clock in the morning, a police officer barged into my home and said — very politely, mind you — 'I am very sorry, Your Excellency' — you see, we Socialists adore big titles — 'but your property is being sequestered and so we have to take the inventory of all your furniture and valuables.'

"Nothing our government does surprises me anymore, but it was the unusual hour in which my privacy was being invaded that worried me. And so, the next morning, I called the minister of the interior and asked him whether I was in disgrace, whether I should move out of the house or leave the country for a while or even emigrate. He was shocked by the thought and assured me with great warmth that I was trusted and valuable to my government. However, this was no reason to make an exception in applying President Nasser's great Socialist reforms. And so nothing has changed for me or my family at all. We continue enjoying our beautiful home amidst our valuable furniture and collections, although we know that nothing at all belongs to us any longer."

Talking about the Vietnam War, the Egyptian official expressed his opinions on the immorality and hypocrisy of U.S. foreign policy.

The colonel's eyes were riveted on Wahba, who stopped to finish the food on his plate and then said, "And although I am an Egyptian official who does not relish the idea of the State of Israel expanding at our expense, I nevertheless have no intention whatsoever of pushing Israel into the sea. Because, you see, I, too, am married, and my wife would take a dim view of such an intention because she happens to be not only British but also Jewish."

The colonel, obviously startled, shook his head and all he could say was "Well, I declare. I had no idea. Why, you sure surprised me, Dr. Wahba." And after a moment of silence, he added, "Things are so different here from what they seemed back in Washington. Maybe we should send the whole Congress here to meet y'all; there might be fewer problems between our countries."

And during the rest of the evening, Wahba and the colonel from Texas remained inseparable, talking late into the night. ■

Death of 'Nyet Negotiators'

How to Say 'No' And Look Good Doing It No Longer Russian Negotiating Style

By Victor Israelyan

The well-known American arms control negotiator, General Edward L. Rowny, wrote, "There is no such thing as a truly friendly Soviet [negotiator]. At least I have not met one in my 10 years of negotiating," On the other hand, another experienced American negotiator, the late ambassador Louis Fields Jr., had different sentiments. He once gave me a picture of himself inscribed "To Ambassador Victor Israelyan, a good friend, a worthy opponent and esteemed colleague, with my very best wishes and highest respect." I felt the same way towards Louis. This proves that different relationships existed between different Soviet and American negotiators.

In general, however, Rowny was right. The Cold War produced confrontational negotiators on both sides more interested in assessing blame in a dispute than in reaching agreement. Some Soviet negotiators understood the charge to "administer a rebuff" literally and went to great efforts to do so. Effectiveness in the minds of Cold War warriors meant obstruction.

Soviet negotiators were nicknamed by their negotiating partners the "Nyet Negotiators." In a popular American play by Lee Blessing, "A Walk in the Woods," the American negotiator Honeyman says to the Soviet diplomat Botvinnik: "You're a very good negotiator. That's why they keep you. You can say 'no' longer than other people. You can say it with a frown, you can say it with a smile, you can say 'no' and still be so charming, we'll think you said 'yes.' You dress well, you speak English well, you're good with the media. Most of all, you know how to take orders — at least when it really counts. And the orders are nearly always the same: Say 'no' and look good doing it."

During Russia's transition and domestic turmoil since the Soviet Union began breaking apart in 1991, its foreign policy has vacillated between its liberal, pro-Western facade and its imperial, old-fashioned side. While Russian leaders continue to emphasize an interest in developing close cooperation with the West, the recent election of the deputies to the State Duma have shown that nationalist foreign policy has growing support. Consequently Yeltsin replaced the reputedly pro-Western foreign minister, Andrey Kozyrev, with more nationalistic Yevgeny Primakov, an experienced negotiator. According to him, Russia must maintain a more aggressive profile rather than being subservient to the West.

Russia's domestic instability certainly has seriously affected its diplomacy and negotiating style. With

Victor Israelyan, a Fulbright visiting professor of Russian foreign policy at Penn State University, was Soviet ambassador to the Geneva Conference on Disarmament from 1979-87. He is the author of more than 10 books on diplomacy and international relations. His most recent, Inside the Kremlin During the Yom Kippur War, *was published in 1995.*

the disintegration of the Soviet Union and the bankruptcy of its Communist ideology, the "Nyet Negotiators" are gone. Businesslike negotiations for both diplomats and business people have become vitally important for the very survival of Russia and the former Soviet Union's successor states. A new type of Russian negotiator is slowly emerging, one more pragmatic and realistic than his Soviet predecessor. Key elements of the "Nyet Negotiator's" style are being relinquished: the dominant role of ideology, the enemy image and the inflexibility. But the burden of the 70-year Russian heritage is heavy.

When negotiating with a Russian, one should remember that in the Soviet Union only very few were skilled in or had knowledge of conflict management or the art of negotiation. Negotiation courses were taught only in the Diplomatic Academy and at the Moscow State Institute of International Relations. Soviet law schools, business schools, and universities' political science and international relations departments had no negotiation and conflict-management programs. The situation hasn't changed much since 1991. However, today, there are a few negotiation programs in some universities for beginners, mid-career and senior negotiators.

Therefore, Russian negotiators are often very poorly educated in the practice of negotiation and conflict management. The lack of training partly explains why the old "nyet" method remains very often the preferable one in Russia. Instead of carefully selected and well-instructed Soviet delegations of yesterday, foreign partners of today face a gigantic army of Russian businesspeople, officials and organized crime leaders striving for a quick deal, showing not even the slightest interest in the culture of negotiation. Such people can only cause mistrust and disgust their foreign counterparts.

