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PRESIDENT'S VIEWS

Focus on Membership

BY DAN GEISLER

AFSA is only as strong as its members, and our effectiveness is judged by how well we serve those members. So I have asked the Governing Board to focus on membership in 1998. There are two aspects to this plan: what we want to do, and why we want to do it.

What we want to do is to expand our member base, which now stands at about 11,000. AFSA enjoys one of the highest participation rates of any professional association/labor organization. More than 60 percent of those eligible to join have signed on. Compare that to an organization such as AFGE, which represents our civil service co-workers at the State Department. It has a 20 percent participation rate. But since the active duty Foreign Service workforce has been steadily shrinking, we have fewer members today than we had three years ago. Our members aren't quitting. We just have fewer people eligible to join.

This year we intend to augment our ongoing membership program with the personal efforts of Board members to step up recruitment and sign up at least one of every five Foreign Service employees who have not yet joined.

Why do we want to increase membership? Because a strong organization is critically important for us this year, both as a professional association and as a labor organization.

Dan Geisler is president of the American Foreign Service Association.

*With agency
consolidation in
the works,
strengthening
AFSA is critical.*

As foreign affairs professionals, we need to educate our fellow citizens, especially those in that mysterious region outside the Capital Beltway, that post-Cold War globalization makes American diplomacy vital to them personally. Anyone who lost money when the Southeast Asian currency crisis sent the Dow Jones Industrial Average down 500 points in a day understands this already. More Americans need to know that what we do affects their daily lives. AFSA's outreach programs accomplish this.

AFSA works with Foreign Service retiree associations in cities around the country to set up informative programs to raise interest in U.S. foreign policy. In addition, we are active on Capitol Hill, lobbying for the funds we need to continue our work both here and abroad.

Beyond our work as a professional organization, we also serve a labor function. AFSA is the statutory bargaining unit for Foreign Service people in five agencies. Our most immediate concern is consolidation.

Although the administration does not yet have the required legislative mandate for merging State, USIA and ACDA, we expect to get it within the coming months and then move quickly to harmonize personnel rules and regroup into a new organization. We bargain from a position of strength only when we have broad participation from Foreign Service generalists and specialists. Every member counts.

The benefits of AFSA membership are many, including individual services such as representation in grievances and collective services such as lobbying on the Hill. For the complete story, contact me by phone, fax or e-mail (pres@afsa.org). We call ourselves the Voice of the Foreign Service. That's true both when AFSA speaks out on public policy issues and when we help individual members. We're often the only voice there is.

We're recruiting more members, and not only because there's strength in numbers. We want new recruits to use AFSA to advance issues of importance to all members. Our most important achievements come when individual members or small groups engage on a topic that they believe in. It takes time and energy, but it yields results: a coning appeals process for Junior Officers, inclusion of the Foreign Service in legislation governing federal worker benefits, calling public attention to the quality of politically appointed ambassadors. Individuals can make a difference, and AFSA can help them do it. ■

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I value the American Foreign Service Association as my continuing point of contact with talented and committed individuals on whom, on two occasions, I greatly depended. I look forward to receiving and reading the very excellent *Journal*.

*John Kenneth Galbraith
Former Ambassador to
India
Cambridge, Mass.*

An Editor's Swan Song

Regarding editor Karen Krebsbach's "Swan Song" (December *Journal*): The *FSJ* is better than it's ever been since I became a regular reader about 1960. The impulse to omit anything that is not blandly positive is one that has plagued many more things in the Foreign Service than the *Journal* over the years. The antidote is to include more controversy and informed outrage, not less.

In addition, the *Journal* should change its policy of not soliciting reactions to critical letters, because a response in the same issue would help to focus attention on the

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essence of the opposing arguments.

*William R. Lenderking
Retired FSO
Washington, D.C.*

I read with regret Karen Krebsbach's "Swan Song From a Lame Duck." During her long period as editor, she put verve into the composition of the magazine. I agree with her: We need to voice different opinions about the way that State and the Foreign Service carry out their functions. Thirty years in the Service taught me about the mistakes we make.

*Paul M. Miller
Retired FSO
Springfield, Vt.*

Krebsbach asked if all readers agreed with those Governing Board members who want the *Journal* to publish only positive articles about the Foreign Service. No way! I would much rather read a *Journal* that offers a diversity of views and that allows us to decide for ourselves which arguments have merit and which do not. If the Governing Board decides to censor dissent or criticism, then our Foreign Service would have no business going out into the world to promote democratic ideals such as freedom of expression and freedom of the press.

*Timothy P. Lattimer
Vice Consul
U.S. Embassy Buenos
Aires*

Congratulations to Krebsbach. She has indeed made the *FSJ* a much better publication and she is absolutely right that the *Journal* should adhere to its by-laws and ignore those favoring treacle-coated problems.

*Frazier Meade
Retired FSO
Newcastle, Maine*

Ambassadorships for Sale

Not all Americans can agree with "The Bold, Brazen Selling of Ambassadorships," in which the AFSA president seeks to codify a limitation on the U.S. President's right to appoint ambassadors of his own choosing ("President's Views," December *Journal*).

It is an act of hubris for AFSA to assume that guaranteeing its members 90 percent of ambassadorial posts would somehow increase the effectiveness of the United States in conducting its foreign policy. The Old Boy network in the Foreign Service has produced more than its share of duds.

In my one European posting, there was clearly a difference between my two career ambassadors. One was a product of the meritorious part of the Foreign Service; the other had gotten his posting only because he was pushed forward vigorously by the Old Boy network. One ambassador had a keen sense of history, politics and the role of the ambassador; the other

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lacked all these characteristics. What is the difference between a large monetary contribution to the election of the president and obeisance to a closed WASPish coterie? FYI, there is a lot more accountability in the former.

AFSA's role as another special interest group seeking to codify its own interests is not one in which AFSA can claim the larger interest. Fortunately for the rest of us Americans, the President's power to appoint ambassadors is enshrined, at least in part, in the Constitution. Thus there is little likelihood of such a proposal's ever becoming law.

David Hughes
Woodinville, Wash.

The futility of Ambassador DePree's approach to the selling of ambassadorships is evident in what he writes.

First, following the justifiable indignation of the three introductory paragraphs, Ambassador DePree concludes that things are no better today than they were 25 years ago, under the Nixon presidency, and concludes that the practice is "an insult to the American Foreign Service." Yes, and, among those who could do something to end it, who cares?

Second, Ambassador DePree calls for an appeal to members of Congress to cap the number of non-career appointees. Appealing to members of Congress on this issue is equivalent to sending a lamb as the envoy to the leaders of the wolf pack. Has Ambassador DePree recently counted the number of ex-congressmen and ex-senators who, over the years, have assumed important ambassadorial posts? Serving members of both houses are aware of the refuge an ambassadorship might provide if an

election should be lost or the burdens of legislative office should prove too exhausting.

Nor is Ambassador DePree's wish that "maybe now something will be done" justified by the promise of the Senate Majority Leader to hold a vote on campaign finance reform in March. Hitching our wagon to the star of campaign finance reform guar-



DOUGLAS CHEZEM

antees that no progress will be made in limiting non-career ambassadorial appointments, because none is going to be made on campaign finance reform either.

What is needed is not more hand-wringing, but evidence that the appointment of non-career ambassadors damages the national interest of the United States.

May I suggest that AFSA establish a committee, preferably of senior officers at whose souls the deprivation of appointment as chief of mission gnaws, to research this subject? A good place to start would be the files of the Oral History Project. Another would be interviews of retired officers who could rate the career and non-

career appointees under whom they served to supply evidence, not anecdote and gossip, about the contributions, or damage, to the national interest ascribable to members of each category. My own experience prompts me to add that I believe the evidence would be equivocal.

R. T. Davies
Retired FSO
Silver Spring, Md.

USIA a Failure?

I have been in government for 29 years (27 with USIA) and never have I experienced such differing perceptions as Howard Shapiro's and mine ("Learning from Failure," December *Journal*). Following is the response which I sent to Howard.

"We haven't met, but a colleague had a copy of your article waiting for me in the middle of my desk when I arrived this morning. I was furious. Angry that you would trivialize the agency and my 27 years of work. Plus, such an article is just what State needs to downplay USIS functions and USIS officers when the consolidation occurs. Yes, I can retire any time I want, but I dare say, I will not be dumping on USIA as I go.

"Am I a 'true believer'? Damned right I am, but based on personal experience and not theories. At a time when civil society in emerging 'democracies' is so important, public diplomacy (yes, it exists) is key to our foreign policy.

"I just returned from four years in Nigeria where our Country Plan was heavily tied to the Mission Program Plan: Establishment of responsible and independent press and curtailing the drug trafficking. No, we didn't have enough resources or staff to do everything,

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but we used what we had and kept pitching the issues to the regime, which countered with a disinformation campaign that accused us of trying to destabilize the regime and which ultimately caused them to shut down USIS programs. Sometimes we change people's minds and sometimes we don't, but it's not only telling America's story but also getting out the facts and encouraging mutual understanding (a cliché?).

"You say officers have no intrinsic value? Fear of offending higher-ups leads to unwillingness to voice opinions? Are you kidding? When I left Nigeria, I was still publicly (and in writing) disagreeing with the second public affairs officer over the importance of environmental programming in our Nigeria plan.

"Loathe to believe there are systemic problems with our agency? Why are people taking the agency to court? What's the Goodman report all about, if not systemic problems? Maybe you're talking to the wrong people about the wrong things in Latin America, but in Africa, we talk to young and old and more often than not to non-governmental organizations.

"I don't agree that we lost our way or that what we do is a waste. Think about it again."

Claudia E. Anyaso
Anglophone West Africa
Desk Officer
USIA
Washington, D.C.

Shapiro's jeremiad reads like the lament of a very bitter and disillusioned FSO. Granted, whoever wrote the Country Plan in Caracas should have known better, but Shapiro's attacks hardly reflect what the majority of USIA FSOs believe

or what they have experienced in their careers. Nor does Shapiro's happily falling on his sword illustrate how most of us view the death of USIA.

The real point is that the United States doesn't care so much about political idealism any more, now that we've got the only Big Stick that matters. No, Howard, public diplomacy is not an oxymoron. It's a lost cause.

John Quintus
Assistant Public Affairs
Officer
USIS Belgrade

As a retired USIA FSO, I reacted to most of what was said in the various articles on USIA integration into the Department of State with "plus ça change. . . ." The most realistic article was by Shapiro.

It is not that USIA has not contributed positively in many ways in the FS community. It is that it continually got caught up in clichés and was often asked to carry out objectives which were unrealistic. It was often a question of over-direction from Washington. The real "target audience" was Washington.

Unless realistic changes can be made in what the agency can accomplish, I agree with Mr. Shapiro. The organization should be abolished.

Ted Tanen
Retired FSO
New York, N.Y.

I was disheartened to read Shapiro's dismal account of his unsatisfying USIA career in the December *Journal*. If he knew early on that his public diplomacy efforts weren't making a difference, why did he hang around for nearly 20 more years at taxpayer expense?

After all, Shapiro describes himself as a "concerned taxpayer."

I was particularly interested in Shapiro's observations about USIS Venezuela. I served a total of seven years in Venezuela during two separate tours of duty, from 1968 to 1970 and from 1986 to 1990, and had a far different experience in that country.

During my first tour, as USIS press officer, we achieved massive media placement — thanks mostly to an extraordinary FSN press chief — to counter communist propaganda from the Soviet Union and the Communist Party of Venezuela. During my second tour, as public affairs officer, I was pleased to see how many of our former international visitor grantees and professional contacts had ascended to policy-making positions in the media, the government and the cultural community, resulting in greater understanding of the United States and its policies. To me, this was a highly rewarding experience.

Guy W. Farmer
Retired FSO
Carson City, Nev.

No-Name Co-Parents

I am writing to correct the record in your column regarding the U.S. Consulate General in Toronto, ("Jane and Jane Doe and Baby Makes 3", "Clippings," November *Journal*).

The article concerns use of the name of the female domestic partner of a U.S. citizen mother as the "co-parent" on a Consular Report of Birth Abroad. This document is frequently used in place of a birth certificate and is proof of U.S. citizenship. Your article quotes me as saying that both women's names should have been written on the document. No one from the *FSJ* contacted me on this



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issue. I can only presume that your writer was rewriting an existing story which appeared in the Sept. 5 *Washington Blade*. That story quoted me accurately as saying that State department policy is "silent" on the issue of how U.S. consular officers should handle a case such as this one.

After reviewing Toronto's request for guidance on this case, the department instructed post that the space on the form that the U.S. citizen mother wished to use for the "co-parent" identifies the father. In cases where the father is unidentified or unknown, State Department policy calls for the space to be left blank or marked by dashes.

I would encourage your writers to contact State Department spokespersons directly when describing specific consular regulations.

*Maria Rudensky
Department of State
Consular Press Officer
Washington, D.C.*

State's Science Decline

Why is it that the State Department has so much difficulty in recognizing its responsibilities for the conduct of the science and technology aspects of American diplomacy? ("Why is the EST Cone Being Cut?" "Speaking Out," November *Journal*). As Peter Humphrey points out, the State Department is rapidly shucking its responsibilities in this increasingly critical dimension of foreign affairs.

What is so important about the science and technology function? In the first place, U.S. security interests have science and technology aspects. While the Bureau of Oceans and International Environmental and Scientific Affairs has ceded its responsibilities in this area, Environment, Science and Technology officers in the field have

continued to handle nuclear and other weapons of mass destruction issues. When I served as EST Counselor in Bonn and Ottawa, my training and prior experience in nuclear nonproliferation opened opportunities for closer dialogue and interaction with industry and research leaders in the nuclear energy field, as well as with officials in technical ministries. This work can be absorbed by political/military and economic officers, but an important dimension of representation, analysis and reporting by embassies is lost.

In areas as diverse as economic competitiveness, global warming and cooperation in space, EST officers have played vital roles in advancing U.S. interests.

The State Department might have regard for its own interests. The technical agencies have generally looked to science and technology officers for assistance in carrying out their international activities. Several agencies have created field offices abroad, but in recent years most ambassadors have vigorously contested efforts by the technical agencies to set up additional offices or to expand those already in place. As the human resources and expertise that the Foreign Service can provide are cut in posts such as New Delhi, the technical agencies will be pressed to find other ways to carry out their responsibilities. It will be increasingly difficult to deny them the opportunity to set up their own field offices.

The recent decision to cut the EST cone is in line with a long history of indifference to the science and technology function. While there have been periods in which the State Department can be proud of its leadership role and its achievements — for example,

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negotiating the government-to-government accords for international cooperation in the Space Station program — such periods have been episodic. After the challenge to American science and technology leadership made by Sputnik in 1957, the State Department set up a Science Office, but its effectiveness was uneven, at best, and hardly any attention was paid to technology.

There is one bright spot in the outlook for the role of science and technology in American diplomacy. About 40 FSOs a year participate in FSI's EST training, along with civil service officers from State and other agencies. In many cases, these officers are assigned abroad to positions in which EST affairs will form only part of their responsibilities. Nevertheless, they have conveyed a strong sense of interest in the science and technology, as well as environment, aspects of their training and are enthused about the prospects of working in these fields. Let us hope that the skills and the enthusiasm they bring to bear will be recognized and rewarded and that they will continue to have opportunities to engage in EST work as their careers progress.

Francis M. Kinnelly
Retired FSO
Bowie, Md.

Immigration Nightmares

In "Immigrant Dreams," (November 1997 *Journal*) John Sweeney writes, "Does the changing demographic face of America ultimately threaten national unity and identity? No. Throughout its history, America has suffered periodic flare-ups of anti-immigrant sentiment, but successive waves of immigrants have

assimilated into American society and culture." He then describes how Bohemian, Swedish, Polish, German, Jewish and Irish immigrants were assimilated.

Overlooked in this argument is that there are various real differences between then and now, beginning with the fact that all of these named immigrant groups were heirs to the same Western civilization as earlier immigrants — with the exception of the blacks. Vietnam-era dissidents now entrenched in the administrations and faculties of our universities have downgraded the teaching of Western civilization and denigrated the study of "dead white European males." Lacking understanding of their own civilization from having studied little or nothing of it, they have no point of reference, no basis for judging others. They seem to assume that the hard-won achievements of Western civilization are givens, or that they rained down like manna from heaven.

Swceny himself points up another real difference between present and past immigration in writing that according to 1993 forecasts, California, with a population greater than that of Canada, by 2040 will only be "32.4 percent white." Prior immigration never threatened to turn the majority in the United States into a minority. Who is to say at what point the Balkanization of America will threaten its character, unity and purpose? The continued high racial tension between our two oldest immigrant groups, the whites and blacks, illustrates the difficulty of assimilating immigrants from non-Western origins.

Economists puzzle almost daily in our news media about so little inflation with low unemployment. One explanation is that the current massive waves of immigrants are

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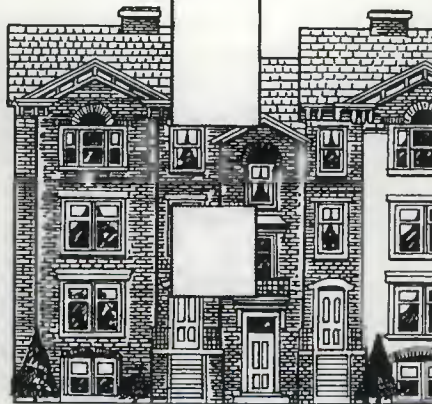
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LETTERS

depressing wages not only of our native minorities, but of our white children, as well. If this does not contribute to disunity, it certainly does nothing for unity.

A. Dane Bowen Jr.
Retired FSO
Alexandria, Va.

Diplomacy's Bad Deal

Congratulations on Harry Blaney's hard-hitting article, "Diplomacy's Bad Deal" (November *Journal*). Following the lead of directors general of the Foreign Service and senior officers of the Department of State, the *FSJ* has, over the years, rarely been courageous enough to speak out about the damage political leaders have done to the integrity of the Foreign Service as an institution and to the long-term foreign policy interests of the United States. Mr. Blaney has it just right: "We in foreign affairs have reaped the bitter fruits of such simplistic and erass thinking" [as practiced by Clinton, Lott and Gingrich], and, one could add, their many predecessors.

Arthur L. Lowrie
Retired FSO
Lutz, Fla.

Superb Consular Agents

The idea of articles on "returning to post" was a great one and I thoroughly enjoyed all the articles in the October *Journal*. However, I take exception with the comment by Richard Hartley in "U.S. Consulate Salvador." He believes that people in Salvador feel slighted because the consulate was closed. This is true wherever the U.S. government has closed consulates. He then says that they complain that "the small consular

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agency — staffed by a Brazilian who deals with minor consular matters — is not enough.”

The U.S. Consular Agency in Salvador is staffed by an American, Heather Marques, who had been doing a marvelous job for more than a decade. It is true that the agency is small, but the matters she deals with run the full gamut of American citizen services.