The long-time supremacy of ideology in the Soviet Union means that Russian negotiators were overloaded with propaganda cliches and stereotypes. Such style was defined in the instructions cleared by the top Soviet hierarchy. In 1980, for example, as head of the 20-member Soviet delegation at the Conference on Disarmament, I was bound by instructions to "emphasize that the responsibility and blame for the current situation at disarmament negotiations lie fully on the USA and their NATO allies." The delegation had to be "guided by the decisions of the 25th Congress of the CPSU (Communist Party of the Soviet Union), the latest plenary session of the Central Committee of the CPSU, reports by comrade Leonid Ilych Brezhnev and other Soviet leaders, the Political Consultative Committee and the Ministers of Foreign Affairs Committee of the Warsaw Pact members states on arms limitation and disarmament." The delegation was instructed to "explain the significance of Soviet proposals directed to eliminate the threat of nuclear war and to achieve considerable reductions of nuclear and other types of weapons." Bound by this type of instruction, we negotiators spent hours and hours "explaining the significance of Soviet proposals" to the 31 member countries. We were striving to find a general formula that could be interpreted by the Kremlin as a reflection of its views and which would be acceptable to everybody but bring us no closer to a meaningful agreement.

A new type of Russian negotiator is emerging, one more pragmatic and realistic than his Soviet predecessor. Key elements of the "Nyet Negotiator's" style are being relinquished: the dominant role of ideology, the enemy image and the inflexibility.

Unfortunately this desire to reach an agreement in principle continues to characterize Russian negotiators today. If, after having explained his position in a very general way, one hears his opponent saying, "Fine, I like it," he usually misinterprets it as his partner's full acceptance of his position. The Russian negotiator favors obscure and ambitious formulas that fail to lay down practical approaches, preferring to elaborate on specific issues later. However, general and vague agreements inevitably lead to misunderstanding and misinterpretation. It is imperative that both partners define and agree on all the details, terms and specifications of an agreement and then confirm the understanding in writing.

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While persistently explaining their own position, the negotiators, including the Russian negotiators, also need to listen to their partners. An advantageous deal is possible only if the legitimate interests of all participants to negotiations are met. For Russians throughout the decades, the word "socialism" was nearly synonymous with the word "magic." The worth of Soviet society and the policies of its government were judged not objectively, but with respect to the myth that socialism is good and capitalism is bad. Certainly the old ideological perception is evaporating in Russia, but the tradition to lecture rather than listen is sometimes evident.

Due to the totalitarian character of Soviet state law, jurisprudence never played an important role in the Soviet Union. Decisions of Communist Party bosses predetermined the outcome of conflicts in every field. Knowledge of jurisprudence, especially in international law, was not available. This is still true today. From a grandiose Communist machine with obedient "screws," as Stalin called the Soviet people, Russia has become a country where disobedience to the government, and disregard for the law are common.

Today's Russia has many contradictory or competing laws due to political instability, and longtime confrontation among the presidency and the Parliament and various branches of power. The Constitution of the Russian Federation included more than 100 amendments, all adopted between 1991 and 1993. Russian legislation is like a cassette: You can remove one law and play another. In addition each autonomous Russian republic has its own legislation, which sometimes differs from the Russian laws. Therefore, negotiators need to pay special attention to an agreement's legal aspects. It's very important to verify the validity of the laws the Russian partner is referring to. Sometimes the negotiator might act or make proposals on the basis of amended, nonexisting or overruled laws and regulations. Before making a commitment, one has to assist the Russian partner in determining appropriate Russian Federation laws and regulations concurrent with international law. A Russian business partner, for example, will often be focusing on the priority of the state in the economy, so it's necessary to find out the relationship of the company with the Russian state. In other words, knowing your partner's credentials is critically important.

Due to economic instability caused by persistent inflation, and the lack of quality resources, many Russian companies are financially ruined and have far less flexibility then they pretend.

Many Russian negotiators believe that asking for more than one expects is an essential negotiating strategy; the negotiator usually suggests a point of departure far more extreme than what he's willing to accept. The more outrageous his initial proposition, the better the prospect of obtaining an advantageous agreement. Perhaps such a tactic has worked in the past, but no more. Usually negotiators with extreme positions are forced to make concessions, sometimes unilaterally. Starting negotiations from an extreme position typically wastes time and often results in a deadlock.

Following are some suggestions about dealing with Russian negotiators:

■ Many Russians are troubled by the collapse of the Soviet superpower. The Russian negotiator will undoubtedly appreciate an understanding of the difficulties of this transition process. Unless it's imperative, touching upon multiethnic Russia's complex and controversial national problems will hardly facilitate negotiations.

■ Russian negotiators usually attach considerable importance to form and protocol. From czarist times, Russian diplomacy strictly followed French diplomatic protocol. Soviet diplomacy also held firmly and steadfastly to the same protocol and rules of procedure. Following this tradition will only enhance the negotiation.

■ Despite computer research and engineering progress in Russia, modern communications and computer networks and databases are still rudimentary. The Russian negotiator is less disposed to openness than his partners, partly due to this lack of information and partly due to the old legacy of negotiating with "capitalists." Assisting the Russian partner in obtaining necessary information will make negotiating more effective and less time-consuming.

■ Russian negotiators are thought to use vodka, brandy and other strong drinks during negotiations as an argument of persuasion. While I don't think this is true, I admit Russians are better vodka drinkers then most of their foreign partners. They usually take offence at a refusal to toast with vodka to peace and friendship *("mir i druzhba")*. My experience has shown that drinking milk before parties hosted by Russians — and consuming some bread and butter during the event — helps to resist arguing with a Russian.

■ Another widespread custom is giving presents and souvenirs. Everytime that I, as a head of a Soviet delegation, left for negotiations in New York or Geneva, I was provided with boxes of vodka, caviar, Armenian brandy, Russian toys and other souvenirs, which I distributed among my diplomatic partners. Only once were my gifts refused. A U.S. senator, after hosting a friendly dinner party, returned my modest souvenir — different sorts of Russian caviar — explaining that as a senator he could not accept gifts from a foreign diplomat. I have been told that sometimes, especially in commercial negotiations, gifts help to facilitate a quick agreement.

■ Taking into account linguistic, cultural and other differences when negotiating with Russian partners, one should speak slowly and in short sentences, using simple words. Be careful with jokes and proverbs unless one is confident that the partner will understand. Regardless of their knowledge of foreign languages, Russian negotiators usually bring experienced interpreters. But an American negotiator should not rely only on the other side's interpreter. Poor translation confuses many situations. In one case, the interpreter from English into Russian claimed that the British delegate said, "Spirit is better than meat." All Russian-speaking participants of this particular conference were surprised, knowing the British as an ascetic and not a vodka drinker. However, in reality he had said, "Spirit is above flesh."

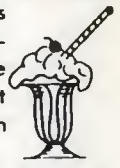
As a permanent member of the Security Council and a nuclear power, the Russian Federation will undoubtedly remain one of the main actors in the international arena. The Russian diplomacy of today will be implemented by a generation of diplomats and politicians who matured in the 1980s and early 1990s. Most of them are democratically minded, with new perceptions and objectives, both in domestic and foreign policy. They are trying to develop a new negotiating style that would meld with Russia's national interests and traditions.

Now, as never before, the values of Russia and the Soviet successor states will assume increasing importance to the world. A new international negotiating strategy will evolve to address the emerging blend of old cultural values, individual values of new negotiators and enormous economic imperatives of the New Independent States. The world negotiating community, therefore, will have to adjust as well. ■



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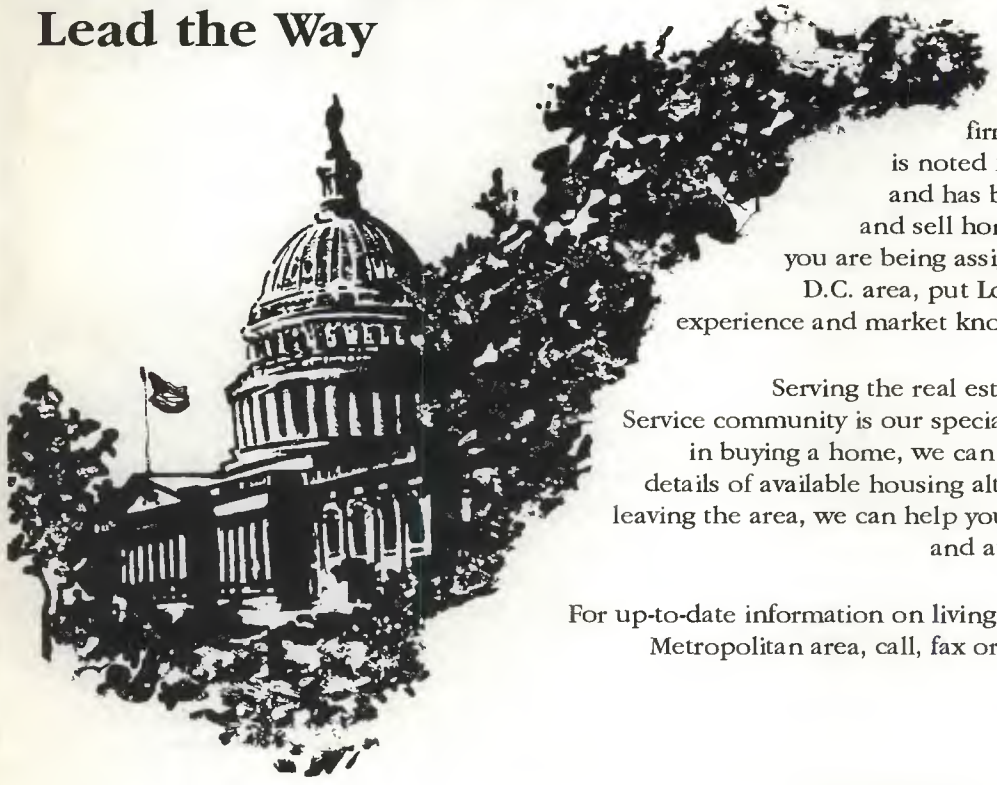
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BOOKS

PUBLIC INFLUENCES ON FOREIGN POLICY

The Public Dimension of Foreign Policy
David D. Newsom, Indiana University Press, 1996, $35 hardcover, $16.95 softcover, 292 pages.

BY HANS N. TUCH

David Newsom's *The Public Dimension of Foreign Policy* is a definitive study that should be compulsory reading for students of U.S. foreign relations as well as for its practitioners in government, journalism, academia and politics. Its author is uniquely qualified by training, experience and, above all, by intellect to have written this book: Trained as a journalist, Newsom attained the highest position for a career Foreign Service officer, that of under secretary of State for political affairs, after having served as ambassador in three countries, and as assistant secretary for African Affairs. But beyond that, and uniquely, he was an academic administrator, a director of a research institution and a university professor. All these enabled Newsom to bring to this study the intellectual insight, the practical experience, the broad and varied perspective and the ability to write in a clear and perceptive manner that makes this book so valuable and interesting.

The first part of the book discusses the relationship — or better, the conflict — between the government's interest in controlling information and the media's desire to publish or broadcast what it considers the constitutionally guaranteed people's right to know. In no other country is the freedom of the press so vigorously defended as a basic element of democracy; yet, it is also argued persuasively by the government that it needs to protect what it considers sensitive information representing the national interest.

Newsom presents a balanced discussion, citing numerous examples from recent history of how this conflict has played itself out. In our democratic system there probably is no way of defining categorically whether the media or the government should "win" this conflict. I share Newsom's view that our democratic system is best served if this dialectic is settled on a case by case basis, depending on prevailing circumstances. I suspect Newsom would agree with the statement of Vermont Royster, a former editor of the *Wall Street Journal*: "Under our Constitution, the three official estates of the realm are the legislature, the executive [branch] and the judiciary. Each has a different role and sometimes they disagree with one another. But no one supposes that makes them 'enemies' by nature. ... The press isn't an institution of government, but it is definitely an institution of our society. It isn't too much to say ... that the intent of the First Amendment was to make the press, collectively, a part of the system of checks and balances that help preserve a free society. ... The press constitutes a Fourth Estate of the realm. That very phrase, 'Fourth Estate' implies that we are part of the self-governing process of our society, not something apart from it."

Going beyond this balanced discussion of the media's impact on foreign policy, Newsom covers in detail the other major dimensions of public influence in the foreign policy process — academia, think tanks, advocacy groups, lobbies and Congress. He describes key issues each group has advanced and the resources — including money — employed to promote their conflicting objectives.