Consular Agents are valued members of State's worldwide presence, providing the same level, or even greater levels, of service to the American citizen abroad that a vice consul or consul does. More importantly, they are on the scene and have superb local connections and contacts. They provide these services at a fraction of the cost of an FSO.

How do I know this? I was the U.S. Consular Agent in Sao Luis, Maranhao from 1984-1991, when I joined the Foreign Service, and handled the same varied and complex range of responsibilities and services during those years as I do in my present work. I suggest that the *FSJ* begin a series of short articles featuring the more than 50 Consular Agents working round the world in order to give them the recognition they deserve.

Gayle Lopes
Consular Officer, U.S.
Consulate Sao Paulo

CORRECTIONS

In a December issue letter to the editor from Donald Tyson, his name was misspelled.

Henry Butterfield Ryan's book, *The Fall of Che Guevara*, reviewed in the December *Journal*, is a hardcover book published in 1998. ■

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"The idea that a great nation's capacity to lead in the international arena ... is held up by a small minority pushing on a small issue without a vote in the Congress is simply extraordinary."

— TIMOTHY WIRTH,
OUTGOING UNDER SECRETARY OF STATE FOR GLOBAL AFFAIRS, ON THE LINKING OF U.N. DUTIES WITH THE ABORTION ISSUE

YESTERDAY'S DIPLOMAT, TODAY'S BUSINESSMAN

James Cheek and Terence Todman, retired ambassadors, have continued to use their diplomatic acumen and contacts overseas. The difference is that now they find themselves competing against one another for business deals in Buenos Aires. "It seems that whenever there's a big and controversial business deal in Argentina nowadays, a former U.S. ambassador is in the thick of it," writes Jonathan Friedland in the Jan. 8 *Wall Street Journal*.

Cheek, who left Buenos Aires in 1996, represents AMR Corp., parent of American Airlines, which purchased state-owned Aerolineas Argentinas. Todman, who preceded Cheek as ambassador, represents Exxel Group, a U.S.-investor-backed firm. Both companies are vying for a contract to run Argentina's 33 airports. Although the two former envoys emphasize that they no longer work for the U.S. government and that their second careers are legal under U.S. law, their high profile has raised eyebrows among Argentines. At the same time, "the U.S. embassy, which has been without an ambassador since Mr. Cheek's departure, has kept a polite distance," reports Friedland.

Cheek told Friedland that ambassador-businessmen are a natural result of Washington's emphasis on expanding global trade. "Ambassadors who have a reputation for forceful advocacy of U.S. business interests are sought after when they retire," he said. Former Argentine economy minister and current Argentinean congressman Domingo Cavallo, agrees with Cheek that his former occupation is important to his current one, but for different reasons. Political contacts are key to doing business in Argentina, he told Friedland.

"The private sector views having Todman and Cheek as carrying the implicit backing of the U.S. and of having open access to President (of Argentina Carlos) Menem," he said.

Meanwhile, eyebrows are beginning to be raised in the United States about the former envoys' consulting arrangements. On Dec. 30 Martin E. Andersen, a former senior adviser at the U.S. Department of Justice, editorialized against Cheek and Todman and their post-career careers in *The Washington Post*. "The very people — two former U.S. ambassadors — who might have been expected to help articulate U.S. opposition to repression in Argentina are focusing instead on drumming up business for clients," he wrote.

HELL NO, THEY WON'T GO

More professionals are turning down overseas assignments because they fear the move will negatively affect a spouse's career, according to a new survey conducted by Windham International, a global consulting firm, and the National Foreign Trade Council. More than 48 percent of respondents said they wouldn't accept a job in a foreign country, Michael Schell, president of Windham International, told *USA Today's* Evelyn Tan Powers. "Families have become dependent on both incomes, and until companies provide solutions to this problem, it will become even more severe."

The non-working spouse not only loses income, but suffers diminished self-esteem and a career interruption that makes it harder to find a job once the couple returns to the United States, says Tan Powers, "but many companies have not faced up to the



CLIPPINGS

magnitude of the problem." The situation is only likely to get worse, she says, with 58 percent of American married women now seeking jobs outside the home as opposed to 51 percent in 1981.

HOW MUCH IS THAT VISA IN THE WINDOW?

A recent ad in the *Times of Oman* made the front page of the Dec. 29 *Washington Post* because it offered a "U.S. Green Card for anyone who can show U.S. \$500,000." The ad wasn't a hoax, wrote William Branigin, but was based on a "little-known — but quite legal — U.S. government program to encourage immigration by wealthy foreign investors....To qualify, the principals must each create at least 10 full-time U.S. jobs by investing \$1 million — or \$500,000 if the jobs are in certain high-employment areas — in the establishment of a new business or the rescue or expansion of an existing one."

According to Branigin, the program has not been successful to date, with visas issued numbering only in the hundreds world-wide. He predicts that will change, thanks to ads like the one in Oman, and to the burgeoning number of consultants like Greenbelt, Md.-based AIS Inc., which helps foreign investors find business opportunities in the United States, then helps them get visas. While critics view the law as creating a loophole for selling U.S. citizenship, advocates say that it brings investors into the country who will create or preserve American jobs. "[Advocates of the business visa system] point out that the growing numbers of immigrants who enter the United States under the current system, which

stresses family ties, are poor, unskilled and uneducated, and thus often a burden to society," writes Branigin.

PUBLIC VIEWS FOREIGN POLICY AS IRRELEVANT

The American public and American leaders and opinion makers don't agree on the role the U.S. should play in the world, according to an article in the Dec. 28 *Washington Post* by Andrew Kohut and Robert Toth. "The fact is, foreign policy seems irrelevant to most Americans," they write. "Solid majorities, ranging from 55 percent to 66 percent in surveys conducted by the Pew Center said this year that what happens in Mexico, Western Europe, Asia and Canada has little or no impact on their lives. Americans tend to pay little attention to foreign news and few have broad knowledge of world events."

Kohut and Toth say that the gap in interest between Americans and their leaders has widened since the end of the Cold War. "Gaps between the public and the nation's opinion leaders have certainly existed before but never in recent times has the difference on such a fundamental issue as America's place in the world been so wide."

On the issue of how these two groups see world conditions, the difference of opinion is particularly marked. "Opinion leaders are overwhelmingly satisfied with the world (73 percent), while the public remains correspondingly dissatisfied (65 percent)," say the authors. The public ranked their foreign policy concerns in descending order as: protecting American jobs, energy supplies and borders and reducing the risk of nuclear proliferation. ■

50 YEARS AGO

"It always amazes me how often I have received in the field circular telegrams concerning subjects which were either of no interest at all to my office or which had no urgency whatsoever," wrote F.D. Hunt, an FSO assigned to Martinique.

"It is a rare post that cannot be reached by air-mail within a week and most circular instructions do not require action within that time ... Now I can just visualize the same man in the Department who tells us to leave out the ifs ands and buts in our telegrams, dictating a circular telegram and saying to the stenographer, 'Send that to all offices.' The steno puts that instruction on the typed copy and the clerk in the telegram despatching room would not dare change it, so off it goes much to the delight of Western Union!"

ALMOST A SUCCESS STORY



LINA CHESAK

THE 1990s HAVE BEEN GOOD FOR NUCLEAR NONPROLIFERATION, BUT THERE IS NO SLACKING OFF

By Lawrence Scheinman

As we near the end of a century in which the threat of nuclear war has been a grave concern, it's worth comparing the current situation to that in 1960. At that time, President-elect John Kennedy voiced the depressing speculation that there could be as many as 10 nuclear-weapon states by 1970 and 15 to 20 in the following decade, unless the world took steps to prevent such an outcome.

Contrast that to our current condition. For the past 30 years, there have been only five declared nuclear-weapon states. While three nations have long been on the threshold of full nuclear-weapon status, they have not crossed that threshold. And in the past decade, several states have pulled back from nuclear-weapon development programs.

F O C U S

The world's hopes for halting the spread of nuclear weapons got a big boost in 1995, when the Non-Proliferation Treaty was extended indefinitely.

Considering the fear expressed by John F. Kennedy 38 years ago, we may justifiably assert that the nations of the world, with the United States playing a leading role, have done a rather good job of containing the threat of nuclear proliferation.

The Nuclear Non-Proliferation Treaty, signed in 1968, is the key to the world's success in halting the spread of nuclear weapons. Unlike most arms control treaties, which are of indefinite duration, the NPT was negotiated with an initial term of 25 years from entry into force (1970). After 25 years, the parties would convene to decide whether to extend the treaty indefinitely or for a fixed period.

Thus, in May 1995, 175 participating state parties (185 today) made history by agreeing to extend the NPT indefinitely. The importance of this decision to the cause of global security and stability cannot be overstated.

The NPT is the sine qua non for international efforts to prevent nuclear proliferation. The treaty integrates a growing network of bilateral, regional and multilateral agreements. Among these are the International Atomic Energy Agency, which implements safeguards required by the NPT as well as facilitating peaceful uses of nuclear energy; nuclear-weapon-free zones in Latin America, Africa, the South Pacific and South East Asia; and export control arrangements.

The 1990s have been good years for nonproliferation. Currently, only five nations are not parties to the NPT. Of these, three "threshold" states have maintained the nuclear option and have the resources and skills to convert capability into weapons

Lawrence Scheinman is distinguished professor of international policy at the Monterey Institute of International Studies. He was formerly assistant director of the U.S. Arms Control and Disarmament Agency.

at short notice. However, India, Pakistan and Israel have deliberately chosen not to declare a nuclear status—which may demonstrate the normative significance of the NPT regime even on non-parties.

On the other hand, France and China, for many years non-parties, joined the treaty in 1992. The breakup of the Soviet Union created a situation of instant proliferation with nuclear weapons in the hands of Belarus, Kazakhstan and Ukraine. All three, however, relinquished control over nuclear weapons on their territory, repatriated them to Russia, signed the Non-Proliferation Treaty, and negotiated safeguards agreements with the IAEA.

South Africa, which acknowledged constructing a half dozen nuclear weapons in the late 1980s, dismantled them, adhered to the NPT, and made a full accounting of all nuclear material to the satisfaction of the IAEA. This signal event of a state having crossed the nuclear threshold and then rescinded is of particular precedential value in demonstrating that it is possible to put the nuclear genie back in the bottle.

In 1994 Argentina and Brazil, two other important holdout states, became full parties to the Treaty of Tlatelolco which establishes a nuclear-weapon-free zone in Latin America. In 1995 Argentina joined the NPT and in 1997 Brazil announced its intention to do the same.

By any measure, the most important occurrence of this decade was the 1995 decision of the NPT parties to extend the treaty indefinitely. At the same time, the parties agreed on a set of objectives crucial to the future of nonproliferation. Among these: completing a comprehensive test ban treaty no later than 1996, early conclusion of a ban on production of fissile material for nuclear weapons or explosives, and tighter IAEA controls on such nuclear materials.

The parties also strengthened the treaty review process. For example, treaty review conferences, which have been held every five years, are now mandatory, and the preparatory committees for these conferences have

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been given a substantive as well as a procedural role. The desire for a stronger review process grew in part out of a concern shared by many non-nuclear-weapon states that the nuclear powers would lose any incentive to make progress on disarmament now that the indefinite extension of the treaty had been agreed.

Four Challenges to Nonproliferation

Since 1970, a broad array of nonproliferation rules, procedures and institutions have been put in place. More importantly, they are becoming increasingly firmly embedded in national law, policy and behavior. Conscious assistance today to another state in acquiring nuclear weapons is virtually foreclosed, although national export controls, especially of dual-use items (having both nuclear and non-nuclear applications) are still evolving.

But the limitations of classical safeguards were demonstrated in Iraq's massive undetected clandestine nuclear weapons development program. Consequently, in May 1997 new safeguards measures were adopted, designed to

improve the information base of the IAEA with regard to nuclear-related activities in non-nuclear states, including expanded access to sites where such activities may exist. But if much has been accomplished, much remains to be done.

The current and near-term challenges for nonproliferation fall into four groups of issues. One, the hardy perennials, includes the quest of non-nuclear-weapon state parties to the NPT for legally binding security assurances, concerns regarding the effect of nuclear export controls on access to nuclear technology for peaceful uses, and progress in achieving nuclear disarmament, especially in the aftermath of the cold war.

A second group concerns the problem of compliance and enforcement as reflected in Iraq's clandestine nuclear weapon development program and North Korea's failure to fully comply with its safeguards undertakings.

A third set of challenges derives from the fact that the treaty is not universally subscribed to and three important states — India, Israel and Pakistan — all of whom are nuclear-capable, remain outside the ambit of the NPT.

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The last and most recent challenge derives from the demise of the Soviet Union and the risk of nuclear weapons assets, especially weapons-usable material, becoming accessible to rogue states and terrorist organizations because of the limited effectiveness of physical protection and controls in the former Soviet Union.

While not all states would assign the same priority to these issues, none can be ignored except at the risk of alienating parties to the NPT, an outcome that would not serve anybody's interest. Developing countries, for example, focus attention on Article IV of the NPT, which provides that all parties "have the right to participate in the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy." Nuclear cooperation is actually quite robust, but cooperation is predicated on the existence of a safe and secure nuclear nonproliferation regime.

Export controls today extend to dual-use equipment or materials that could contribute to nuclear weapon production. The 34 members of the Nuclear Suppliers Group

require full-scope safeguards for any nuclear-specific transaction and oblige supplier states to deny transfer of dual-use items if they are to be used in a non-nuclear weapon state in a nuclear explosive activity or an unsecured nuclear activity, or when there is an unacceptable risk of diversion to such an activity. The difficulty today is less the principle of effective export control and more the question of how to accomplish it without provoking charges of secrecy and denial.

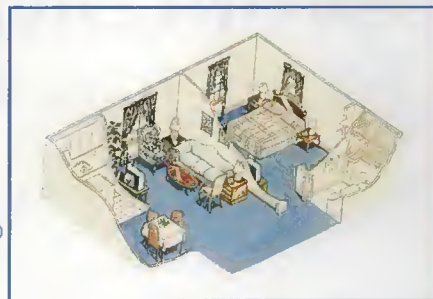
Security assurances have been an issue since the beginning of the NPT. Non-nuclear-weapon states, particularly the non-aligned, have sought legally binding security assurances from the nuclear-weapon states, in part as a quid pro quo for having forsworn the right to acquire nuclear weapons.

Though some security assurances by the nuclear-armed states do already exist, as noted in Security Council resolutions, important non-aligned states persist in efforts to achieve a global treaty on security assurances. While the

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nuclear-weapon states are prepared to discuss such proposals, most remain opposed to the negotiation of a global security assurance treaty or a protocol to be added to the NPT. This issue is not likely to be resolved soon.

Will the Nuclear Powers Disarm?

Nuclear disarmament is both highly visible and politically sensitive, and could pose problems for further strengthening of nonproliferation if not effectively addressed. Non-nuclear weapon states did not sign the NPT with a view to legitimating a permanent division of the world into two classes of states. Both the preamble and Article VI of the NPT make clear that renunciation of nuclear weapons by the non-weapon states should be accompanied by a nuclear-weapon state commitment to negotiate in good faith to achieve cessation of the nuclear arms race, nuclear disarmament and general and complete disarmament.

During the Cold War there was no prospect of making significant progress in this area, but now expectations of progress toward that goal have intensified.

In fact, a great deal has been accomplished by the United States and the former Soviet Union or Russia in the past 10 years. For example, under START I, the Strategic Arms Reduction Treaty, U.S. and Russian missiles are being dismantled—about two years ahead of schedule. Moreover, both sides have taken significant unilateral measures. And Presidents Clinton and Yeltsin have made a summit-level commitment to begin negotiating START III, once Russia has ratified START II.

The NPT conference of 1995 called for completion of a Comprehensive Test Ban Treaty by 1996. That objective—which had been on the wish list of disarmament advocates for decades—was achieved. The NPT conferees had also called for the start of negotiations on a fissile material production cutoff treaty—an objective yet to be achieved. These disarmament-related issues will certainly persist into the future.

Each of the above issues will have a bearing on the prospects for continued strengthening of the NPT. The one thing the nuclear weapon states cannot afford to do is

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to act as if the plateau that has been reached in nuclear disarmament represents the end of the process. Likewise, non-nuclear-weapon states that are pressing for nuclear disarmament cannot afford to set unrealistic goals that raise expectations but that cannot be met. The key to further progress is a continued effort using the most appropriate venues, including the U.N. Conference on Disarmament and the Review Conferences of the NPT.

The Problem States

The most serious issues confronting the nonproliferation regime today involve states that will not, or cannot, comply with the treaty. Unlike many arms control agreements, the Non-Proliferation Treaty makes no provision for dealing with non-compliance. The only treaty obligation subject formally to verification is that related to diversion of nuclear material from peaceful nuclear activity for which the IAEA was given responsibility. Significantly, it was only in 1990 that treaty review conference documents began to address compliance, when growing concerns about Iraq and North

Korea stimulated attention to the problem.

Iraq and North Korea are the only two known cases of significant non-compliance with NPT undertakings. Iraq's violations were massive and went to the very essence of the treaty itself by seeking to acquire nuclear weapons. It was, however, Iraq's invasion of Kuwait that seized the U.N. Security Council of the Iraqi question and led to a resolution designed to identify, remove or destroy any material and facilities that could support a nuclear weapons program. In a subsequent resolution, the Security Council formally found Iraq in violation of the NPT and demanded it comply fully with its obligations under the treaty. In taking this action the Security Council asserted for itself a role of treaty-enforcer.

The opportunity to take appropriate measures came not long afterward, when the IAEA Board of Governors reported to the Security Council that the Democratic People's Republic of Korea (North Korea) was in breach of its safeguards obligations. When, at a later point in the controversy, the United States pressed for progressively stiffer sanctions,

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it did not find the solid support that might have been anticipated. Condemnation of North Korea was not agreed, nor were sanctions or other punitive measures invoked. Instead the case moved to a bilateral forum in which the United States negotiated an agreed framework trading termination of the dangerous North Korean nuclear program for light water reactors. That agreement requires North Korea to satisfy the IAEA on unanswered questions about its nuclear material inventory and to comply with nuclear safeguards.

While this may well have been the more prudent policy to follow and may yield an ultimately satisfactory solution, the North Korean case does substantiate the difficulty in mobilizing the international community to take determined action against potentially serious NPT noncompliance.

For India, Israel or Pakistan today, forswearing nuclear weapons and acquiescing in a nonproliferation regime does not meet their political-security requirements. However, in not openly acknowledging a nuclear weapon status, and in a number of respects conducting

their nuclear relationships on terms and conditions similar to NPT states (not assisting others in acquiring nuclear weapons, and in some cases requiring safeguards as part of a nuclear supply package), they have avoided becoming rogue states. While they have not signed the NPT, the door remains open to co-opt them in global, nondiscriminatory treaties and conventions that support nonproliferation and the goal of moving to ultimate elimination of nuclear weapons. The Comprehensive Test Ban Treaty and the proposed Fissile Material Cutoff Treaty are both examples of this. Israel, for example, has signed the CTBT and Pakistan says it would if India did.