In discussing think tanks, for instance, Newsom lists eight of the major institutions — the American Enterprise Institute, the Center for Strategic and International Studies, the Institute for Policy Studies, the Heritage Foundation, the Cato Institute, the Joint Center for Political and Economic Studies, the Center for National Policy and the U.S. Institute for Peace — and discusses their origin, their policies, the personalities that run them and their influence on the foreign policy process. Among his conclusions, Newsom writes, "The think tank world of Washington is an important contributor to the conversations of the capital. With all its limitations, it plays an indispensable role in assuring a wide and democratic exchange

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My background gives me unusual knowledge about the real estate needs of people who must expect to relocate their household frequently, often internationally. I spent a decade working for the U.S. Foreign Service in Thailand and Korea. For the latter part of that period, I worked throughout Asia as the roving coordinator for U.S. delegations to the United Nations. Returning to the Washington area in 1975, I spent ten years with an international behavioral research firm. Late in 1986 my husband and I moved to India on a World Bank assignment. We spent four years in Delhi, where I worked at the U.S. Embassy. In 1990 we returned to Virginia and I resumed full-time work in real estate.

I have been licensed to act as a Standard Agent since 1985. In 1992 I was certified by the Northern Virginia Board of REALTORS® to act as a Buyer's Agent. In 1993 I was certified by the National Trust for Historic Preservation to deal knowledgeably with historic properties. I became a member of the Million Dollar Sales Club (a milestone recognizing an exceptional level of successfully completed real estate transactions) in 1994. To further improve the quality of service I provide to my clients, I completed the rigorous requirements for the Virginia Real Estate Broker's license.

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between all the disparate elements that ultimately contribute to the creation and support of the nation's foreign policy."

Newsom's opinions and value judgments are based on meticulous research. He cites sources and presents a carefully balanced picture. This study combines the writing talent and professionalism of the journalist, the academic training and practices of the scholar and the experience of the foreign policy practitioner.

Hans N. Tuch, a retired career minister, is author of Communicating with the World: U.S. Public Diplomacy Overseas. *He has taught at Georgetown University and the University of Missouri.*

JAPAN: USING RICE AS A COLONIAL TOOL

Japanese Colonialism in Taiwan: Land Tenure, Development and Dependency, 1895-1945
Ka Chih-ming, Westview Press, 1995, $54.95 hardcover, 226 pages.

BY DAVID E. REUTHER

Most commentators on Taiwan's political democratization or economic miracle use a clock that starts in 1949. Conventional wisdom describes the period when Taiwan was a Japanese colony as a time when it was dependent, peripheral and policed into accepting modern sanitation. Economic analysts assumed that either the U.S. Pacific Fleet wiped the infrastructure from the island in the last days of World War II, or the Kuomintang carted it away after the war. These assessments see Taiwan as an economic *tabula rasa*. Only in recent years has Taiwan's Japanese colonial period, and its contribution to Taiwan's modernization, drawn the attention of researchers writing in English.

Patricia Tsurumi's seminal 1977 volume on education in Taiwan opened an important window to this period. Ka Chih-ming's volume is a similar path-breaking, richly researched contribution to our understanding of the colonial period. It is an excellent volume destined to be cited by every graduate student because it describes the table setting and culinary preparations that made the post-1949 meal enjoyable.

Mining extensive Japanese and Chinese records, Ka delves into the demographic, economic and social structure of the island. His focus is the sugar industry on Taiwan and its interaction with domestic rice farming. Japan encouraged sugar on Taiwan as an import substitution policy to stem the currency drain of importing sugar. Ka chronicles that Japanese capital easily pushed aside the small Taiwanese sugar mills. To maintain its market privileges in the face of supply problems Japanese capital ultimately divided the island into sectors, each of which had a mill to which the farmers were obligated to sell their cane. By 1925 Japan had installed a typical colonial, agricultural system from which it reaped considerable benefit and which might have justified a classical analysis of Taiwan's colonial period, had it lasted. But Tokyo shied away from establishing the plantation system usually associated with sugar cane.

The failure to install a plantation system relates to a series of choices Japan made upon arriving on Taiwan. Ka's Taiwan is reminiscent of an America West of feuding clans and new settlers in need of law and order. Unlike other colonial powers, Japan operated on a tight budget and taxes

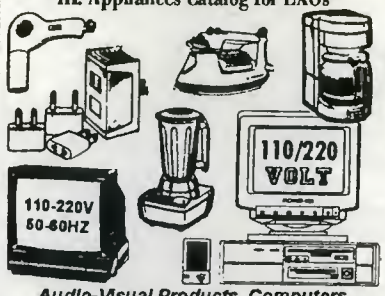
from agriculture were easiest to collect — after the obligatory cadastral survey and land reform that brought title to the tiller. Japan's initial revenue needs solidified the place of the family farm and forestalled plantation agriculture.

Ka's researeh argues that Taiwan's family farm ereated a stable social network that enjoyed a steadily improved standard of living, despite the nuances of Japanese sugar cane poliey. In the beginning, various administrative deviees (sueh as tagging the price of cane to the price of loeal rice) kept priees low and Japanese cane capitalists happy. Starting in the late 1920s, at Tokyo's encouragement, Taiwan's farmers began to grow the strain of rice favored in Japan. Because Taiwan rice was much cheaper than Japanese-produced rice, exports exploded. Rice as a cash erop drew resources away from cane and began to force up its price. The search for polieies to restrain cane costs ereated competition between Japanese cane capitalists and Japanese rice importers for political favors in Tokyo.

In the heydays of sugar cane, Japanese eapital stayed away from rice production and milling. Thus, the Taiwanese farming family rather than the colonial overlord gained from the rice trade and its collateral increases in the price of raw eane, which the family might also grow. The end result was that the Taiwanese farmers enjoyed a steady improvement in their standard of living through the 1930s. Capital resources, both human and finaneial, had aceumulated in the indigenous population before 1949. The table was set. ■

David E. Reuther is an FSO assigned to Washington, D.C. He has more than 20 years' experience in Asia, having served in Beijing, Taipei and Bangkok.