The Post-Soviet Problem

Finally, there is the challenge to nonproliferation that comes from the dissolution of the former Soviet Union. This has entailed not only assurance that only one nuclear weapon state succeed the former Soviet Union (that being Russia) and that the large number of tactical nuclear



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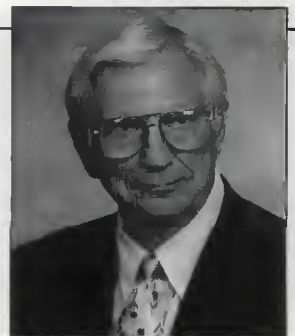
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weapons dispersed throughout the FSU be consolidated in Russia, but also that nuclear weapon materials (and expertise) of the Soviet nuclear weapons program not become available to terrorist groups, rogue states or organized criminal elements. Access to a nuclear weapon by one of these groups would obviously pose a very serious threat, but is also a less probable scenario than the risk that weapons-usable fissile material might become accessible.

The transition from authoritarian to democratic structures, while having an important positive political impact, also has entailed a deterioration of control over nuclear material. The traditional tools of the nonproliferation regime are only partial answers to this situation. Collective effort is required and has been provided as reflected in the Cooperative Threat Reduction program (Nunn-Lugar-Domenici legislation). What is clear is that nuclear theft and associated risks of nuclear terrorism represent a new dimension to the nonproliferation problem and a risk which, if not effectively addressed, could create conditions that undermine much of

what has been accomplished in nonproliferation.

Reflecting on a half century of living with nuclear weapons, it is remarkable that despite the broad access to nuclear technology, there exist today only five declared nuclear weapon states, three nuclear-capable states and a few others whose nuclear intentions remain uncertain. Much of this can be explained by existence of a nuclear nonproliferation regime anchored on the NPT, leading states to conclude that their security interests are best served by abjuring nuclear weapons. The regime erects a legal barrier against the further spread of nuclear weapons. It embodies and promotes the norm of nonproliferation, and it raises the political costs of acquiring nuclear weapons. Through its safeguards system it helps build confidence that in turn reinforces national security. It is not sufficient in and of itself to remove the threat of proliferation. But without it there would be no foundation on which to build, and little chance of being able to contemplate a world free of the threat of nuclear extinction. ■

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THE SOUTH ASIAN STANDOFF



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INDIA AND PAKISTAN
FACE EACH OTHER ACROSS
THE NUCLEAR THRESHOLD

By Raju G. C. Thomas

South Asia has for more than a decade been the location of the world's most troubling nuclear proliferation threat—the rivalry between India and Pakistan. Both states are considered “threshold” nuclear powers: that is, they either now have nuclear weapons or could assemble them on very short notice. But to understand the arms race in South Asia, we need to recognize that the two nations came to their nuclear capabilities through quite different paths.

India's ambitious nuclear energy programs were initially considered critical for meeting anticipated shortfalls in the country's overall energy needs. Later, various security rationalizations for nuclear weapons, such as the

F O C U S

India's nuclear programs were started with energy needs in mind. For Pakistan, strategic imperatives came first, with energy needs an afterthought.

Chinese nuclear threat, tended to be spinoffs from the technological capability generated by the energy program. India tends to exaggerate the nuclear threat to itself because the capacity to build nuclear weapons is provided by its peaceful nuclear energy program. Similarly, India's peaceful space program also provides it with ballistic missile capabilities. The Indian program, therefore, may be seen as an "energy-to-security-driven" phenomenon.

Pakistan's nuclear drive, on the other hand, arises mainly from strategic imperatives, namely, the threat from India. Nuclear plans in Pakistan are primarily directed towards the development of weapons capabilities, accompanied by a nominal nuclear energy program. Indeed, the nuclear energy rationalization put forward by Pakistan appears to be an afterthought or even a cover for its nuclear weapons intentions. The Pakistani program may be viewed, therefore, as a "security-to-energy-driven" phenomenon.

This analytical distinction is important when attempting to prevent proliferation in South Asia. In the case of Pakistan, it is more critical to address its security concerns, real or imagined. In the case of India, it may be more meaningful to watch its nuclear energy and space programs. These may be for genuine civilian development purposes, but they could be diverted to the making of nuclear weapons and missile delivery systems.

A second noteworthy characteristic of the covert nuclear arms race in South Asia is the change in India's nuclear threat perceptions. Before the 1974

Indian atomic test, India's nuclear option policy was directed at the perceived Chinese nuclear threat. But as Pakistan then proceeded headlong towards acquiring the bomb, there followed a decade of ambiguity and uncertainty in India. Was the nuclear threat from China or from Pakistan? By the mid-1980s, Indian analysts were convinced that Pakistan had put together an effective nuclear weapons program. Thereafter, India's nuclear option policy was directed primarily at the Pakistani nuclear threat.

India still insists on maintaining its "nuclear option," i.e., it will neither acquire the bomb nor sign the Nuclear Non-Proliferation Treaty for the present. India also maintains the right to acquire nuclear weapons if its security warrants such a move.

But India's ability to manage the nuclear situation in South Asia has drastically changed. At one time, India had the "luxury," as it were, of deciding whether or not South Asia would become nuclearized. Now Pakistan determines whether South Asia will become nuclearized while India can only respond.

Nuclear proliferation, both within South Asia and beyond into the Middle East, would appear to be advantageous to Pakistan and disadvantageous to India. For Pakistan, nuclear weapons constitute the "great equalizer" with India, a country with more advanced technology and greater resources. Pakistan can no longer keep up with India in the conventional arms race, where an approximate balance of forces is considered essential for its defense. On the other hand, 10 Pakistani bombs could well deter 100 Indian bombs and also paralyze any conventional military action that India may contemplate, for fear of escalation. A decision by India to embark on a nuclear weapons program

Raju G. C. Thomas is a professor of political science at Marquette University, Wisconsin. He is the editor of The Nuclear Non-Proliferation Regime: Prospects for the 21st Century (St. Martin's Press/Macmillan, 1998).

would appear to be playing into Pakistan's hands. Yet it is Pakistan that has repeatedly and consistently offered to sign the NPT or an NPT substitute such as a South Asian nuclear-free zone. India has consistently rejected such offers. The Pakistani offer to sign the NPT or a nuclear-free zone treaty may well be based on the expectation that India will not sign, thus making it "safe" for Pakistan to make the offer.

Why India Won't Sign

For almost 30 years now, India's arguments for not signing the NPT have been fundamentally unchanged. One is a regional argument, the other a global argument. The regional argument is that the renunciation of nuclear weapons through a treaty with Pakistan would not enable India to address perceived nuclear threats from China. According to India's global argument, the NPT is discriminatory between the nuclear "haves" and "have-nots." The dangers of nuclear war, India

asserts, arise as much from vertical proliferation (the growth of nuclear weapons capabilities among the "haves") as from horizontal proliferation (the spread of such capabilities among the "have-nots").

India's regional argument makes less sense as Sino-Indian relations continue to improve in the 1990s. In 1994, India and China signed the "Border Peace and Tranquility Agreement" settling de facto the dispute over their Himalayan borders. There are no further outstanding quarrels between India and China. Besides, India has lived with the Chinese nuclear threat for more than 35 years, and surely can continue to live with it under more friendly circumstances. As regards Pakistan, Scott Butcher of the U.S. State Department's India desk pointed out to me, during a 1989 interview, that mutual adherence to the NPT by both India and Pakistan would imply that India has "won the conventional arms race" in

South Asia. Given India's much larger economy and more advanced indigenous technological capabilities, Pakistan would face severe difficulty keeping up with India in a conventional arms race.

India's global argument appears to be unconvincing in the 1990s, especially following the end of the Cold War. While the discriminatory aspects of the Non-Proliferation Treaty between "haves" and "have-nots" remain, vertical proliferation has slowed down, ended, or is even being reversed by U.S.-Russian arms reduction agreements.

Meeting the Indian demand that all nuclear weapons should be eliminated in accordance with Article 6 of the Non-Proliferation Treaty may not only be infeasible but

also dangerous. If all the existing nuclear powers were to give up their nuclear weapons, then this may tempt several new states on the threshold to acquire such weapons. The situation would be that of the 1940s, when a handful of such weapons made for a superpower.

Thus, instead of just five nuclear powers, the world may end up with a dozen or more. The Indian complaint about the discriminatory nature of the NPT as between "haves" and "have-nots" also makes increasingly less sense since more than 160 other countries have signed the NPT. If they can live with it, then why not India? At least the arguments of Pakistan and Israel, two of the other three hold-out states, are based on the logic of national security and self-preservation. India's arguments are only partly based on issues of national security, but primarily revolve around nebulous concerns about international discrimination and global security.

Domestic Political Pressures

There are severe domestic constraints in India and Pakistan that make the acceptance of the NPT difficult. While radical turnabouts have taken place

Nuclear Capabilities: Pakistan v. India		
	Nuclear Capability	Missiles (type, range)
PAKISTAN	Test: None. Material for 6-15 bombs	Hatf-1 (48 miles) Hatf-2 (180 miles) M-11(Chinese) (180 miles)
INDIA	Test: One in 1974. Material for 20-50 bombs	Prithvi-150 (90 miles) Prithvi-250 (150 miles) Agni (1,500 miles)
Source: U.S. News & World Report		

AFSA NEWS

American Foreign Service Association



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AFSA News Editor: Pally Gilbert

AFSA Responds to Increases in Grievances

A FSA's labor management team is currently facing an upsurge in grievance cases. A convergence of personnel actions with a general sense of uncertainty about the future of the Foreign Service is producing a high demand among AFSA members for grievance and legal assistance. AFSA staff is stepping up to meet these demands with their time and effort. AFSA continues its committed service to its membership and seeks to ensure that all employees are afforded due process in personnel proceedings.

Government downsizing is old news, but its legacy is an atmosphere of distrust and a sense of betrayal among foreign affairs agency staff. Since Jan. 1, 1993, USAID and USIA, in particular, have suffered significant declines in Civil Service and Foreign Service personnel. USAID has experienced a decrease of 34 percent, or 1,435 employees, while USIA has seen a drop of 21.1 percent in staff (including VOA), i.e., a loss of 1,749 employees. State lost 1,874 employees during this same period, accounting for a less dramatic 7.2 percent downward shift.

These sobering statistics, along with the expected consolidation of USIA and ACDA with

State—and rumblings of a similar fate for USAID—have made FS employees anxious about their professional lives. Add to this the increases in selection-out actions at USAID and State, and the upshot is a flood of employees seeking assistance from AFSA labor management staff.

At the State Department, the significant increase in grievances is the result of the imposition of a rule negotiated between State and AFSA which requires selection boards to law-rank five percent of each class. (This was the case at USIA for one year, creating a large number of grievances; the percentage has since been renegotiated to three percent.) In addition, there is the "two out of five" rule, whereby two law ranks within a five-year period by two different rating officers result in an employee's referral to the Performance Standards Board, the body which decides on selection out. Selection boards, of course, can also directly refer employees to the PSB, even if they have never previously been low-ranked. These regulations took full effect in 1997 and now a wave of affected employees is coming to AFSA. The number of State employees

Continued on page 4

• AFSA Dateline •

- Memorial contributions to the AFSA Scholarship Program honoring the late Robert M. Beers are building toward a named scholarship. All donations may be sent to the AFSA Scholarship Program, 2101 E Street, N.W., Washington, D.C. 20037.
- A feature on pesticides, for which USAID V.P. Frank Miller was interviewed, is scheduled to appear on Washington, D.C.'s ABC affiliate, channel 7, Feb. 20, at 11 p.m.
- AFSA welcomes Tanisha Cale as labor management representative/grievance attorney. A recent graduate of the Washington University School of Law, Cale works on USAID- and FAS-related matters. Cole, new Office Manager Rita Cohen, Frank Miller and Calleen Fallon may be

reached at the AFSA/USAID office at the Ronald Reagan Building, Room 2.10-C, 1300 Pennsylvania Ave., NW, Washington, D.C. 20523-2900. AFSA welcomes new Corporate Relations Director Mark Lore. A retired FSO, Lore specialized in trade policy issues during his career. He served in Brazil, Angola, Maracca, Belgium and Portugal and recently taught at the Naval War College. David McEvy is AFSA's new controller. McEvy has 12 years of accounting experience in the private sector and is presently pursuing a master's degree in business administration at Marymount University.

ATTENTION MEMBERS. PLEASE ALERT AFSA WHEN YOU HAVE A CHANGE OF ADDRESS.

RETIREES
V.P. VOICE
 • EDWARD DILLERY •

Make It a Great Foreign Service Day

Thank you all for raising questions and making comments on Foreign Service Day. Consideration of this event also took up most of the AFSA Retirees Standing Committee meeting on Dec. 16. All of the discussion focused on three issues: an Eighth Floor reception, the program and invitations.

An Eighth Floor

Reception. Many of you were troubled that there was no reception on the Eighth Floor of the State Department last year and had hoped that this event could be scheduled again. Unfortunately, the real world of shrinking Department funds has come into play and it will be impossible to do this in 1998. The problem really is money. Some of our correspondents have said that they would be willing to pay the necessary amount to allow the reception to take place. However, even with some subsidization, there has not been enough support to keep the receptions out of the red. That is why AFSA agreed to accommodate the reception at the Foreign Service Club, where costs are more reasonable, while the luncheon still offers an opportunity to attend an Eighth Floor event for those of us who wish to do so.

Please remind any colleagues who are not AFSA members that our reception is open to anyone attending Foreign Service Day. We hope that as many Foreign Service employees as possible will attend the reception, as it is an integral part of the day. In addition, two other traditional events, DACOR's reception for its members May 7 and AFSA's brunch May 9 (open to all), will take place as in the past.

The Program. Some correspondents were troubled by the 1997 change from the old practice of having regional seminars and a general foreign policy

address by a Department official, to talks on a few specialized subjects. The regional meetings will take place this year and the Department is working hard to ensure that the major addresses will be responsive to retirees' comments.

Invitations. Retirees were concerned that the current method of informing retirees on the general aspects of Foreign Service Day through announcements in *State Magazine*, the retirees' *AFSA Letter* and the *DACOR Bulletin*—with a requirement to send far more details in order to receive an invitation—is more cumbersome and less effective than the old system of direct mailings of invitations. This is undoubtedly true. But, again, the

problem is money. As there are over 10,000 Foreign Service annuitants, an individual mailing is unfeasible under current funding levels.

We at AFSA considered whether we might send out a mailing to all retirees—even those who are not members—but again, the cost was prohibitive. So our solution is to take every opportunity to advertise Foreign Service Day and to keep our members informed about developments.

The important point is that Foreign Service Day really is a day for us. There are not many faces we recognize in the halls of the Department these days, but on May 8 we will spot friends from many incarnations, as well as be brought up to date on the Administration's thinking on major foreign policy issues. All the interested entities—the Department, DACOR, AFSA and AAFSW—are working to make this Foreign Service Day the best possible experience for those who attend. We believe it will be an excellent occasion and we hope many of you will be able to attend.

“... Foreign Service Day really is a day for us.”

FLORIDA RETIREES HONOR PICKERING



Ambassador Thomas R. Pickering, Under Secretary of State for Political Affairs, was honored as “Career Diplomat of the Century” by the Foreign Service Retirees Association of Florida. The award was presented to him at the Association's annual dinner meeting in St. Petersburg on Dec. 7, when he appeared as guest speaker. Presentation of the plaque, which reads, “For a unique career of extraordinary skill, dedicated service and outstanding achievement in the field of diplomacy,” was made by FSRA Chairman Eddie Deerfield (shown above with Ambassador Pickering) before an audience of 200 retired diplomats.

Ambassador Pickering, the highest ranking career diplomat in the State Department, served as ambassador to Russia, India, Israel, Jordan, Nigeria and El Salvador and was the U.S. Permanent Representative to the United Nations during the Bush administration.

NATIONAL EXEC SERVICE CORPS

The National Executive Service Corps, a nonprofit organization, exists to strengthen the management and increase the capacity of nonprofit and government organizations through high-quality, low-cost consulting services. To accomplish this, NESCC recruits executives—both retired and working—to serve as part-time consultants to nonprofit clients. To learn more about becoming an NESCC consultant in the Washington, D.C., region, you may contact Heather Weston at (202) 835-1579.

Frasure Memorial Scholarship Established by WV University

As a memorial to Ambassador Robert C. Frosure, who lost his life in pursuit of peace in Bosnia in 1995, West Virginia University, Frosure's alma mater, has established the Robert C. Frasure Memorial Scholarship in International Affairs and Diplomacy. Frasure received a bachelor's degree in 1964 and a master's degree in 1965 from West Virginia University.

"Through his accomplishments on the world stage, Bob Frosure reflected credit upon West Virginia's Eberly College of Arts and Sciences and the Department of Political Science, which honored him in 1992 as its Distinguished Alumnus," wrote Edward F. "Hike" Heiskell, Frosure's college roommate and choir of the memorial fund. Frasure was also awarded the Presidential Medal for Exceptional Service by President George Bush for his efforts in rescuing the 15,000 Ethiopian Jews and ensuring their safe passage to Israel.

The Robert C. Frasure Scholarship consists of an annual cash award or awards derived from an endowment that is to be used by one or more undergraduate students of West Virginia University for study, internships, organized study-related travel and conference participation in international or diplomatic affairs and for other activities that enhance undergraduate education and interest in the broad field of international affairs. Students selected to receive the Frasure Scholarships will write a retrospective essay on the experience for which the award is used. These Frasure Essays in International Affairs will be published annually and distributed to students and other parties to encourage interest in international public service. These essays will be bound every five years, thus constituting a living memorial to Ambassador Frasure. The first Robert C. Frasure Scholar will be named in April during a WVU symposium on the future of Bosnia which will feature Admiral Leighton W. Smith Jr. as one of the guest speakers.

All contributions to the endowment are tax-deductible and may be sent to WVU Foundation, P.O. Box 4533, Morgantown, WV 26504-4533. Checks should be made out to the WVU Foundation with the memo note, Robert Frosure or Fund 35536.

USIA V.P. VOICE BY RILEY SEVER

The Silent RIF

The recent, very short USIA promotion lists for FSOs brought joy to few hearts. As the lists traditionally are published in December, the experience of looking in vain for your own name is not unlike reaching eagerly into your Christmas stocking and finding a lump of coal. For the third year in a row, the promotion lists were one-third the length of those in the recent past. From my communication with Washington colleagues and members overseas, I know that the frustration and concern about slowed promotion already affect morale and will ultimately affect performance, even retention.

A recent USIA personnel managers statement concluded with, "Given the current budget climate, we anticipate that there will be little difference in the workforce planning and promotion opportunities in the near future." Put bluntly, there's no relief in sight. The really bad news is that slowing promotions ultimately puts more of us at risk of time-in-class and time-in-service limits that will end our careers. Our beleaguered Civil Service colleagues say, "At least you're not getting 'rified.'" But they're mistaken. The "up or out" FS personnel rules mean that the dramatic slowdown in promotions amounts to an insidious, albeit unacknowledged, reduction in force—a silent RIF.

Most of us know FSOs forced out of the Service in their fifties, often at the peak of their skills and with a wealth of experience, because the promotion did not come. Their sense of failure and our sense of waste go unexpressed. They are described by colleagues as having retired, but FSOs know that they were "rified." Younger officers with excellent files and high-energy performance in difficult assignments are passed over year after year. They are counseled to be patient and maintain trust in a system that

is not rewarding them as it did their predecessors. Suddenly TIC and TIS rules seem relevant.

The silent RIF is being exacerbated by the reorganization that refuses to take shape. As long as we lack structure for public diplomacy in New State, how can

we slow the FSO personnel reductions that have brought our officer corps from 850 to 650 in only four years? A related effort must reverse the trend in Washington which seems to eliminate FS-designated positions in every part of the bureaucracy. This happens in two ways: (1) When an FSO finishes a Washington tour and is reassigned overseas, the position is eliminated and the duties

reallocated to GS positions to enhance these job descriptions, perhaps even creating promotion possibilities; or (2) When an FSO is reassigned overseas, the job is converted to GS, often creating a precious promotion opportunity for the GS employee, sometimes preventing a RIF of a GS position. Both scenarios appeal to managers because someone with a face comes out ahead and it seems that no one is harmed. But collectively, over two or three years, there is substantial harm to the FSO corps because a reduced number of good jobs leads to fewer opportunities for outstanding OERs, which leads to fewer promotions. Ultimately, individuals with faces become victims of the FS silent RIF.

On a more positive note, both the Director and the Secretary have written of their confidence that reorganization will get Congressional approval and proceed this spring. The strong U.S. economy and the persuasiveness of the Secretary and her team may yet ease the unrelenting pressure to cut foreign affairs budgets and personnel. And yes, Virginia, there is a Santa Claus. I know, because this year he left in your stocking this nice lump of coal and if we just squeeze it hard enough

*"... the slowdown
in promotions
amounts
to an
insidious
... RIF."*

USAID
V.P. VOICE
BY FRANK MILLER

Pesticides: A Continuing Problem

Shortly after improper pesticide use resulted in the death of an American infant at an African post in 1987, a world-wide pesticide use survey by State Med indicated that over 90 percent of pesticide cantral services were provided by local cantractors who, for the mast part, did not use EPA-registered pesticides and were not monitored by posts. In 1990, a State policy directive cable reported these findings and made recommendations to address these concerns. Specifically, an integrated pest management approach was promoted which emphasized good housekeeping and sanitation, self-help measures and, only as a last resort, application of EPA-registered pesticides carefully manitared by post health officials. State refined this guidance between 1990 and 1993, identifying inapropriate pesticide use and issuing palyicy directives, including information on support services to pasts and detailed information and ordering instructions for approved pesticides.

1993: A USAID/Cairo employee died after expasure to pesticides applied in her hame. Despite State guidance, the employee's FBO apartment had been sprayed with a highly toxic pesticide not approved far residential use. This death prompted additional State efforts ta strengthen pesticide use guidance; fair policy directive cables were issued in 1994. While previous guidance recommended the use of an IPM approach ta pest management, new guidance mandated IPM. Posts must now only use EPA-registered and/or State-approved pesticides after self-help measures have proven ineffective. Procurement documents for soliciting and contracting pest control service have been developed and must be used.

1996: Another pesticide incident occurred in Caira when the landlord of an apartment building in which a quarter of the apartments are USG-leased, contracted for the application of a non-EPA-registered pesticide

in the building's common areas. USG families fell ill, but there were no fatalities.

1997: A Georgetown FSO, his wife and two FSNs were so severely affected by the pesticide applied to kill termites in their USG-

leased residence that they were evacuated ta Miami for medical testing and treatment.

Despite State endeavors at a comprehensive IPM program, foreign affairs agency employees continue to be unnecessarily exposed ta pesticides. AFSA believes that training, awareness and accountability are required.

Training: Currently overseas nationals who apply pesticides receive little or no training.

Since Embassy personnel who

monitar pesticide applicatars are similarly unprepared, this is essentially "the blind leading the blind." This is particularly frustrating far AFSA since we have urged State for the past year ta develop applicator training programs. USAID/Cairo has offered to pay for the development of a pilat training program. So why hasn't State accepted this proposal? **Awareness:** State Department reports over 60 incidents of pesticide misuse in the past four years. Yet little has been dane to provide employees with adequate infarmation an IPM techniques which family members may employ. State/Safety, Health and Enviranmental Management has made good recommendations; now funds are needed for implementation. **Accountability:** In any effective organization, abjectives are developed, benchmarks are established to measure performance and managers are held accountable. On paper, State's IPM program looks good. But what benchmarks have been established? Who is responsible for the results at the Washington and overseas post levels? Unless specific respansibility is assigned, no one will be held accountable as pesticide incidents continue.

Pesticide misuse is a continuing problem facing our overseas employees. Your participation in this issue can provide creative solutions. Please send me your ideas or comments.

"... foreign affairs agency employees continue to be unnecessarily exposed to pesticides."

Grievances

Continued from page 1

referred to the PSB this year is unusually large, as was the number of officers select-ed out this year, a number equal to all the employees selected out from 1991 through 1996. During the past six weeks alone, AFSA has assisted with approximately 30 new grievance cases at State.

USAID's increased volume of grievances is related to revisions in the Employee Evaluation Program instituted from 1996 to 1997, with a resultant large number of low-ranked employees. Though this system was redesigned to inject more rater honesty into the process, it denies employees an opportunity to review the document with the rater. The employee is left with providing a statement after the appraisal committee has completed the evaluation. The selection boards also complained that the new system did not adequately measure employee performance. While a revamped evaluation system has been successfully negotiated to address some of the problems, employees affected by the earlier EEP will continue to file grievances.

Given the very short USIA promotion list announced in December—10 from FS02 to FS01 and 12 from FS01 to OC—FSOs at USIA are quite anxious about their officer evaluation reports and the general state of their personnel files (see Riley Sever's "V.P. Voice," p. 3). The law number of promotions threatens FSOs nearing their time-in-class and time-in-service, contributing to a sense of betrayal of officers by their agency. As USIA awaits Congressional approval for consolidation, FSOs feel obliged to attend to personnel issues which might dictate their professional futures.

In these uncertain times, AFSA is committed to serve its constituencies to the full extent possible. Grievance Attorneys Harry Sizer and Suzanne Brennan and Labor Management Representative Tanisha Cole devote all their time to grievances. General Counsel Sharon Papp and Staff Attorney Colleen Fallon, who normally work in collective bargaining negotiations and represent employees in disciplinary and investigatory cases, presently spend good portions of time on grievances, as well. At USIA, Labor Relations Specialist Carol Lutz provides assistance on far-ranging personnel issues.

AFSA will continue to represent, support and assist its membership to make the Foreign Service the best it can be.

Polly Gilbert, AFSA News Editor



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FS EMPLOYEES SUBJECT TO UNFAIR TAX ON HOMES

The recent tax bill brought capital gains tax relief to many delighted Americans who plan to sell their homes. Unfortunately, it may bring little relief to many foreign affairs professionals. Persons serving overseas and renting their homes during their absence will not be able to take advantage of this new "tax relief" bill if they find they must sell the house on their return because of retirement, a new job or family needs. From a Congress which prides itself on bringing tax relief, it seems unfortunate that a small group of professionals, serving at the pleasure of Congress and the president, should be left out of the benefits.

Yes, the Act increased the exemption from capital gains tax for the sale of a principal residence up to \$250,000 for single persons and \$500,000 for couples filing jointly, but the legislation strictly defined "principal residence." The home sold must have been "owned and occupied" by the seller for two of the previous five years. Equally important, the Act eliminated the "rollover" provision which had allowed capital gains relief if one sold a personal residence and rolled over the proceeds into a new house. Then, the definition of personal residence was determined on the facts and circumstances of the case and many foreign affairs personnel were able to use this provision to avoid capital gains tax because they were serving overseas.

While extremely awkward for those of us retiring—we have to pay the tax or live in a house we may not want for two years—this situation could be disastrous for someone who is returning from overseas and must find a job in another part of the country. Those individuals could not sell their current houses, put the proceeds into new ones and escape capital gains tax because they had not "occupied" it for two years. This, at a time when one has already been forced out by the government, seems patently unfair. Remember, we cannot choose when we return from overseas. We cannot always arrange to occupy our homes the two years prior to selling. We serve and move at the pleasure of the government.

I have talked with numerous Congressional aides on this subject and found some sympathy, but so far, no one willing to submit a bill to exempt foreign affairs personnel, military and civilian, serving overseas on government orders, from the definition of "personal residence." I have asked AFSA to give this legislative priority and they would appreciate hearing from persons who feel this is important. Letters to Chairman Archer of the Ways and Means Committee, or from constituents of committee members, would also help. This situation, along with the locality pay issue, may exacerbate the problem of finding senior officers willing to serve their last tour overseas.

Ann L. Irvine, Retired FSO, Plainfield, Mass.

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AFSA 1997 TAX GUIDE

FEDERAL AND STATE TAX PROVISIONS FOR THE FOREIGN SERVICE

FEDERAL TAX PROVISIONS

Under the Taxpayer Relief Act of 1997, there are several tax relief segments that may apply to Foreign Service employees and their families. Foreign Service employees most frequently ask AFSA about home ownership, tax liability upon sale of a residence and state of domicile, and we have devoted special sections to these issues.

AFSA's Tax Guide is designed as an informational and reference tool. It does not presume to be any more than that. Although we try to be accurate, many of the new provisions of the tax code and implementing IRS regulations have not been fully tested. Therefore, use caution and consult with a tax adviser as soon as possible if you have specific questions or an unusual or complex situation.

For 1997, the basic tax rates for individuals remain applicable: 15, 28, 31 and 36 percent, and a top rate of 39.6 percent. The 15 percent rate is for taxable income up to \$41,200 for married couples, \$24,650 for singles. The 28 percent is for income up to \$99,600 for married couples, \$59,750 for singles. The 31 percent rate is for income up to \$151,750 for married couples and income up to \$124,650 for singles. The new tax bracket of 36 percent is for income up to \$271,050 for married couples and singles. In addition, there is a new 10 percent surtax for certain high-income taxpayers. It is computed by applying the 39.6 percent rate to taxable income over \$271,050 for singles and married couples and for married couples filing separately whose income is over \$135,525. Long term capital gains are taxed at a maximum rate of 28 percent and are reported on Schedule D. This rate is effective for sales through May 7, 1997. After May 7, 1997, the rate for long term capital gains becomes 20 percent unless you fall within the 15

percent bracket, then the rate becomes 10 percent. Long term capital gain is defined as property held for 18 months.

Personal Exemption

For each taxpayer, spouse and dependent, the personal exemption has been increased to \$2,650. There is, however, a personal exemption phaseout of 2 percent for each \$2,500 of adjusted gross income (AGI) over \$121,200 (singles), \$151,500 (head of household), \$181,800 (joint) and \$90,900 (married, filing separately). For those taxpayers in the last category, the 2 percent is taken from each \$1,325 exemption.

Standard Deduction

The standard deduction is given to non-itemizers. It has been steadily increasing since 1987. For couples it is \$6,900; for singles the deduction is \$4,150. Married couples filing separately get a standard deduction of \$3,450 and head-of-household filers receive a \$6,050 deduction. An additional amount is allowed for taxpayers over age 65 or blind.

Most unreimbursed employee business expenses must be reported as miscellaneous itemized deductions and are subject to a floor of 2 percent of adjusted gross income (AGI). This includes professional dues and publications, employment and educational expenses, home office, legal, accounting, custodial and tax preparation fees, home leave, representational and other employee business expenses, and contributions to AFSA's Legislative Action Fund. Unreimbursed moving expenses are no longer an itemized deduction. As of Jan. 1, 1994, moving expenses are an adjustment to income, which means that you get to deduct them even if you are taking the standard deduction. However, the deduction has been narrowed to include only the unreimbursed costs of moving your possessions and yourself and your family

to your new location.

Medical expenses (including health insurance) are subject to a floor equaling 7.5 percent of AGI. This means that any deductible medical cost would have to exceed \$2,250 for a taxpayer with a \$30,000 AGI. There is also an additional 3 percent reduction of itemized deductions (excluding medical, casualty, theft, and investment interest) if the AGI exceeds \$121,200. This 3 percent is applied to the AGI over \$121,200 and not to the total of itemized deductions on Schedule A. The maximum loss of deductions is capped at 80 percent.

State and local income taxes and real estate and personal property taxes remain fully deductible for itemizers, as are charitable contributions (to American charities only) for most taxpayers. Donations to the AFSA Scholarship Fund are fully deductible as charitable contributions. Donations to AFSA via the Combined Federal Campaign are also fully deductible. Individuals may also dispose of any profit from the sale of personal property abroad in this manner.

For 1997 tax returns, any interest paid on auto or personal loans, credit cards, department stores, educational loans and other personal interest will not be allowed as an itemized deduction. If the above debt charges are consolidated, however, and paid with a home equity loan, any interest on the home equity loan is allowable. Mortgage interest is, for the most part, still fully deductible. Interest on loans intended to finance investments is deductible up to the amount of net income from investments. Interest for loans intended to finance a business is 100 percent deductible. "Passive-investment" interest on loans in which the taxpayer is an inactive participant, i.e., a limited partnership, can be deducted only from the income produced by other "passive income." Interest on loans that do not fall into the above categories, such as borrowing money to buy tax-exempt securities, is not deductible.

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Home Leave Expenses

Employee business expenses, such as home leave and representation, may be deducted as a miscellaneous itemized deduction. In addition to the 2 percent floor, only 50 percent for meals and entertainment may be claimed (100 percent for unreimbursed travel and lodging). Only the employee's (not family members') home leave expenses are deductible. Maintaining a travel log and retaining a copy of home leave orders will be helpful, should the IRS ever question claimed expenses. It is important to save receipts: Without receipts for food, a taxpayer may deduct only \$30 to \$42 a day (depending upon the per diem rate at the home leave address), no matter how large the grocery or restaurant bill. Lodging is deductible, as long as it is not with friends, relatives or in one's own home. The IRS will disallow use of per diem rates and any expenses claimed for family members. If a hotel bill indicates double rates, the single room rate should be claimed and, if possible, the hotel's rate sheet should be saved for IRS scrutiny. Car rental, mileage and other unreimbursed travel expenses, including parking fees and tolls, may be deducted. The rate for business miles driven is 31.5 cents. Those who use this optional mileage method need not keep detailed records of actual vehicle expenses. The only thing necessary will be a detailed odometer log to justify the business use of the vehicle and percentage of business use. This optional mileage method does not apply to leased vehicles.

Official Residence Expenses (ORE)

Since Oct. 1, 1990, employees who receive ORE have not been allowed to reduce their reportable income by 5 percent. The IRS ruling regarding ORE states that "usual expenses," defined as 5 percent of salary, are not deductible. Therefore, the only expenses that are deductible are those above the 5 percent that are paid out of pocket. Employees should save receipts for any out-of-pocket expenses associated with their representational duties. These expenses can be deducted as miscellaneous business expenses.

Home Ownership

For 1997, employees may deduct interest on up to \$1 million of acquisition debt for loans secured by a first and/or second home. This also includes loans taken out for major home improvements. On home equity loans, interest is deductible on up to \$100,000, no matter how much the home cost or what the loan is used for. The \$100,000 ceiling applies to the total of all home equity loans you may have. The same generally applies to refinancing a mortgage. Points paid to obtain a refinanced loan cannot fully be deducted the same year, however, but must be deducted over the life of the loan. It is advisable to save the settlement sheet (HUD-1 Form) for documentation in the event your tax return is selected by the IRS for examination.

Qualified residences are defined as the taxpayer's principal residence and one other residence. The second home can be a house, condo, co-op, mobile home or boat, as long as the structure includes basic living accommodations, including sleeping, bathroom and cooking facilities. If the second home is vacation property rented for fewer than 15 days during the year, the income need not be reported. Rental expenses cannot be claimed either, but all property taxes and mortgage interest may be deducted.

Rental of Home

Taxpayers who are overseas and rented their homes in 1997 can continue to deduct mortgage interest as a rental expense under the passive-loss rules, as long as the AGI does not exceed \$100,000 and the taxpayer is actively managing the property. Retaining a property manager does not mean losing this benefit. Also deductible are property management fees, condo fees, depreciation costs, taxes and all other rental expenses. Losses up to \$25,000 may be offset against other income.

Sale of a Principal Residence

There is a new capital-gains exclusion on the sale of a principal residence on or after May 7, 1997, that applies to all homeowners, regardless of their age.

Previously, qualified individuals who were age 55 or older were allowed a one-time capital gains exclusion of \$125,000. Also, under previous law, if you had a gain when you sold your home, you could defer all or part of the gain if you purchased or built another home (of equal or higher value) within two years before or after the sale.

The new tax law allows an exclusion of up to \$500,000 for couples filing jointly and up to \$250,000 for single taxpayers on the gain from the sale of their principal residence. All depreciation taken after May 7, 1997, will, however, be recaptured (added to income) at the time of sale and taxed at the rate of 25 percent.

The only qualification for this new capital-gains exclusion is that the house sold must have been the taxpayer's principal residence for at least two of the last five years prior to the date of the sale. This exclusion is not limited to a one-time sale.

When a principal residence is sold, capital gains realized above the exclusion amounts are subject to taxation.

This new exclusion replaces the earlier tax-law provision that allowed both the deferral of gain and a one-time exclusion of a principal residence sale.

Many Foreign Service employees are hurt by the two out of five years residence provision. Despite repeated attempts, AFSA has been unsuccessful in persuading Congress to grant an exemption for Foreign Service personnel who cannot meet this requirement due to prolonged overseas service.

Temporary rental of the home does not necessarily disqualify one from claiming the deferral. The new tax law appears to require only that you have occupied the house as your principal residence for the required period (two years out of five).

Under Internal Revenue Code 1031, a Foreign Service employee whose U.S. home may no longer qualify for the customary residence replacement rule may be eligible to replace the property through an "exchange." In essence, one property being rented out may be exchanged for another, as long as that also is rented. In exchanging the properties, capital gains tax may be deferred. Technically, a simultaneous trade of investments occurs. Actually, owners first sell their property, place the equity proceeds in

AFSA TAX GUIDE FOR 1997

escrow, identify in writing within 45 days the property they intend to acquire, and settle on the new property within 180 days, using the money held in escrow as part of the payment.