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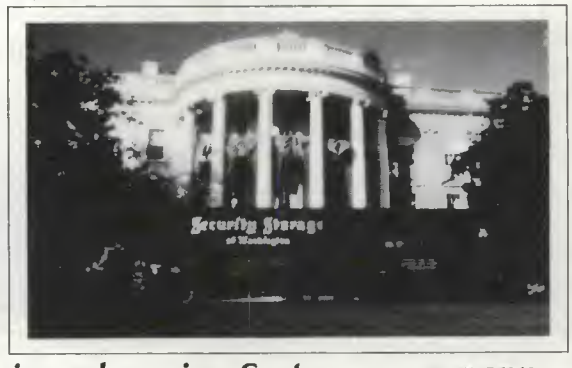
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In Memory

Daniel Virden Anderson, 87, died March 24 in Holmes Beach, Fla.

He was born in Dover, Del., and received a B.A. from the University of Virginia. Mr. Anderson's posts included Italy, Spain, Portugal, Colombia and Cuba. Before retiring in 1968, he served in Saigon as deputy chief of mission, in Marseille, France, as consul general and in Washington, D.C., as director of Southeast Asian Affairs.

Survivors include his wife, Joy, a son and daughter, all in California; three sisters and six grandchildren.

Margot Cutter, 83, died on June 3 in Santa Barbara, Calif.

Ms. Cutter was born in Augusta, Ga., and graduated from Northwestern University. She received an M.A. degree from the Institute of Fine Arts of New York University. She joined the Information and Cultural Exchange program at the Department of State in 1952 and for the next 20 years served with the U.S. Information Agency (USIA) in Washington, Italy, France and Morocco.

She is survived by three sisters, and seven nieces and nephews.

Thomas O. Enders, 64, died of melanoma March 17 in New York.

Mr. Enders was born in Hartford, Conn., and graduated from Yale University in 1953. He also received master's degrees from the University of Paris and from Harvard University. He began his Foreign Service career in 1958 in Stockholm, and went on to become deputy chief of mission in Belgrade and in Cambodia, and ambassador to Spain, Canada and the European Community in Brussels. As assistant secretary for economic and business affairs from 1974-76, he helped establish the International Energy Agency, and as assistant secretary for Inter-American Affairs from 1981-83, he worked on the redirection of U.S. foreign policy in Central America. He retired in 1986 and became managing director of Salomon Brothers, Inc.

Survivors include his wife, Gaetana, and a son, Thomas, both of New York; three daughters, Domitilla Enders of New York, Alice Roessler of Washington and Claire Thomson of London; a brother and sister, and three grandchildren.

Dalton V. Killion, 62, died of a brain tumor on March 3 in McLean, Va.

Mr. Killion was born in Kennett, Mo., and graduated from the University of California at Berkeley in 1957, joining the State Department in 1958. In Washington he served as under secretary of State for Management and as foreign policy adviser to the commander-in-chief of the U.S. Pacific Command before retiring in 1995. He served in Tokyo and Osaka and as deputy chief of mission in Ouagadougou and Conakry.

He is survived by his wife, Patricia, of Brooklyn, N.Y.; two sons, Darryl and David, of California; his mother, a sister, and two grandchildren.

E. Frances McPhaul died of respiratory failure on Feb. 12 in Orlando, Fla.

Ms. McPhaul joined the State Department in 1956 and the Foreign Service in 1959. She retired in 1983, after serving as a Foreign Service secretary in Tokyo, Belgrade, Bamako, Athens, Monrovia, Taipei, Jakarta, Bonn, Manilla and Karachi.

She is survived by her brother, Dr. John J. McPhaul, of Dallas, Tex., and seven nieces and nephews.

Henry S. Villard, 95, died of pneumonia on Jan. 22 in Los Angeles, Calif.

Born in New York and a 1921 graduate of Harvard University, Mr. Villard served 28 years in the Foreign Service, retiring in 1961. He served as the first ambassador to Libya in 1952, and in 1960 as first ambassador to Senegal and Mauritania. He served two terms on the State Department's Policy Planning Staff and was State's first chief of the African Affairs Division. Mr. Villard chaired the *Foreign Service Journal* Editorial Board from 1939-48.

Mr. Villard is survived by his son, Dmitri, of Los Angeles; and his daughter, Alexandra de Borchgrave, of Washington, D.C. ■

The Boarding School Search

Most Foreign Service parents still expect their children to live at home until college. However, this is not always possible since a number of Foreign Service posts lack adequate schools. In a typical year, some 300 Foreign Service children attend 150 boarding schools in the United States and abroad. Because the boarding school option means early separation from parents, it's important that the child be allowed an active role in the decision-making process.

Once the decision is made to enroll a child in boarding school, the family is faced with the task of choosing the right facility. Because there are over 300 boarding schools in the United States and abroad, it is necessary to narrow the field to a manageable group.

The first step is to gather information. Every State Department community liaison officer (CLO) overseas receives an annual Boarding School Directory plus other useful material. State's Family Liaison Office (FLO) education and youth officer regularly visits boarding schools, maintains a collection of boarding school catalogs and videos, and offers suggestions of appropriate boarding schools.

The next step is to choose about 10 schools and call or write for their application packets. Keep in mind that the school catalog always presents the institution favorably. Other publications such as course description booklets, student handbooks, alumni magazines and recent editions of the school newspaper or literary magazine will give a clearer view of the school. Remember, you're looking to match your child to the school that responds best to his needs and interests.

Some schools are particularly good at supporting underachievers; others stress the need for self-reliance and high motivation among entering students. Several provide specialized attention to learning disabled students.

Location is another important consideration. In addition to deciding if the child would be happier in an urban or rural environment, parents should consider whether the school is close to other adult family members or friends for emotional support. Keep in mind, however, that children are often not close to relatives, particularly if family contact has been limited to home leaves. Convenient access to international airports will ease the student's travel logistics.

In addition to considering admission requirements, curriculum range, extracurricular activities and colleges frequently attended by graduates, parents should ask questions

This article is based on an essay by freelance writer Pamela Benson and includes an excerpt from Education Options for Foreign Service Family Members, Department of State Publication 10280, Family Liaison Office, February 1996. Used with permission.

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to determine whether the school fosters international thinking for the Foreign Service child. For example:

- How many foreign and expatriate students are in the student body and what countries are they from?
- Are there special orientation programs for new overseas students and continuing support during the year?
- Will the school assist with the logistics of vacation travel?
- What is the range of weekend activities?
- Is there easy access to telephone, e-mail and fax?

Here are some other considerations based on the experience of one Foreign Service family:

- Is your child ready to leave the nest? Be wary of pressuring your child into a decision to attend school away from home before he is emotionally ready.
- Be wary of recommendations from friends and relatives. Your child is unique. There's a school for every child and not every "good school" fits every student.
- Every school has its own culture that cannot be adequately conveyed through catalogues. Take advantage of off-season fares to visit schools and enlist the help of a friend or relative in the United States if you can't accompany the student yourself.
- What kind of activities go on during weekends? Do boarding students have cars and routinely leave campus?
- Are students assigned to a counselor/adviser who will meet them regularly as a supportive advocate on social, emotional and academic issues?
- Political and social activism are experiences many Foreign Service teens may long for. Are there opportunities for students to join a group and work for a cause important to them?
- Young people who share the experience of living outside their own culture often form important supportive relationships. How many international students are enrolled?
- Think carefully about who'll serve as your child's U.S. contact; who'll be willing to host them for short holidays and, perhaps, make an occasional visit to the school. A close family friend might be as good a choice as extended family.

FLO's education and youth officer can assist in matching a child to a school and can also serve as a liaison between the overseas family and a U.S. school to facilitate admission. This officer can also refer families to a private educational consultant who can provide, for a fee, diagnostic services, short- or long-term counseling, educational testing and school placement. Parents can also contact the nationwide Independent Education Consultants Association (IECA) or the Washington-based Association of Consultants and Counselors for Educational Services and Support (ACCESS) for a list of their members.

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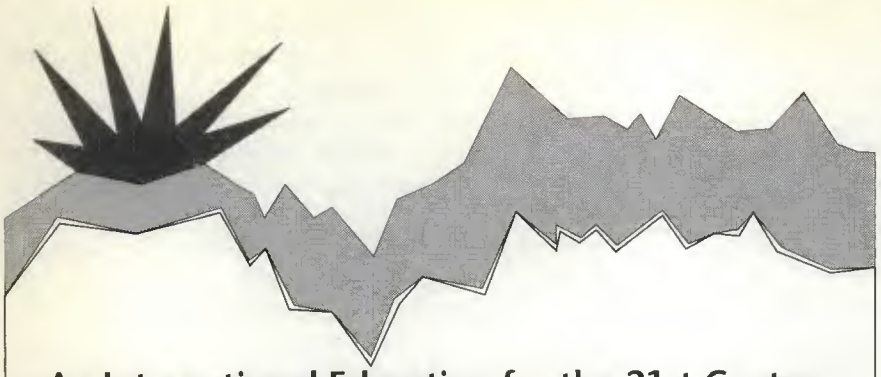


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Where To Find Help

Peterson's Private Secondary Schools
Peterson's Guides
PO Box 2123
Princeton, N.J. 08543

Boarding Schools Directory
Association of Boarding Schools
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The Handbook of Private Schools
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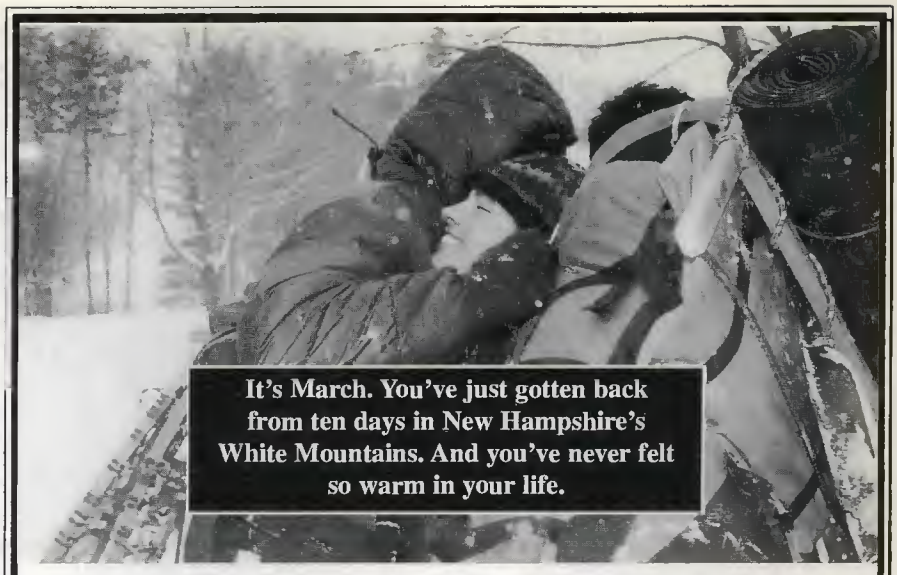
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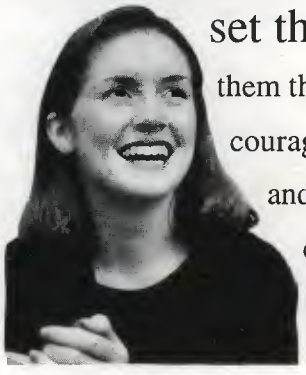


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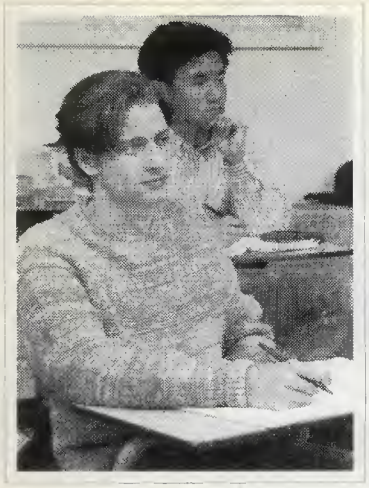