It is important to emphasize that the exchange is from one investment property to another investment property—the key factor in the IRS evaluation of an exchange transaction is the intent of the investor at the time the exchange was consummated. The IRS rules for the exchanges are complex and specific, with a number of pitfalls that can nullify the transaction. An exchange should never be attempted without assistance from a tax lawyer specializing in this field.

Calculating Your Adjusted Basis

Many Foreign Service employees ask what items can be added to the cost basis of their homes when they are ready to sell. Money spent on "fixing up" the home for sale may be deducted from the sales price. To qualify as legitimate "fixing-up costs," the following conditions must be met: (1) the expenses must be for work performed during the 90-day period ending on the day on which the contract to sell the old residence was made; (2) the expenses must be paid on or before the 30th day after sale of the house; and (3) the expenses must not be capital expenditures for permanent improvements or replacements (these can be added to the basis of the property, original purchase price, thereby reducing the amount of profit). A new roof and kitchen counters are not "fix-up" items. But painting the house, cleaning up the garden, and making minor repairs qualify as "fixing-up costs."

State Tax Provisions

Every member serving abroad must maintain a state of domicile in the United States, and the tax liability that the employee faces varies greatly from state to state. In addition, there are myriad regulations pertaining to the taxability of Foreign Service pensions and annuities, as each state has different rules about the conditions under which individuals are liable for taxes on such income.

This state guide reviews the laws regarding income tax and tax on annuities and pensions as they pertain to Foreign Service personnel. Please note that while AFSA makes every attempt to provide the most up-to-date information, readers with specific questions should consult a tax expert in the state in question at the addresses given.

Most Foreign Service employees have questions about their liability to pay state income taxes during periods posted overseas or assigned to Washington, D.C. It is a fundamental rule of law that all U.S. citizens, because they have the right to vote, retain a state of domicile even if residing abroad. There are many criteria used in determining which state is a citizen's domicile. One of the strongest determinants is prolonged physical presence, a standard that Foreign Service personnel frequently cannot meet, due to overseas service.

In such cases, the states will make a determination of the individual's income tax status based on other factors, including where the individual has family ties, where he or she is registered to vote or has a driver's license, where he or she owns property or has bank accounts or other financial holdings. In the case of Foreign Service employees, the domicile might be the state from which the person joined the service or where he or she intends to return upon separation. For purposes of this article, the term domicile refers to legal residence; some states also define it as permanent residence. Residence refers to physical presence in the state.

Foreign Service personnel must continue to pay taxes to the state of domicile (or to the District of Columbia) while residing outside of the state, including during

assignments abroad, unless the state of residence does not require it.

A non-resident, according to most states' definitions, is an individual who earns income or interest in the specific state but does not live there or is living there for only part of the year (usually, less than six months). Individuals are generally considered residents and are thus fully liable for taxes, if they are domiciled in the state or if they are living in the state (usually at least six months of the year) but are not domiciled there.

Foreign Service employees residing in metropolitan Washington, D.C., are also required to pay income tax to either the District, Maryland or Virginia, in addition to paying tax to the state of their domicile. Most states, however, allow a credit, so that the taxpayer pays the higher tax rate of the two states, with each state receiving a share. The state of California regards Foreign Service officers who are domiciled in California but reside outside the state and do not earn income in California, as non-residents for tax purposes. AFSA would like to continue hearing from employees who have a problem over this exemption.

There are currently seven states with no state income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. In addition, New Hampshire and Tennessee have no tax on personal income, but do tax profits from the sale of bonds and property.

There are also six states which, under certain conditions, do not tax income earned outside of the state: Connecticut, Missouri, New Jersey, New York, Pennsylvania and West Virginia. The requirements are that the individual not have a permanent "place of abode" in the state, have a permanent "place of abode" outside the state, and not spend more than 30 days in the state during the tax year. Also, please note that these six states require the filing of non-resident returns for all income earned from in-state sources.

Pennsylvania holds that "quarters provided by the government at no cost to the Petitioner cannot be considered as maintaining a permanent place of abode." Thus members of the Foreign Service domiciled in Pennsylvania who occupy government housing overseas must pay income tax to Pennsylvania. If they rent

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their own home overseas, however, they will be exempt from these taxes. AFSA has not heard of a similar ruling in any of the other five states, but Foreign Service employees should be aware that states could challenge the status of government housing in the future.

The following list gives a state-by-state overview of the latest information available on tax liability, with addresses provided to write for further information or tax forms. Tax rates are provided where possible. For further information, please contact AFSA's Labor Management Office or the individual state tax authorities. States with an asterisk **did not** respond to AFSA's request for updated information for 1997. Members are advised to double-check with these states' tax authorities.

Alabama: Individuals domiciled in Alabama are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Alabama's tax rate ranges from 2 to 5 percent. Write: Alabama Department of Revenue, Income Tax Forms, P.O. Box 327470, Montgomery, AL 36132-7470.

Alaska: No state income tax.

***Arizona:** Individuals domiciled in Arizona are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Arizona's tax rate ranges from 3.8 to 7 percent. Write: Arizona Department of Revenue, Attention: Forms, 1600 West Monroe, Phoenix, AZ 85007-2650.

Arkansas: Individuals domiciled in Arkansas are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Arkansas' tax rate ranges from 1 to 7 percent. Write: Department of Finance and Administration, Income Tax Forms Division, P.O. Box 3628, Little Rock, AR 72203.

***California:** Foreign Service employees are considered non-residents and do not have a tax liability on out-of-state income. Write: State of California, Franchise Tax

Board, Taxpayer Services, P.O. Box 942840, Sacramento, CA 94280-0040.

Colorado: Individuals domiciled in Colorado are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Colorado's tax rate is a flat 5 percent. Write: Department of Revenue, Taxpayer Service Division, State Capitol Annex, 1375 Sherman St., Denver, CO 80261.

Connecticut: Individuals who are domiciled in another state but who have a permanent place of abode in Connecticut and spend more than 183 days in Connecticut in the taxable year are considered residents and are taxed on all income, regardless of where it is earned. The tax rate ranges from 3 to 4.5 percent. Write: Department of Revenue Services, 25 Sigourney Street, Hartford, CT 06106.

***Delaware:** Individuals domiciled in Delaware are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Delaware's tax rate ranges from 3.2 to 7.7 percent. Write: Division of Revenue, Taxpayers Assistance Section, State Office Building, 9th & French Streets, Wilmington, DE 19801.

***District of Columbia:** Individuals domiciled in the District of Columbia are considered residents and are subject to tax on their entire income regardless of their physical presence there. The District's tax rate ranges from 6 to 9.5 percent. Write: Taxpayer Assistance Services, 300 Indiana Ave., N.W., Room 1046, Washington, DC 20001. From 1988, the D.C. tax exclusion ceased to apply to Foreign Service employees.

Florida: No state income tax.

Georgia: Individuals domiciled in Georgia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Georgia's tax rate ranges from 1 to 6 percent. Write: Georgia Department of Revenue, Forms Division, 305 Trinity-Washington Building, Atlanta, GA 30334.

***Hawaii:** Individuals domiciled in Hawaii are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Hawaii's tax rate ranges from 2 to 10 percent. Write: Oahu District Office, Taxpayer Services Branch, P.O. Box 3559, Honolulu, HI, 96811-3559.

Idaho: Individuals domiciled in Idaho for an entire tax year are considered residents and are subject to tax on their entire income. Idaho provides a safe harbor provision where a resident individual who is outside Idaho for a qualifying period of time will not be considered a resident. If an individual qualifies for the safe harbor, he or she would report as a non-resident and be taxed only an income from Idaho sources. A non-resident must file an Idaho income tax return if his or her gross income from Idaho sources is \$2,500 or more. Idaho's tax rate is between 2 and 8.2 percent, depending on level of income. To request forms write: Idaho State Tax Commission, Forms Division, 800 Park Blvd. Plaza IV, Boise, ID 83722.

Illinois: Individuals domiciled in Illinois are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Illinois' tax rate is a flat 3 percent. Write: Illinois Department of Revenue, Forms Division, 101 West Jefferson St., Springfield, IL 62794-9044.

Indiana: Individuals domiciled in Indiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. However, a credit is granted for any taxes paid to the state where the income was earned. Indiana's tax rate remains 3.4 percent. Write: Department of Revenue, Taxpayer Services Division, State Office Building, Room 208, 100 N. Senate Ave., Indianapolis, IN 46204.

Iowa: Individuals domiciled in Iowa are considered residents and are subject to tax on their entire income to the extent that income is taxable on the person's federal income tax returns. Iowa's tax rate ranges from 0.4 to 9.98 percent. Write: Department of Revenue and Finance, Forms Division, Haaver State

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Office Building, Des Moines, IA 50319.

Kansas: Individuals domiciled in Kansas are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Kansas' tax rate ranges from 3.5 to 7.75 percent. Write: Kansas Taxpayer Assistance Bureau, 915 S.W. Harrison, 3rd Floor, Topeka, KS 66612-1588.

Kentucky: Individuals domiciled in Kentucky are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Kentucky's tax rate ranges from 2 to 6 percent. Write: Commonwealth of Kentucky, Property and Mail Services Section, 859 East Main Street, Revenue Cabinet, Frankfort, KY 40620.

Louisiana: Individuals domiciled in Louisiana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Resident individuals are entitled to a tax credit for income tax paid to another state on the amount of income earned in the other state and included in the state's taxable income. Louisiana's tax rate ranges from 2 percent on the first \$10,000 of net income to 6 percent on any amount over \$50,000 of net income. Write: Department of Revenue and Taxation, Forms Division, P.O. Box 201, Baton Rouge, LA 70821-0201.

Maine: Individuals domiciled in Maine are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Maine's tax rate ranges from 2 to 8.5 percent. Call 1-800-338-5811 or write: Bureau of Taxation, Forms Division, State Office Building, Augusta, ME 04333.

Maryland: Individuals domiciled in Maryland are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Maryland's tax rate is a graduated tax up to a maximum of 8 percent depending on income and county of residence. An individual is also subject to a county income tax rate which is a percentage of the state income tax liability. For the 1997 tax year, Worcester County charges 30 percent; Baltimore and

Queen Anne Counties, 55 percent; Prince George's, 58 percent; and Allegany, Montgomery, Somerset, St. Mary's, Talbot and Wicomico, 60 percent. All other counties charge 50 percent. Write: Income Tax Division, State Office Building, 301 West Preston St., Room 903, Baltimore, MD 21201-2384 or call (410) 974-3981.

***Massachusetts:** Individuals domiciled in Massachusetts are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Salaries are taxed at 5.95 percent, and dividends, etc., at 12 percent. Write: Massachusetts Department of Revenue, Supply Forms Section, 100 Cambridge Street, Boston, MA 02204-7033.

***Michigan:** Individuals domiciled in Michigan are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Michigan's tax rate is 4.6 percent. Write: Department of Treasury, Forms Division, Treasury Building, Lansing, MI 48922.

Minnesota: Individuals domiciled in Minnesota are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Minnesota's tax rate ranges from 6 to 8.5 percent. Write: Department of Revenue, Forms Division, Mail Station 2220, Saint Paul, MN 55146.

Mississippi: Individuals domiciled in Mississippi are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Mississippi's tax rate is 5 percent on taxable income over \$10,000. Write: State Tax Commission, Forms Division, P.O. Box 1033, Jackson, MS 39215.

Missouri: No tax liability for out-of-state income if the individual has no permanent residence in Missouri, has a permanent residence elsewhere, and is not physically present in the state for more than 30 days during the tax year. The tax rate ranges from 1.5 to 6 percent. File a return yearly with an attached "Statement of Non-Residency" (Form 374). File also an Form

40, Schedule NRI, for income of more than \$600 from Missouri sources. Write: Tax Administration Bureau, Forms Division, P.O. Box 220, Jefferson City, MO 65105-2200.

***Montana:** Individuals domiciled in Montana are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Montana's tax rate ranges from 2 to 11 percent. Write: Montana Department of Revenue, Income Tax Division, P.O. Box 5805, Helena, MT 59604.

Nebraska: Individuals domiciled in Nebraska are considered residents and are subject to tax on their entire income regardless of their physical presence in the state with credit allowed for tax paid to other states. Nebraska's tax rate ranges from 2.51 to 6.68 percent. Write: Department of Revenue, Forms Division, 301 Centennial Mall South, P.O. Box 94818, Lincoln, NE 68509-4818.

Nevada: No state income tax.

***New Hampshire:** No personal income tax, but tax liability 8 percent on profits from in-state sources, including the sale of property and bonds. Write: Taxpayer Assistance Office, 61 So. Spring St., P.O. Box 2072, Concord, NH 03302-2072.

***New Jersey:** No tax liability for out-of-state income if the individual has no permanent residence in New Jersey, has a permanent residence elsewhere, and is not physically in the state for more than 30 days during the tax year. Filing a return is not required, but is recommended in order to preserve domicile status. Filing is required on Form 1040 NR for revenue derived from in-state sources. Forms may be requested by writing: Department of the Treasury, Division of Taxation, CN 269, Trenton, NJ 08625-0269.

***New Mexico:** Individuals domiciled in New Mexico are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. New Mexico's tax rate is based upon income and filing status. Write: New Mexico Taxation and

AFSA TAX GUIDE FOR 1997

Revenue Department, Taxpayer Services, P.O. Box 630, Sonto Fe, NM 87509-0630.

New York: No tax liability for out-of-state income if the individual has no permanent residence in New York, has a permanent residence elsewhere, and is not present in the state more than 30 days during the tax year. Filing a return is not required, but it is recommended to preserve domicile status. Filing is required on Form IT-203-I for revenue derived from New York sources. Write: Department of Taxation and Finance, Technical Services Bureau, W.A. Harrimon Compus, Albany, NY 12227.

North Carolina: Individuals domiciled in North Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. North Carolina's tax rate ranges from 6 to 7.75 percent. Write: Department of Revenue, Taxpayer Services Department, Revenue Building, Raleigh, NC 27640.

North Dakota: Individuals domiciled in North Dakota are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Tax rates vary according to income and whether a short or long tax form is used. Write: Office of State Tax Commissioner, State Capital, 600 E. Boulevard Avenue, Bismarck, ND 58505-0599.

Ohio: Individuals domiciled in Ohio are considered residents (including part-year) and are subject to tax on their entire income. Ohio residents are given a tax credit to reduce the Ohio income tax due on income taxed by other states or the District of Columbia while an Ohio resident. Ohio's tax rate ranges from 0.743 to 7.5 percent. Write: Ohio Department of Taxation, Taxpayer Services, P.O. Box 2476, Columbus, OH 43266-0076.

Oklahoma: Individuals domiciled in Oklahoma are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Oklahoma's tax rate is based upon income and various exemptions.

Write: Oklahoma Tax Commission, Taxpayer Services Division, 2501 Lincoln Blvd., Oklahoma City, OK 73194-0009.

Oregon: Individuals domiciled in Oregon are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Oregon's tax rates range from 5 to 9 percent of taxable income. Write: Department of Revenue, 955 Center Street N.E., Salem, OR 97310.

Pennsylvania: No tax liability for out-of-state income if the individual has no permanent residence in the state, has a permanent residence elsewhere, and spends no more than 30 days in the state during the tax year. Filing a return is not required, but it is recommended to preserve domicile status. File an Form PA40-NR for all income derived from Pennsylvania sources. Pennsylvania does not consider government quarters overseas to be a "permanent place of abode elsewhere," so Foreign Service Pennsylvania residents abroad in government quarters must continue to pay income tax. Pennsylvania's tax rate is 2.8 percent. Write: Commonwealth of Pennsylvania, Department of Revenue, Taxpayer Services Department, Harrisburg, PA 17128-1061.

Rhode Island: Individuals domiciled in Rhode Island are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Rhode Island's tax rate for the 1997 tax year is 27.5 percent of the Federal Income Tax liability. Write: Rhode Island Division of Taxation, Taxpayer Services Division, 289 Promenade St., Providence, RI 02908-5801.

***South Carolina:** Individuals domiciled in South Carolina are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. South Carolina's tax rate ranges from 2.5 to 7 percent. Write: South Carolina Tax Commission, Forms Division, 301 Gervois Street, P.O. Box 125, Columbia, SC 29214.

South Dakota: No state income tax.

Tennessee: No personal income tax. Tennessee does impose a 6 percent tax on dividends and certain types of interest income received by Tennessee residents. Write: Department of Revenue, Andrew Jackson State Office Building, Nashville, TN 37242

Texas: No state income tax.

Utah: Individuals domiciled in Utah are considered residents and are subject to Utah state tax and the state requires that all federal adjusted gross income reported on the Federal return be reported on the state return regardless of their physical presence in the state. Utah's highest tax rate is 7 percent. Write: Utah State Tax Commission, Taxpayer Services Division, 210 North 1950 West, Salt Lake City, UT 84134.

Vermont: Individuals domiciled in Vermont are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Vermont's tax rate for 1997 is 25 percent of the individual's Federal tax. Write: Vermont Department of Taxes, Taxpayer Services Division, Pavilion Office Building, Montpelier, VT 05602.

Virginia: Individuals domiciled in Virginia are considered residents and are subject to tax on their entire income regardless of their physical presence in the state. Virginia's tax rate ranges from 2 to 5.75 percent. Write: Virginia Department of Taxation, Taxpayer Services Division, P.O. Box 1317, Richmond, VA 23210.

Washington: No state income tax.

***West Virginia:** No tax liability for out-of-state income if the individual has no permanent residence in West Virginia, has a permanent residence elsewhere, and spends no more than 30 days of the tax year in West Virginia. Filing a return is not required, but it is recommended to preserve domicile status. Filing is required on Form IT-140-NR for all income derived from West Virginia sources. Write: The Department of Tax and Revenue, Taxpayer Services Division, P.O. Box 3784, Charleston, WV 25337.

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Wisconsin: Individuals domiciled in Wisconsin are considered residents and are subject to tax on their entire income regardless of where the income is earned. Wisconsin's current tax rate ranges from 4.9 to 6.93 percent. Write: Department of Revenue, Taxpayer Services Division, 125 South Webster Street, P.O. Box 8933, Madison, WI 53708.

Wyoming: No state income tax.

State Pension & Annuity Tax

The laws regarding the taxation of Foreign Service annuities vary greatly from state to state. In addition to those states that have no income tax or no tax on personal income, there are several states that do not tax income derived from pensions and annuities. There are three states—Iowa, Kansas and North Dakota—that tax Foreign Service annuities while exempting those of the Civil Service. In addition, Idaho and Oklahoma have provisions exempting certain amounts of Civil Service annuities. It is unclear from the information available to AFSA whether the exemption pertains to Foreign Service annuities as well.

In response to the U.S. Supreme Court's decision in *Davis v. Michigan Department of the Treasury*, annuitants in a number of states challenged unequal taxation of state versus Federal annuities. In this precedent-setting decision, the court ruled that the policy of the state of Michigan to exempt from taxation the annuities of retired state of Michigan and local government employees while taxing the annuities of retired Federal employees residing in Michigan, discriminates against Federal annuitants and is therefore unconstitutional. Because many states have similar practices regarding the treatment of annuitant income, individuals and groups are currently involved in litigation in order to compel their states of residence to refund the taxes they paid on their annuities during the period immediately before the states changed their tax laws to comply with *Davis v. Michigan*. All other states tax Foreign and Civil Service annuities and pensions to varying degrees.

Alabama: United States Foreign Service Retirement and Disability Fund Annuities are not taxable.

Alaska: No personal income tax.

Arizona: Up to \$2,500 exempt.

Arkansas: Up to \$6,000 exempt.

California: Fully taxable.

Colorado: Up to \$20,000 exempt if over age 55.

Connecticut: Fully taxable.

Delaware: Two exclusions: (1) Up to \$2,000 exempt if earned income is less than \$2,500 and Adjusted Gross Income is less than \$10,000; if married and filing jointly, up to \$4,000 exempt if earned income is less than \$5,000 and AGI is under \$20,000. This is applicable if 60 years or older or totally disabled. (2) Amounts received as pension exempted up to \$2,000 if under 60 and up to \$3,000 if over 60.

District of Columbia: Up to \$3,000 exempt, only if 62 years or older.

Florida: No personal income tax, but Florida has an "Intangibles Tax."

Georgia: Up to \$12,000 exempt for those 62 years or older and those permanently or totally disabled.

Hawaii: Full exemption.

Idaho: For persons retired under the Civil Service Retirement Act, up to \$13,764 exempt for a single return; up to \$20,640 if filing jointly. Up to \$13,764 exempt for unmarried survivor of annuitant. Must be 65 years or older, or 62 years or older and disabled. Amount reduced dollar for dollar by Social Security benefits. These exemptions do not apply to Foreign Service annuities since their retirement is paid from the Foreign Service Pension System and not the Civil Service Retirement Act.

Illinois: Full exemption.

Indiana: Up to \$2,000 exemption for

most 65 or older, reduced dollar for dollar by Social Security benefits.

Iowa: Fully taxable. However, there is a partial retirement income exclusion of up to \$3,000 for individual and up to \$6,000 for married taxpayers filing a joint return and for individuals who are disabled or are 55 years of age or older, or are a surviving spouse or other survivor of the annuitant. The same income tax rates apply to annuities as other incomes.

Kansas: Full exemption.

Kentucky: Full exemption.

Louisiana: Up to \$6,000 exempt if 65 years or older; \$12,000 if both filers over 65.

Moine: Fully taxable.

Maryland: For individuals 65 years or older or permanently disabled, Federal pensions and annuities, including Social Security, are excluded up to \$14,400. For other annuitants, the total amount is taxable.

Massachusetts: Full exemption.

Michigan: Full exemption for Civil Service annuities. See earlier discussion of U.S. Supreme Court decision in *Davis v. Michigan*. Foreign Service annuities may exclude \$7,500 when filing single and \$10,000 when filing jointly.

Minnesota: Certain persons over 65 with incomes under \$42,000 may be eligible for a subtraction. The maximum subtraction is \$12,000 married joint and \$6,000 single, which is reduced dollar for dollar by untaxed Social Security benefits, and by one dollar for each two dollars of income over \$18,000 for married and \$14,500 for single.

Mississippi: Full exemption.

Missouri: Up to \$6,000 exempt if the pension income is less than \$32,000 on a jointly filed return.

Montana: Up to \$3,600 exemption for a maximum of \$32,000.

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Nebraska: Fully taxable.

Nevada: No personal income tax.

New Hampshire: No personal income tax.

New Jersey: In general, pensions and annuities are subject to the New Jersey income tax with the following exemptions for individuals who are 62 years or older, or totally and permanently disabled, to exclude all or a portion of their pension income as follows: singles can exclude up to \$7,500; married filing jointly can exclude up to \$10,000; and a married couple filing separately can exclude up to \$5,000 each.

New Mexico: All pensions and annuities are fully taxed.

New York: Full exemption.

North Carolina: Up to \$4,000 exempt.

North Dakota: All pensions and annuities are fully taxed, except first \$5,000 is exempt less any Social Security payments, but only if the individual chooses to use Form 37 (long form). Individuals are cautioned to check both Form 37-S and Form 37 to ascertain which one yields the lower tax for the year. Qualifying for the exclusion does not mean that Form 37 is the better form to choose.

Ohio: Gives a tax credit based on the amount of the retirement annuity. If the annuity is below \$500 then there is no credit. Annuity of \$500 to \$1,499 merits a \$25 credit; \$1,500-\$2,999 merits \$50 credit; \$3,000-\$4,999 merits \$80 credit; \$5,000-\$7,999 merits \$130 credit; and any annuity over \$8,000 merits a credit of \$200. The maximum credit per return is \$200.

Oklahoma: Up to \$5,500 exempt; however, it is not clear whether this exemption pertains to Foreign Service annuities. See above paragraph for further discussion.

Oregon: Generally, all retirement income is subject to Oregon tax when received by an Oregon resident. This includes non-Oregon source retirement income. Retirement income received by

non-residents on or after Jan. 1, 1996, is no longer subject to taxation by Oregon.

Pennsylvania: Full exemption for government pensions and Social Security.

Rhode Island: Fully taxable.

South Carolina: Under age 65, a \$3,000 exemption may be taken. Over 65 years of age, a \$10,000 exemption may be taken.

South Dakota: No personal income tax.

Tennessee: Full exemption.

Texas: No personal income tax.

Utah: Under age 65, a \$4,800 exemption may be taken. However, the deduction is reduced \$.50 for every \$1.00 that the Federal Adjusted Gross Income exceeds \$32,000 (married filing joint) or \$25,000 (single). Over 65 years of age, a \$7,500 exemption may be taken for each individual. However, the exemption is reduced \$.50 for every \$1.00 that the Federal Adjusted Gross Income exceeds \$32,000 (married filing joint) or \$25,000 (single).

Vermont: Fully taxable.

Virginia: Up to \$12,000 plus \$6,000 credit if age 62 and if over age 65, a \$12,000 credit is allowed.

Washington: No personal income tax.

West Virginia: Up to \$8,000 exempt, only if 65 years or older.

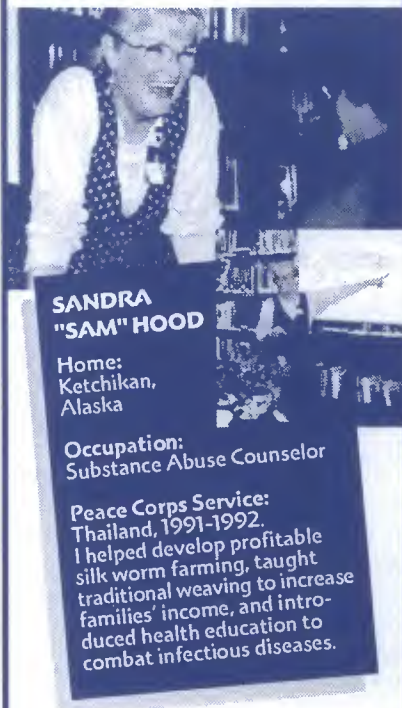
Wisconsin: Pensions and annuities are fully taxable. However a Foreign Service annuity income from a U.S. Government Retirement System is exempt from Wisconsin income tax if the payments are received on the account of a person who was a member of, or was retired from, the U.S. Government Retirement System as of Dec. 31, 1963.

Wyoming: No personal income tax.

The author, **Jack Bryant**, would like to express thanks to **Mr. M. Bruce Hirshorn**, Foreign Service Tax Counsel, for his help in preparing this article.

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Occupation:
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Peace Corps Service:
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silk worm farming, taught
traditional weaving to increase
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duced health education to
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While in the Peace Corps, Sandra "Sam" Hood helped villagers in Thailand improve their lives through agriculture and better health practices. Today, thanks to her Peace Corps service, Sam is also making a difference at home. She is a successful substance abuse counselor working with "at-risk" groups in Alaska.

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F O C U S

*India's nuclear-policy choices are constrained
by the BJP, a powerful Hindu nationalist party that
favors nuclear weapons. It may win this month's elections.*

in India's economic and foreign policies, a sudden change in India's perennial "nuclear option" policy remains constrained by hardline pro-bomb lobbyists that include the Hindu nationalist Bharatiya Janata Party (BJP). The BJP, both in its earlier form as the Jana Sangh and in its present reincarnation, has consistently supported a nuclear weapons program. In 1996, there was also unanimous opposition to the Comprehensive Test Ban Treaty and the Indian government's refusal to adhere to the CTBT was hailed by the Indian press as a "principled stand" and one of "splendid isolation."

Under the recent conditions of minority governments in India, no prime minister can afford to ignore the large parliamentary presence of the BJP. Indeed, there is a good chance that the BJP may win a parliamentary majority in the elections to be held at the end of February 1998. A prominent BJP leader who may well be the next Indian foreign minister, L.K. Advani, has repeatedly stated that if his party forms the next government of India, it will pursue a nuclear weapons program.

In Pakistan too, there is a strong but not so highly publicized lobby against the NPT. In 1991, the leader of the Jamaat Islami, Qazi Hussain Ahmed, warned any Pakistani leader who signed the NPT that they would be "lynched."

India and Pakistan are undeclared but de facto nuclear weapons states (as is Israel) if conversion to nuclear capability at short notice is considered the criterion. Both countries have been developing their ballistic missile capabilities as well. (See box on page 26 for an assessment of missile capabilities in 1996).

Proposals now of establishing a "nuclear-safe zone" rather than a "nuclear-free zone" in South Asia are based on the assumption that the contain-

ment of nuclear proliferation in this region has already failed. This has not been firmly established; much depends on definitions of a nuclear weapons capability. India tested an atomic device in 1974, but its stockpile, as one analyst put it, "went from one to zero" thereafter. But India clearly has the technological capability and stockpiles of plutonium to produce several bombs at short notice. The plutonium comes from reactors that were built indigenously and are therefore not subject to inspection by the International Atomic Energy Agency.

Pakistan has produced sufficient highly enriched uranium at its Kahuta facilities to produce the bomb, and may even have assembled one or two bombs. Pakistan has denied such allegations for more than two decades. The ambiguity is whether Pakistan can claim a nuclear weapons capability without having tested a bomb. Indian analysts have argued that sometime in the 1980s, one of China's nuclear tests conducted at its Lop Nor testing site was either a Pakistani-developed bomb, or the technology of that tested bomb was passed on to Pakistan by China. There has been no verification of such claims but such speculation is sufficient to fuel the covert nuclear arms race in South Asia.

Clearly, India does not have unrestricted access to nuclear weapons and missile technology from abroad given the restraints imposed by the NPT and the Missile Technology Control Regime (MTCR). However, the American-sponsored MTCR remains a set of guidelines among seven Western industrialized countries (U.S., U.K., France, Germany, Italy, Canada and Japan) not to transfer missile and rocket technology to those countries aspiring to develop missiles. The MTCR does not carry the same legal

constraint as the NPT which is a multilateral and near-universal treaty. As a consequence, the Indian missile procurement program has steadily advanced giving India a demonstrated intermediate-range ballistic missile capability with a range of 1,500 miles.

In the South Asian context, the expected technological sophistication of nuclear weapons and missiles developed by India and Pakistan need not match the quality of those found in the U.S., Britain or France. The minimum expected requirement at present of such weapons in developing countries is that bombs must detonate when launched, and missiles must reach their designated targets. Such rough capabilities and expectations would be sufficient to serve as a deterrent posture for India and Pakistan.

While India's growing nuclear technology and accumulating plutonium stockpiles have certainly generated international concerns, India still has not been condemned as a nuclear weapons proliferator the way Pakistan has. The American determination of who is or is not a proliferator, therefore, appears to rest more on the perceived motivation and intentions of states to acquire nuclear weapons than on the capability and materials possessed.

Pakistan's intentions were revealed in the late 1970s following the Indian "peaceful nuclear explosion," when Pakistan attempted to obtain a reprocessing plant and then an enrichment plant—facilities capable of generating plutonium and enriched uranium. At this time, there was only an insignificant Pakistani nuclear energy program consisting mainly of a small Canadian reactor in Karachi. First, under the chairmanship of Munir Khan of the Pakistan Atomic Energy Commission, Pakistan sought to purchase a reprocessing plant from France to be set up at its Chasma nuclear facilities. The sale was prevented by the United States. By the late 1970s, it became apparent that Pakistan was engaged in a secret operation under the leadership of Abdul Qadir Khan to piece together an enrichment plant at Kahuta through the import of various parts from Europe and North America. This clandestine operation proved successful and Pakistan reportedly had enough enriched uranium in 1992 to assemble two or three bombs.

In the early 1980s, India raised concerns that Libya might be aiding Pakistan in the construction of an "Islamic bomb." India alleged that Libyan holding companies were set up in Pakistan to channel Libyan petrodollars and uranium ore from Niger (channeled through Tripoli) for the Pakistani nuclear weapons program. The construction of the uranium enrichment plant at Kahuta was facilitated by Saudi Arabian economic aid and other indirect Arab financial backing. Whatever the veracity of such earlier Indian reports, there are no further allegations of Arab connections in the 1990s, perhaps because the Pakistani program has become self-sufficient.

India's military intentions are revealed quite clearly by its missile programs. India has been developing intermediate-range and even intercontinental ballistic missile capabilities. The testing of the intermediate-range Agni in 1987 and again in 1992 suggests that these missiles are intended eventually to be tipped with nuclear warheads. The 1987 Agni test was capable of carrying a 500 kilogram warhead to a distance of 900 miles, and the 1992 test of carrying 1,000 kilograms to a distance of 1,500 miles. It would make little sense to develop such costly long-range systems for delivering conventional bombs. India's peaceful rocket development program for satellite launches being undertaken by the Indian Space Research Organization also increases its technological capability to produce ICBMs.

U.S. Policy: Limited Options

The United States, under various administrations, has tried to be impartial between India and Pakistan, although Indian observers feel that being "impartial" between two very unequal states is in itself imbalanced. The 1976 and 1977 Symington and Glenn Amendments to the Foreign Assistance Act in the U.S. Senate were essentially directed at Pakistan's clandestine nuclear weapons policy. These amendments called for a cut-off of aid to countries pursuing nuclear weapons programs. The passage of the Nuclear Non-Proliferation Act in 1978 was essentially directed at India for its atomic test of 1974. The

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U.S. nonproliferation policy is complicated by political pressures. In the 1980s, Pakistan was on the front line in opposing the Soviet occupation of Afghanistan, so nuclear concerns took a back seat.

act, which was deemed retroactive, called for the cut-off of enriched uranium to India's two General Electric nuclear light water reactors located at Tarapur near Bombay. Under the terms of the Indo-U.S. agreement of 1963, the U.S. had been expected to supply such uranium for 30 years.

Subsequently, the Pressler Amendment passed by Congress in 1984 called for an annual certification by the American president that countries receiving military and economic aid from the U.S. are not pursuing nuclear weapons. The amendment has generally been interpreted as "Pakistan-specific." When Pakistan complained that the U.S. was ignoring highly developed military-oriented nuclear programs of Israel and India, a U.S. diplomat candidly admitted that the Pressler Amendment did not apply to these countries since it was intended to allow the continued transfer of large-scale American economic and military aid to Pakistan, which was designated a front-line state in dealing with the Soviet invasion and occupation of Afghanistan. "The Pressler Amendment was drafted with Pakistan's concurrence to continue the assistance program when it ran into difficulties with the Congress. Hence Islamabad cannot complain now," he added.

By 1990, Soviet forces were on their way out of Afghanistan, which weakened the long-standing rationale for overlooking Pakistan's nuclear efforts. Based on U.S. intelligence, the Bush administration was no longer able to provide the necessary certification of clearance for the Pakistani nuclear program. Consequently, U.S. military and economic aid to Pakistan was cut off in 1991 as required by the Pressler Amendment.

Complaints by Pakistan about unfair U.S. treat-

ment in comparison to India registered over time with sympathetic U.S. members of Congress. They led eventually to the passage in January 1997 of the Brown Amendment, which revoked the old Pressler Amendment. Subsequently, the ban on U.S. aid to Pakistan was lifted. U.S. nonproliferation policy in South Asia is complicated by the Indian and Pakistani lobbies in Washington and their efforts to influence various members of Congress, who are then willing to take a softer stance on one country's nuclear programs, and a harder stance vis-à-vis that country's adversary.

Current U.S. nonproliferation policy in South Asia is one of maintaining a low profile while keeping a close watch on Indian and Pakistani nuclear activities. Both nations refused to sign the renewed NPT in 1995, but the U.S. decided that their absence from the NPT regime was not a serious matter. Despite the rhetoric in both India and Pakistan, neither has embarked on an overt nuclear weapons program. The fact is that if India, after maintaining the "nuclear option" for 40 years, has not yet exercised the option, then it is not likely to exercise it in the future. There are economic constraints on both India and Pakistan. A nuclear arms race could prove costly to their development programs, and both countries could be subjected to crippling economic sanctions by the Western community.

For those reasons, it would seem that the current U.S. policy of careful monitoring and persistent pressure on these two near-nuclear states, while far from ideal, may be the best we can do at present. Ultimately, the perceived self-interests of India and Pakistan will determine the future of the nuclear nonproliferation regime in South Asia. ■

THE IRAN/IRAQ CONUNDRUM



LINA CHESAK

S IRAN'S AND IRAQ'S BIGGEST THREATS ARE CHEMICAL, BIOLOGICAL WEAPONS

By George Gedda

ince taking over last year as chief U.N. weapons inspector for Iraq, Richard Butler has had a frustrating time. To Butler, Iraq would seem to have every incentive to forgo forbidden weapons systems and behave as a normal country. By doing so, Saddam would be spared continued U.N. sanctions and rejoin the international community to the benefit of his destitute countrymen. But the Iraqi leader has not allowed Butler and his colleagues to do their job.

Butler vented his indignation with the Iraqis during a recent television interview. "Why does anyone want these horrible weapons?" he asked. "What are they to be used on, or for what purpose? Why would you subject your whole

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Saddam, in effect, has embraced the Maoist view that political power emanates from the barrel of a gun, or, in Iraq's case, from a missile tipped with a nuclear or chemical weapon.

people to an awful process of sanctions just to have stuff like this? Why would you forgo \$100 billion worth of oil revenue — for this?”