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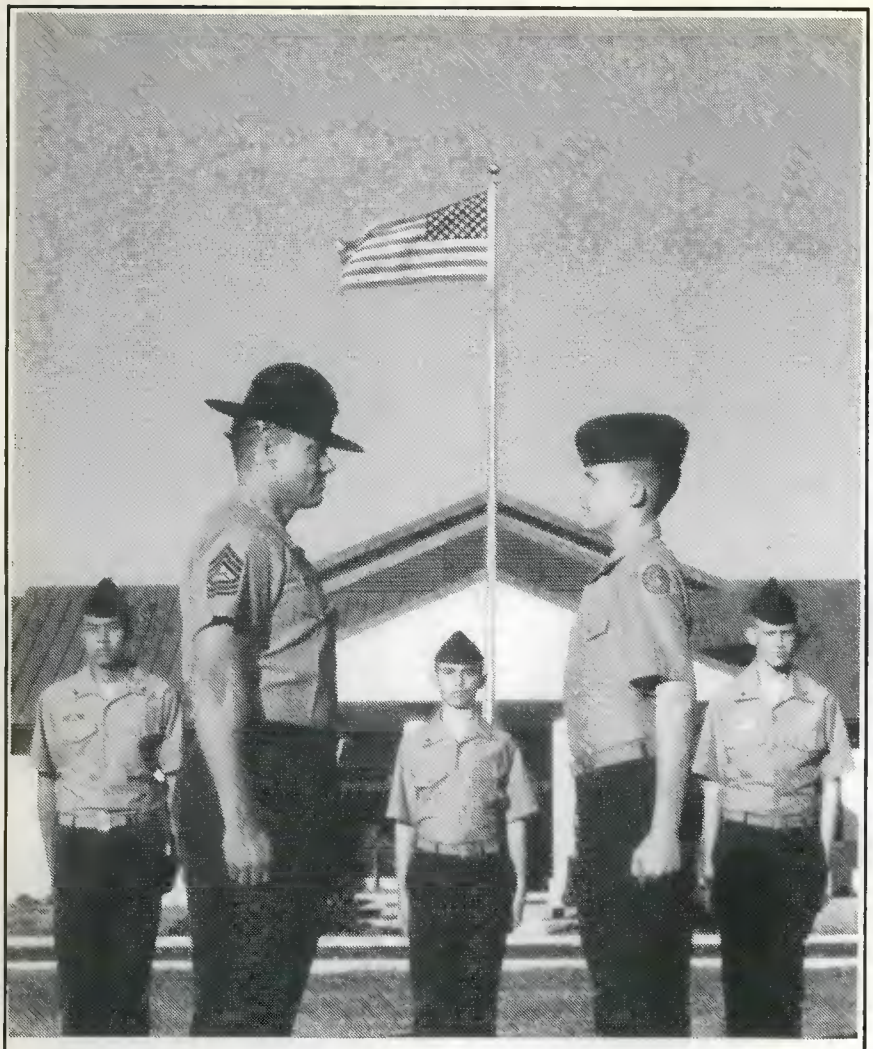
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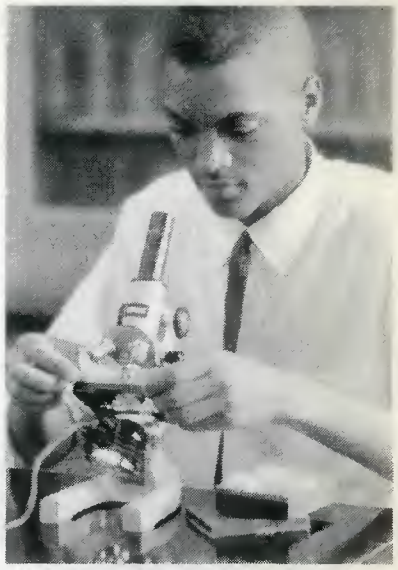
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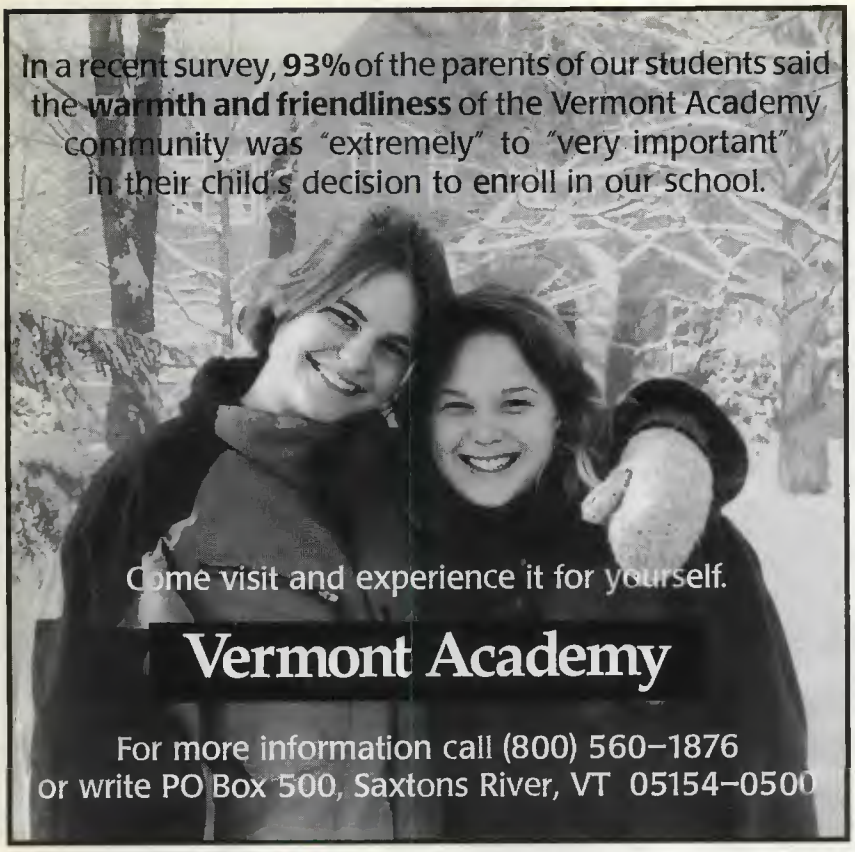
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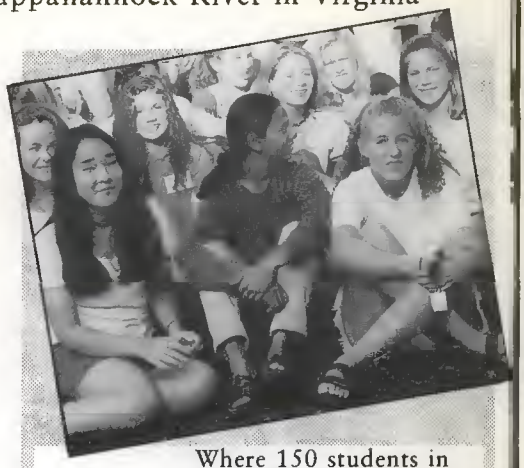
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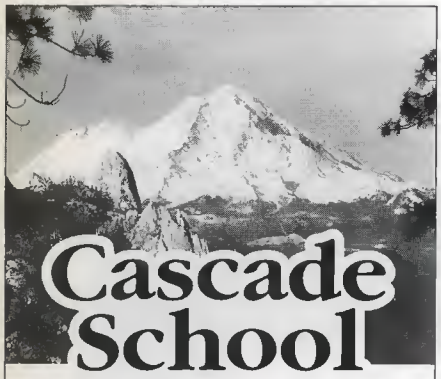
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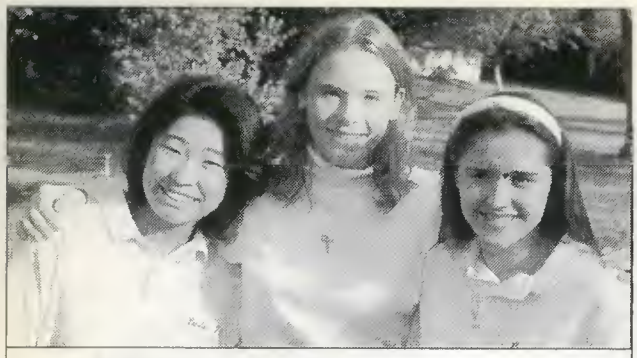
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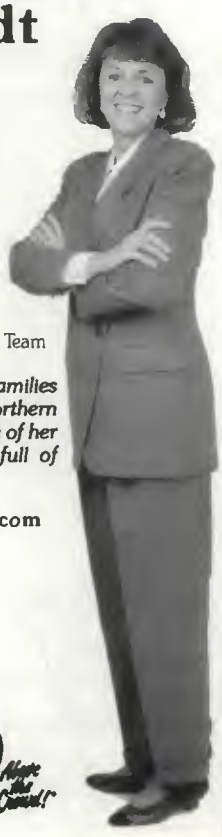
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POSTCARD FROM ABROAD