Many ordinary Iraqis may be asking the same question. But Butler's laments fail to take into account Saddam's calculation that only with a potent arsenal can Iraq become a force to be reckoned with internationally. Without weapons capable of mass killing, Iraq would be just another Middle East oil producer. There is strong evidence that Iraq is developing nuclear weapons but, internationally, most of the concern lately has focussed on its chemical and biological weapons programs. Saddam, in effect, has embraced the Maoist view that political power emanates from the barrel of a gun, or, in Iraq's case, from a missile tipped with a nuclear warhead or from canisters filled with biological or chemical weapons.

Iraq's neighbor and rival, Iran, has seemed no less committed to the same path, although the emergence of new, more moderate elected leadership in Tehran over the past year is cause for hope. But in the absence of concrete evidence, the United States sees no reason to alter its long-held view that Iran, much like Iraq, is a renegade state intent on building up an arsenal of nuclear, chemical and biological weapons.

The Iraqi and Iranian examples demonstrate the impotence of international nonproliferation treaties in the face of determined efforts by rogue regimes to defy them. The treaties have deterred some countries from pursuit of these weapons and have contributed to peace and security in some regions. But they have proved no barrier to Baghdad or Tehran.

The Clinton administration has responded by attempting to contain Iran and Iraq, but outright

George Gedda is the diplomatic correspondent for the Associated Press.

international support for U.S. policies has been scant, particularly in Iran's case. The European Union has defied Washington by carrying out normal trade and diplomatic relations with Tehran. As for Iraq, although it continues to be subject to U.N. Security Council economic sanctions, Russia, France and China have shown no inclination to support a military response to Saddam's continued flouting of council resolutions.

This has emboldened Saddam to be increasingly contemptuous of the U.N. weapons inspectors. He probably calculates that if collective military action is not in the cards, there is not much else the international community can do to him since the existing sanctions are as burdensome as can be. In that sense, he is in a stronger position than he was in 1990 when there was a united front against Saddam in the form of the Gulf coalition, which has long since unraveled and probably is beyond repair. His apparent success in manufacturing — and hiding from international inspectors — weapons capable of killings on a mass scale has enabled him to continue to be an intimidating presence despite the U.N. sanctions, his massive military defeat seven years ago and the discovery and destruction of much of his remaining arsenal by U.N. monitors.

Michael Eisenstadt, of the Washington Institute for Near East Policy, says in a 1997 paper on Iran's and Iraq's weapons programs that Saddam's ambitions are partly related to the disappearance of the Soviet Union. "He feared that the United States and Israel would enjoy unprecedented freedom to 'depart from the restrictions that govern the rest of the world,' and engage in 'undisciplined and irresponsible behavior' unless 'new forces of balance' were created," Eisenstadt says. In Saddam's view, according to Eisenstadt, "the Arabs needed to band together (presumably behind Iraq and its leader) and use their control of oil as a lever to deal with the United States and Israel from a position of strength." A second factor was

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Saddam's belief that 'the country that will (control) the Arab Gulf and its oil will maintain its superiority as a superpower without an equal. ...'

As Eisenstadt sees it, Saddam never seriously considered turning inward after his shattering 1991 defeat in the Gulf War, even though it meant continued international sanctions and opprobrium. If sanctions mean unrelieved suffering for the Iraqi people, Saddam's response, in effect, is: So be it. It is a price that must be paid.

Iran's Regional Ambitions

As for Iran, Eisenstadt cites a variety of reasons for that country's decision to pursue the nuclear weapons path. "Iran is motivated," he writes, "by a desire to attain power and influence, achieve military self-sufficiency, and strengthen its deterrent capability." Iran's clerical leadership believes that the fate of the Islamic community at large depends on Iran's ability to transform itself into a regional military power that can defend and advance the interests of that community. Iran's leader-

ship also believes that the country is a regional power by dint of geography, demography and resource endowments, and that its destiny dictates that it be the dominant power in the Persian Gulf because it is the largest Gulf state, it has the longest coastline along the Gulf, and because it has vital economic interests there.

Eisenstadt believes Iran has opted for nuclear weapons because, despite the high cost of such a project, it is still cheaper than rebuilding the country's conventional military. Possession of nuclear bombs also would deter arch-rival Iraq and would level the playing field for Iran in a region awash with countries that are nuclear powers or nuclear threshold states: Israel, Iraq, Pakistan and India. Also nearby is the nuclear-armed U.S. Navy.

After Iraq's defeat by the U.S.-led coalition in 1991, Iran proclaimed its right to obtain nuclear weapons. Iranian Vice President, Ayatollah Mohajerani, declared in October 1991: "Because the enemy has nuclear facilities the Muslim states too should have the same capacity. Muslims should try to

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go ahead...[until] the atomic capacity of Muslims and Israel should be at par." Iran has attempted unsuccessfully to develop gas centrifuges for uranium enrichment, to purchase a small plutonium-production reactor from China, and to buy a research reactor from India. Other reports have claimed that Iran has acquired weapons-grade plutonium, or nuclear weapons themselves, from sources in the former Soviet Union, though these reports are unconfirmed. Administration officials believe Iran may be seven to 15 years away from becoming a bona fide nuclear power, but they acknowledge that such predictions are imprecise.

With the election last year of President Mohammad Khatami, Iran seems less of a menace than before. A power struggle appears to have emerged between the relatively moderate Khatami and the bitterly anti-American radical clerics who have run Iran since 1979 and who have had the final say on national security issues. Washington is watching developments there with interest.

A Discouraging Exception

The pursuit by Iran and Iraq of nuclear weapons has been a discouraging exception to what has otherwise been a largely successful international effort to arrest the spread of such armaments. (See article by Lawrence Scheinman, in page 16 of this issue.)

But the factors that have held back nuclear proliferation in other regions have been irrelevant to the Persian Gulf, one of the world's most strategically important — and unstable — regions. Tensions are probably inevitable in an area which provides the world with more than 20 per cent of its oil and where two-thirds of the planet's known reserves are located.

Moreover, it is an area where strongmen have ruled without the restraining influences of democratic processes. Perhaps it is not surprising that international efforts to curb weapons of mass destruction have fallen on deaf ears in the most powerful of the Gulf states. The lure of great power status has been too tempting.

About the only encouraging news from the Gulf lately

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on the anti-proliferation front was Iran's decision late last year to ratify the treaty banning chemical weapons. The treaty requires the destruction of all existing stocks, permits international inspections and bars the transfer of chemical precursors. There is some skepticism internationally as to whether Iran's signature on the treaty really means anything. Such weapons can easily be hidden.

And Eisenstadt says that before the chemical weapons treaty ratification, Iran had "the most active chemical warfare program in the world," with the capacity to produce several hundred tons of chemical agents a year. Iran used chemical weapons against Iraq during their 1980s war, and was itself the target of Iraqi chemical weapons.

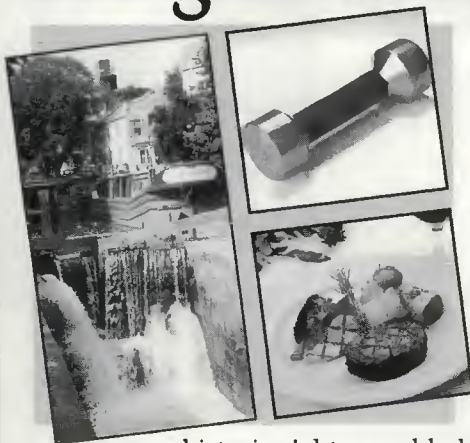
Nowadays, according to Defense Secretary William Cohen, Iraq may have as much as 200 tons of the nerve agent VX, "theoretically enough to kill every man, woman, and child on the face of the earth." It is altogether possible, other experts

believe, that the Iraqis have been able to conceal VX and other weapons of mass destruction in any of the 60 sites they have declared off-limits to U.N. inspectors.

Saddam is showing the same disregard for the 1972 Biological Weapons Convention as he has for the Chemical Weapons Convention, neither of which he has bothered to sign. The former pact obliges signatories to prohibit the development, production, stockpiling, acquisition, retention and transfer of biological agents for offensive purposes.

Eisenstadt says that Iraq has been able to carry out an extensive biological weapons program with only about 150 people, compared with 7,500 for its nuclear program. He estimates that a substantial biological weapons program might cost no more than a few hundred thousand or a few million dollars, versus hundreds of millions or billions for a nuclear weapons program. Biological weapons can be produced in small facilities that cannot be detected with current technology. They can provide

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Despite international efforts to curb biological and chemical weapons, about 25 nations are believed to possess both. Iraq is perceived as perhaps the biggest threat despite the best efforts of the international community to rein it in. Writes Phoebe Marr of the National Defense University, "One can only imagine the menace Saddam would represent for the Gulf and perhaps beyond if — without sacrificing his weapons programs — he had the \$15 billion a year in annual revenues that unfettered use of his oil would bring him."

'Soft' on Iraq?

The Clinton administration is disappointed that its view of the situation is shared, among U.N. Security Council members, only by Britain. France and Russia

are seen as "soft" on Iraq because of their perceived eagerness to cash in on oil contracts once the U.N. embargo is lifted. And in Security Council deliberations, China is seen to be allied with Paris and Moscow. On the plus side, all five council members support the concept of continuing the weapons inspections.

Secretary of State Madeleine Albright nonetheless finds it "peculiar" that a majority of the council seem more intent on looking for opportunities to ease pressure on Saddam than to ratchet it up. When U.N. weapons inspectors departed Iraq in late October after Saddam ordered the expulsion of the American members of the team, there was a notable lack of enthusiasm among Arab countries, including Iraq's neighbors, for consideration of an eventual military response. To Albright, it is frustrating that Saddam's activities don't galvanize greater opposition, even among neighboring countries which would seem to be the most vulnerable to any Iraqi adventurism. Others might argue that these countries are seeking to buy themselves a

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measure of protection against Iraq by distancing themselves from the American position.

Does the Iraqi weapons buildup pose a threat to the United States? Iraqi Deputy Prime Minister Tariq Aziz, while denying that Iraq harbors any such intentions, suggested at one point last year that various groups sympathetic to Iraq might, acting on their own, launch an attack on U.S. soil. Thus far, the United States has done little to prepare itself for such an eventuality. Congress addressed the issue in 1996 by passing the Defense Against Weapons of Mass Destruction Act. It calls for government action to block assaults on U.S. territory and for local governments to prepare to deal with them. The Pentagon is beginning to work on better detectors, masks, filtration systems and vaccines.

President Clinton once noted that in the event of an attack with chemical or biological weapons on American territory, police and paramedics arriving at

the scene are likely to become casualties themselves. It also is quite possible that the perpetrators would escape undetected, leaving forever unanswered the question of whether those responsible were members of a radical home-grown fringe group, agents of Baghdad or some other adversary. Another prospect, perhaps more likely, is an Iraqi attack on American troops stationed in the Gulf.

Arab-Israeli Fallout

The dustup with the Iraqis is having a negative impact on U.S. relations with the Arab world, where some countries like to point out that Iraq is not the only Middle East country with weapons of mass destruction. Israel has them as well. And when it comes to compliance with U.N. Security Council resolutions, the Arabs tend to believe that the United States should be just as demanding with Israelis (remember land for peace?) as it is with Iraq. Administration officials deny there is any connection, but U.S. pressure on Israel to be flexible

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with the Palestinians seemed to accelerate just as Arab support for the American position in Iraq was fading.

Should the U.S. Act Alone?

American impatience with Saddam is clearly growing. Increasing numbers of people believe the United States should pursue a go-it-alone policy towards the Gulf, ignoring the least-common-denominator approach of the U.N. Security Council. Others, including some members of Congress, believe the United States should seek Saddam's ouster, given his brutality and megalomania. But David Newsom, a former under secretary of State, says the United States has a poor track record at removing unwanted dictators and should put aside the dreams of toppling Saddam. Newsom believes that such talk alienates allies and weakens American credibility on the issue. He says the administration should remain narrowly focussed on eliminating Iraq's prohibited weaponry. Other analysts believe

suggestions by administration officials that the United States will never support a lifting of sanctions so long as Saddam remains in power only reinforces his determination not to cooperate with U.N. inspectors. They point out that U.N. resolutions say nothing about removal of the regime.

But former Secretary of State Lawrence Eagleburger believes these resolutions are not sacrosanct. He says the administration should seriously consider letting the world know that it is prepared by itself if necessary to use force against Saddam. In the event of a unilateral attack by U.S. forces, Eagleburger believes the United States can expect to catch "living hell" from abroad. But, he adds, that is a less costly option than dealing with an Iraq possessing a full-blown arsenal of mass-killer weapons. "If we can't get everybody to help us, we need to do it on our own," he says. "I'm not sure that this administration or any administration will have the guts to do it but in the end that's the ultimate solution." ■

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WHILE STATE, USIA, USAID AND ACDA
FIGHT FOR THEIR LIVES, FCS PROSPERS

BY STEVEN ALAN HONLEY

Isolationists notwithstanding, most Americans have always placed a high value on ensuring access to foreign markets for U.S. goods through whatever combination of diplomacy, incentives and threats will do the trick. Perhaps President Calvin Coolidge best expressed this attitude in 1925, when he said, "The chief business of America is business." Yet the belief that the federal government has a prominent role to play in promoting overseas trade and investment was a long time coming.

Before World War II and the Cold War shifted the State Department's emphasis to international security issues, it was a core responsibility of all Foreign Service officers to promote U.S. commercial interests. Until 1980, when the Foreign Service Reform Act transferred the Foreign Commercial Service to its current home at the Commerce Department, Foreign Service officers at State prided themselves on promoting the country's commercial interests with their superior skills at political and economic analysis rather than real world knowledge of commercial transactions. They were, after all, not a bunch of glorified salesmen.

Steven Alan Honley, a freelance writer, was an FSO from 1985 to 1997, serving in Mexico City and Wellington.

State put up little resistance to losing the commercial function, according to several sources, because looking out for the commercial interests of the United States did not provide State FSOs with a fast track to promotion. As Susan Schwab, a former State FSO who served as Director General of the U.S. and Foreign Commercial Service from 1989 to 1993, observed in a 1993 interview in the *Foreign Service Journal*, "Not only did State not place a terribly high priority on the economic function but it placed no priority on the commercial function, and those FSOs who liked commercial work were doomed not to advance in the system."

Despite a somewhat bumpy transition, the Foreign Commercial Service (FCS) has made itself at home at Commerce. It is currently part of a broader entity, the Commercial Service (CS), previously known as the U.S. and Foreign Commercial Service. The 1400 employees of the CS, both Civil Service and Foreign Service, staff offices within the United States and overseas in support of American business. At a time when agencies like USIA and ACDA have been unable to escape consolidation with the State Department, and USAID has had to fight for its life, the FCS has been flourishing.

FCS has 240 officers overseas in 100 cities and 78 countries who serve in stand-alone trade

centers or in offices shared with other government agencies, giving the U.S. representation for its exports in 95 percent of the current world market. Some FCS offices are run by private contractors and in other instances FCS offices provide the only U.S. government presence in the region. Like their State and USIA colleagues, FCS officers receive language training and serve three-year overseas assignments.

When FCS was created in 1980, most of its personnel transferred en masse from State and, until recently, most hiring continued through the traditional Foreign Service exam process. Today, mid-level officers are hired directly by FCS to fill specific jobs requiring linguistic, technical or professional expertise. As a result, well over half the staff has private sector experience and many have never worked for any other government agency. They join FCS for the same reasons FSOs are attracted to State, USIA or USAID: to live and work overseas, to hone professional skills and to make contributions to U.S. foreign policy.

For more than a decade following FCS's exit from Foggy Bottom, many FSOs stoutly maintained that State was better off unencumbered by the affairs of commerce. However, with the sudden arrival of the post-Cold War era, State realized that it had forfeited a golden opportunity to lead on a new, hot issue and so, under the leadership of then Deputy Secretary of State Lawrence Eagleburger in 1991 it set up its own office to help U.S. business abroad, the Office for Coordination of Business Activities. This office has continued to prosper under Secretaries of State Warren Christopher and Madeleine Albright, even though the late Commerce Secretary Ron Brown was the highest profile advocate of U.S. business abroad in recent years.

But despite this confluence of institutional views, there appears to be no possibility that FCS will ever return to State. Part of the reason for this is that State already has its hands full

with the upcoming absorption of USIA and ACDA, but in addition State accepts the Department of Commerce as the appropriate lead agency to handle U.S. trade.

Perhaps because there is no real rivalry between the two agencies, working relations between commercial officers and their diplomatic colleagues overseas are collegial by most accounts. Keith Curtis, a foreign commercial officer who left State for Commerce in 1980 and who recently served in Tokyo, one of FCS's largest operations in the world, says, "In most places, there is so much work to do that everyone just gets on with it." When friction over the handling of trade issues does arise, it is usually due to personality conflicts rather than turf battles, he says.

Often State and FCS share responsibility for promoting U.S. trade and investment. At embassies and consulates without an FCS representative, State's Office for Coordination of Business Activities takes the lead, and State economic officers are paired with commercial officers in nearby countries. However, this is a far from perfect system, according to State's acting Coordinator for Business Affairs Marshall Adair, who says that the FCS office in places like Abidjan, which already has a full plate supporting U.S. business in Côte d'Ivoire, simply does not have the resources to provide substantial assistance to economic officers in several neighboring countries. Another stopgap approach is to hire a part- or full-time local employee to cover commercial issues, as embassies in Port of Spain, Trinidad and Tobago and Bridgetown, Barbados did in 1997. However, deciding whether Commerce or State will cover expenses for such arrangements can be a thorny issue.

Officers from State and Commerce also fre-

When FCS left the State Department, many FSOs felt that State was better off unencumbered by commercial concerns. They were wrong.

quently criticize each other for their style of reporting events in the field to Washington. Many officials at Commerce feel that their State colleagues put classifications on their political and economic reports which prevent wider distribution of helpful data and wish that State would explore ways to make such information available more quickly via the Internet. For their part, State FSOs grumble that commercial officers put too much energy into gathering statistics at the expense of information and analysis.

Small Is Beautiful

Speaking last Dec. 8 to the staff of the International Trade Administration — the division of the Commerce Department that oversees the Commercial Service — Under Secretary of Commerce David Aaron pointed out: “Most of the growth in employment in

America over the past several years is attributable to small and medium enterprises (SMEs). Yet more than half our trade deficit can be seen as a deficit in SME trade. It is vital for America’s economic future that we do more to assist these businesses in finding new growth opportunities beyond our borders.”

Fine words, but Commerce’s record in implementing the five-year-old small and medium enterprise initiative is unimpressive. Of the 6,312 new-to-market sales Commerce facilitated during fiscal year 1996, only 427, less than seven percent, were credited to SMEs. Clearly, there is still a large gap between rhetoric and reality.

To its credit, CS is working to improve its outreach to small businesses, recognizing that they typically need more information and guidance than big players when they venture offshore. Accordingly,

many Commercial Service export promotion products are designed specifically for small and medium-sized enterprises. Chief among these is the Matchmaker program, which links U.S. firms with a network of agents and distributors to help them expand sales to markets around the globe. Commerce has also opened 19 one-stop shopping Export Assistance Centers throughout the United States, at which small businesses can pick up information on federal export programs and on financing assistance available from the Small Business Administration and Export-Import Bank.