Bargain Hunting in Istanbul

BY DANIEL NEWBERRY

An epithet sometimes wryly attaehed to Istanbul's covered bazaar is "the World's Oldest Shopping Mall." The *Kapali Carsi,* as they eall it in Turkish, might also elaim to be the biggest shopping mall in the world, eonsidering it has 4,000 shops under one roof. I was drawn there on three suceessive rainy Saturdays during a recent visit to that ancient city. As an old Turkey hand, I had been there often enough over the years to know that ehanges were to be expected. The ubiquitous "Cambio-Exchange-Weehsel" shingles of the money changers have been sullying the Ottoman grandeur of the bazaar for many years now. But today, restaurants and ghetto-blasting compact-dise vendors on every corner further dispel any hope of stepping back in time in this city-within-a-city that is several eenturies old.

Yet stepping back in time is what one must do to appreeiate a new aspect of the bazaar — the addition of Central Asian wares and peddlers into an already colorful scene. Weavings and other folk art from the Caueasus, the Balkans and even from Chinese Turkestan are now being hawked by eolorfully garbed refugees whose appearanee evokes visions of the old Silk Road. Kirghiz felts, Uzbek embroideries, Turkoman needlepoint and Uyghur ikat weavings all ean be seen in greater variety and quantity than in the eountries of origin — plaees like Bukhara, Bishkek or Khiva. Seeing these Central Asian faces and wares now in the familiar, teeming setting of Constantinople lured me into reveries of what the bazaar must have looked like 500 years ago.

The bazaar-wise hawkers know to bring him only choice pieces.

But bargaining is what every shopper wants to do in the covered bazaar. On my first Saturday morning foray, I made a beeline to one of my old haunts to ehat with the shopkeeper, a favorite rug-and-kilim dealer. As the shopkeeper and I sipped linden tea and gossiped about mutual aequaintanees, a suecession of shabbily dressed Central Asian men appeared at the door, each with an enormous sack of rugs, knitted goods, peasant-earved wooden utensils and who knows what else.

My friend dismissed most of them without looking at their goods, explaining to me that the really good stuff is sorted out in the refugee camps outside the eity, and the bazaar-wise hawkers know to bring him only ehoice pieces.

However, when the next peddler appeared at the shop door, I invited him — with the shopkeeper's permission — into the shop. The first items he pulled out of his sack were indeed unremarkable — once beautiful Bukhara embroidery wall hangings, now frayed and stained, fragments of once-fine Turkoman saddlebags. But then the peddler began pulling out sumptuous needlepoint purses in vaguely Russian patterns but unmistakenly Uzbek in design. It seemed these needlepoint marvels are still being made by women of an ethnie Uzbek tribe called "Lakai" who have lived mainly in Turkmenistan and not in Uzbekistan at all. I chose a Lakai piece in vivid red and green to take home for use as a Christmas decoration and paid the peddler his first asking price, thereby violating every rule of bazaar etiquette.

The piece caused a minor stir back home in Washington when I took it to the Textile Museum's Saturday morning show-and-tell, where it was appreeiated for its unique workmanship and brightly eolored flowered design. My purehase was further vindicated when I learned from the cognoseenti that my Lakai needlepoint was done with real silk thread and not with polyester, as I had assumed. I gave myself a pat on the back for pieking up a bargain as well as a thing of beauty. I guess I bought better than I knew. ■

Daniel Newberry is a retired FSO who served in Turkey three times, in Istanbul as junior officer from 1952-56 and as consul general in 1981-85; and in Ankara as political counselor from 1980-81. He is a member of the Journal's *Editorial Board.*

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