To publicize these services, Commerce has a user-friendly Web page (<http://www.ita.doc.gov>) with links to many other information sources and also produces numerous glossy publications geared to small companies looking for export niches.

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Business America, FCS's bimonthly magazine, recently devoted an issue to trade and investment opportunities in ten mid-sized countries around the globe. Another issue offered tips for cracking the Korean market, ranging from the most basic — how to say hello and thank you in Korean — to the more subtle — “For Koreans, relationships are crucial, so cold calls don't work.” Commerce also publishes magazines and newsletters which focus on specific regions or economic sectors, like *Central and Eastern European Commercial Update*, *Bisnis: Search for Partners*, geared to the newly independent states of the former Soviet Union, and *Environmental Export News*.

Commerce's record working with small businesses overseas is far spottier. Reports from embassy personnel indicate that U.S. businesses are taking advantage of both Commerce and

State to do their homework about potential foreign markets, arriving overseas with leads which embassy and consulate staff can help them refine and pursue.

The bad news is that plenty of firms still find consulting with Commerce overseas unproductive, either because FCS has not developed savvy local contacts or because it is reluctant to use up its hard-won chits on behalf of a small company. One employee of a U.S. law firm based in Almaty, Kazakhstan from 1992 to 1996 who now travels frequently to Ukraine and who asked not to be identified confirmed that many companies in those countries avoid FCS because they can get better information on their own.

Big is Beautiful, Too

Commerce also has a strategy for Big Emerging Markets, or BEMs as they are called. These include 10

countries and regions: Mexico, Argentina, Brazil, the Chinese Economic Area, India, the ASEAN countries, South Korea, Poland, Turkey and South Africa, which collectively are expected to account for at least 40 percent of total global imports over the next 20 years. It has also identified promising worldwide economic sectors, including environmental technology exports, defense conversion assistance, food and energy requirements, and large-scale infrastructure needs.

Commerce recently beefed up its presence with new U.S. Commercial Centers in three BEMs: Jakarta, Indonesia; Sao Paulo, Brazil and Shanghai, China. Largely run by private firms, these centers pride themselves on facilitating easy access to an array of export promotion and financial services, including specialized export counseling, customized market



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research covering specific industry sectors and current business trends, and locations of potential overseas representatives and distributors.

Overcoming Guerrilla War

Despite such efforts, the current economic crisis in Asia, along with Congress's recent refusal to renew the president's "fast track" trade negotiating authority, could well discourage American businesses from taking advantage of Commerce's efforts in these markets. Meanwhile, the competition is intensifying; Canada just announced that it is tripling the number of commercial officers it stations in Latin America.

One of Commerce's most popular programs for business delegations is its Golden Key program. As the name implies, CS offers business visitors services to help them make contacts without having to

worry about logistics. For a price, it will make travel and hotel reservations; brief the delegation on local conditions; set up meetings with potential business clients, distributors and franchisers and procure the services of interpreters and other support staff; then help follow up on leads and even organize trade shows featuring a single company or group of U.S. firms offering similar products or services.

Still, many companies are reluctant to deal with, let alone travel to, countries experiencing political strife or other problems, even if they are promising markets. This was the case when Richard Lenahan, now Regional Director for the Western Hemisphere in Commerce's Office of International Operations, served as senior FCS representative in Lima, Peru from 1990 to 1992, at the height of the

Shining Path's terrorism campaign. While Southern Peru Copper Co., along with a few others, stayed in the country, most other U.S. companies pulled out or reduced staff and few others would set up shop there. So Lenahan switched tactics and, for a fee, sent Peruvian businesses to attend trade events in the U.S., where they could investigate various products and services and tout their own offerings. From 1992 to 1994 Lenahan served in Bogota, Colombia, where his efforts to educate his embassy colleagues about the importance of promoting commercial ties even in a country where terrorism posed a threat to U.S. business and where conduct of the drug war brought its own controversy, were so successful that even the defense attaché's office began promoting American products and services to its military contacts.



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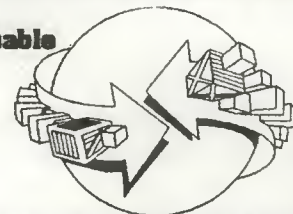
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Successful Self-Promotion

Less than 20 years after its inception, the Commercial Service can point to some genuine achievements in promoting U.S. business overseas. In fiscal year 1996, it facilitated 6,312 new-to-market sales worth \$5.4 billion abroad, helped companies already in the overseas market make 1,425 new sales and produced \$186 million in off-the-floor sales at its trade events.

But FCS's most valuable asset is its ability to promote itself effectively, which accounts for most of its institutional success. Perhaps because they regularly deal with the private sector, Foreign Commercial Service officers are well ahead of most of their State colleagues in adopting a bottom-line mentality and measuring their successes in terms of their clients' sales. Commerce tracks and tabu-

lates every instance where a company comments favorably on the assistance it received, and is not shy about using those statistics to let everyone, but especially Congress, know just how well it is doing its job.

A Cultural Convergence?

In its personnel policy Commerce is also departing from State by increasingly emphasizing hiring from private industry and giving more overseas opportunities to its Civil Service employees, through what acting Director General of the Commercial Service Marjory E. Searing calls its integration initiative. This process could eventually lead to a convergence of two bureaucratic cultures which many State officers consider to be fundamentally separate, even sacrosanct — the Foreign Service and the Civil

Service. It remains to be seen whether integration will eventually rob Foreign Commercial officers of their status as an elite corps and what effect that shift in perspective will have. If FCS officers begin to see themselves as interchangeable or disposable, it could well demoralize the service. If, on the other hand, such a policy has the effect of treating Civil Service employees as equal partners, it could outweigh any negative effects. In either case, State should keep a close eye on how the policy plays out.

Overall, however, the Foreign Commercial Service is well-placed to build on its successes to date as, in Under Secretary Aaron's words, "the voice of industry [which] is what we bring to the table in the interagency process, and our comparative advantage." ■

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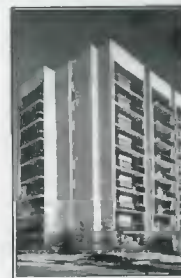
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SURVIVING THE COLD WAR

AS CHARGÉ IN SOFIA IN THE 1960s, FSO LEARNS
THAT DIPLOMACY REQUIRES IMPROVISATION

BY HANS N. TUCH

In Bulgaria in the mid-sixties the communist boss and sycophant to his Soviet masters Todor Zhivkov routinely exhibited his loyalty to Moscow by organizing "spontaneous" anti-American demonstrations in front of the American legation building. Those of us who worked there were not surprised by these protests because someone from the Bulgarian Foreign Ministry would call us and give us two hours warning so that we could remove our cars from the street outside. This would save the Bulgarians precious dollars in reparations that they might have to pay if the demonstrators destroyed American cars.

Having moved our cars, we would wait for the demonstrators, many of whom had been gathered through repeated announcements over the state radio encouraging the protest against dastardly American capitalists for one alleged inimical policy or another. Once assembled, the crowd shouted insults and threw rocks at the legation, usually breaking most of the windows in the four-story, brick office building. Trapped inside, the embassy staff hunkered down under desks until the demonstrators dispersed. Then our minister or chargé d'affaires would rush

Hans N. Tuch is a retired FSO who served in Bonn, Brasilia, Rio de Janeiro, Berlin, Sofia, Moscow, Munich and Frankfurt. He is the author of Communicating with the World: U.S. Public Diplomacy Overseas published in 1990 by St. Martin's Press.

over to the Bulgarian Foreign Ministry to lodge a stiff protest. The Bulgarians would reject the protest on the grounds that the demonstration had simply been an expression of disapproval by democratic Bulgarian forces, often even insisting that they had protected the legation from more drastic action by the aroused Bulgarian populace. After this pro forma denial, the Bulgarians would grudgingly agree to repair the legation building. The next day they would send glaziers and carpenters to do the work.

Accustomed to this semi-violent Cold War routine, the legation was taken by surprise on June 5, 1967 when a real demonstration broke out. That morning radio newscasts reported that what later came to be known as the Six-Day War had broken out in the Middle East. Incited by nationalist spirit and wanting to show Arab solidarity, Syrian students headed for the Israeli legation, but when they were turned away by a phalanx of Bulgarian police, they veered to the close-by, unprotected American legation. The students locked the legation's single Bulgarian militia guard in his booth and proceeded to wreak havoc. They torched cars parked in front of the building, threw paving stones and bricks through windows and tried to rush the building. The legation's cultural attaché, who happened to be near the entrance, shut the security door at the last moment, preventing an invasion but suffering a blow on the head for his vigilance.

While this was happening, I was in my second floor office, which faced the street and the demonstrators. With rocks and glass flying around me, I

clutched my telephone as I ducked under my desk for safety. From this perch, I frantically called the Bulgarian police, fire department and foreign ministry to appeal for help. Between calls, I glanced out a broken window in time to see my personal car, a 1965 Ford station wagon, explode in flames.

After fire trucks had extinguished the flames and police had driven back the demonstrators, the American staff emerged from their hiding places to assess the damage, especially that done to our devastated personal and legation-owned vehicles. Five cars had been completely destroyed and seven had been damaged. This would be the first time we would claim reparation from the Bulgarian government for anything as costly as American cars, and we would be making our claim in hard currency. We knew that there would be considerable opposition from the Foreign Ministry when I, as chargé d'affaires, told them the bill was \$50,000.

As I drove to the foreign ministry, I decided to go to the American section instead of the protocol section, where we would normally present our bill. The head of the American section was a former Bulgarian ambassador to the United States and one of a few Bulgarian diplomats familiar with the American way of doing business, so I knew he would understand the offer I was about to make. I told him that instead of claiming dollars, we would accept leva, the Bulgarian currency which was worthless outside the country, for the sum owed us, as long as there would not be an argument about the amount.

He was incredulous. "Do you mean leva, not dollars?" he asked. When I said I did, he replied, "Will you shake hands on the deal?"

Having shook my hand, he disappeared for ten minutes and returned with a stack of leva which looked as fresh as if they had just been printed in the basement. Before we parted, he happily assured me that all repairs to the embassy would be undertaken immediately. Having no doubt anticipated haggling over the amount of a dollar payment, he could instead expect compliments from his superiors for having saved the ministry valuable hard currency.

After I returned to the legation, I consulted with the administrative and budget and fiscal officers to

determine who was owed damages in what amounts. Since the embassy needed the leva for its operating expenses and would normally have to exchange dollars for them at the finance ministry, we paid the Americans in available dollars and reserved the leva for the embassy's expenses. Almost everyone was happy: the car owners were reimbursed in dollars and the foreign ministry did not have to forfeit its scarce hard currency. A minor diplomatic and financial crisis had been avoided, with only two losers: The Bulgarian Finance Ministry, where probably no one knew why the American legation did not purchase its monthly allotment of Bulgarian leva; and the Syrian students. Annoyed that the student demonstration had cost them unplanned reimbursements to the Americans, the Bulgarian Foreign Ministry declared that it would not permit outsiders to run its foreign affairs and the next day dispatched all 60 of them home to Syria.

On the larger diplomatic stage, Bulgaria also broke relations with Israel and declared the Israeli minister persona non grata. When this happened, the Italian ambassador suggested calling our NATO colleagues to tell them of his departure and propose that they come to the airport to bid him farewell as a gesture of friendship. To my surprise, several diplomatic colleagues claimed that they didn't have "instructions" from their governments on the matter when I called them to give them the time of his departure. I replied that one hardly needed instructions to say good-bye to a friend and added that they might not receive invitations for the usual Sunday night movie showings in our family apartment. That evening, when the Israeli ambassador departed, there was a full complement of friendly diplomats and spouses to say good-bye to the ambassador and his family. We also hosted an unusually large crowd the following Sunday night when we screened a western movie with beer, Coke and popcorn. ■

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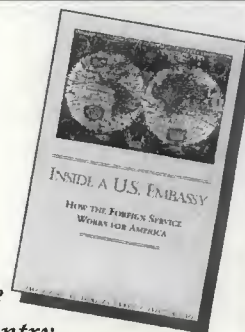
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BOOKS

REVISING HISTORY OF WWII CHINA

OSS in China: Prelude to Cold War

*Yu Maochun, New Haven, Yale
University Press, 1997, hardcover,
\$35, 340 pages.*

BY DAVID REUTHER

Drawing on recently declassified Office of Strategic Services files and new information drawn from Chinese government material and memoirs, Yu Maochun, who lectures at the U.S. Naval Academy in Annapolis, Md., has written a fascinating contemporary account of the bureaucratic battles which took place among U.S. intelligence agencies when the OSS, precursor to the Central Intelligence Agency, extended its operations into China in 1942, at the beginning of World War II. This is not a typical story about derring-do in the OSS; it is an inside account of events in an exotic land which led to bureaucratic competition and to a movement in support of a centralized intelligence agency. In the 1950s these machinations also became fodder for McCarthy-era battles over who in the U.S. government "lost" China to the communists.

From the beginning, OSS Chief William "Wild Bill" Donovan and the Nationalist Chinese led by Generalissimo Chiang Kai-shek, who

had solicited OSS assistance, had difficulty finding common ground. Donovan regarded China, the bulk of which had been taken over by the Japanese, as occupied enemy territory and thus fair game for his unrestricted operations. Chiang thought that he and his intelligence chief, Tai Li, should be regarded as equal partners in all operations. The Americans' goal was defeat of Japan. Chinese factions — the Nationalists under Chiang and the Communists under Mao Zedong — had one eye on Japan and one on each other.

But Donovan and Chiang were not the only participants in this dance. Some 20 American government agencies and more than a dozen American intelligence organizations also had separate agendas, which Yu treats in detail. American military intelligence set up operations in China first and was reluctant to share them with the OSS. China's isolation at the end of supply lines also fueled competition among American intelligence agencies. Feuds between separate U.S. intelligence operations and competition between Gen. Joseph Stilwell and 14th Air Force Cmdr. Gen. Claire Chennault also hampered OSS planning. The first formal agreement with Chinese intelligence in January 1943 was ostensibly a Navy program, the Sino-American Special Technical Cooperative Organization (SACO). By 1944, the OSS was running SACO plus two other operations in China: intelligence support

for the 14th Air Force and an operation at the Yen-an headquarters of the Chinese communists called the Dixie Mission.

According to Yu, a positive result of competition among American organizations in China was that the OSS could always find partners and loopholes to keep its operations going. But it also resorted to ad hoc operations, which made matters worse. For example, writes Yu, the OSS ran afoul of the Nationalist Chinese by setting up a plan to recruit Koreans to gather intelligence in China and Japan. The Chinese supported a different Korean faction than that employed by Donovan, which strained their cooperation. Donovan further vexed the Chinese, who were suspicious of anything British, with his Anglophilia and insistence on incorporating British practices and people into his programs. For example, Chiang Kai-shek resented British control of Tibet and pay-offs to and control of Chinese generals in the country's southwest.

American turf battles and Chinese nationalism were further complicated by the Chinese Civil War. According to new Chinese sources cited by Yu, Chinese communists, led by Mao Zedong, had an extensive intelligence operation that had penetrated Chiang's government in Chungking, the Nationalist Chinese capital. Yu offers new evidence that the penetration was so extensive that after the communist victory in 1949 Mao had most of the operatives removed from power so that their efforts could not become

known and detract from his victory.

Yu also points out that competition among American intelligence factions led to murky understanding of the history of this period. The version of events published by Gen. Albert Wedemeyer, who succeeded Gen. Stilwell as commander in China, in his 1958 memoir, *Wedemeyer Reports!*, differs significantly from classified memos written at the time. Neither the Army, the OSS nor the CIA has ever written an official history of operations in China.

OSS in China sheds light on a murky period in U.S.-China relations while giving valuable insight into Chinese nationalism and recounting events that led to the creation of the CIA. It's a valuable history lesson, one that any reader would find interesting.

David E. Reuther is a retired FSO with more than 20 years' experience in East Asia, having served in Beijing, Taipei and Bangkok.

AN UNRELIABLE NARRATOR'S TALE

Rogue Ambassador: An African Memoir

Smith Hempstone, *Sewanee, University of the South Press, 1997, \$29.95, hardcover, \$19.95, softcover, 352 pages.*

BY DANIEL O. NEWBERRY

"Diplomacy," wrote George Kennan in the May 1961 *Foreign Service Journal*, "is always going to consist to some extent of serving people who do not know that they are being served, who do not know that they need to be served, who misunderstand and occasionally abuse the very effort to serve them."

Foreign Service officers who read *Rogue Ambassador*, Smith Hempstone's account of his days as George Bush's political appointee as ambassador to Kenya from 1989 to 1993, would do well to keep Kennan's warning in mind. Hempstone abuses an awful lot of people in this book, including but not limited to Foreign Service officers. He touts his own accomplishments at full volume while downplaying and ridiculing those of his colleagues. For example, he refers in derision to Margaret Tutwiler, the politically-appointed State Department spokesperson from 1989 to 1992, as "Queen Tut" and even offers readers a bit of tabloid-like hearsay evidence that the friendship between Tutwiler and her boss, Secretary of State James Baker, went beyond the platonic.

It's fair to say that Smith Hempstone would not have won a popularity poll among the proverbial corridor gossips of the Foreign Service during his tenure as ambassador. In a well-known incident prior to U.S. involvement in Somalia in 1992, Hempstone sent a telegram to Secretary of State James Baker urging that the United States steer clear of involvement because it would mean a "tar-baby" experience from which there would be no retreat. Hempstone also asked for a place on the U.S. delegation investigating the Somalian situation and leaked the telegram to *U.S. News and World Report*. These shenanigans forced FSO Lawrence Eagleburger, who served as secretary of State the last three months of the Bush administration, to declare on national television as he was about to be named secretary that Ambassador Hempstone "had probably exaggerated things substantially."

It's too bad that Hempstone felt compelled to dabble in diplomacy. His travel writing and nature reports are splendid, in the style of Ernest Hemingway, whom Hempstone idolizes. Unfortunately for his credibility, Hempstone gloats unduly on such white-hunter glories as having been a guest of the last three British governors of Kenya. Professional Africanist FSOs will have to winnow carefully to learn something from Hempstone, but occasionally the effort will strike paydirt. Hempstone's accounts of tribal politicians and their maneuvers, his appraisal of Sudanese refugee operations and his detailed explanations of Anglican Kenyan parish and diocesan outreach are impressive. It is when he writes of his own political prowess that the diet gets heavy.

For example, it's hard to swallow Hempstone's claim to having restored a democratic multi-party government to Kenya despite the wily maneuvering of President Daniel Arap Moi. Five years after the self-styled rogue ambassador says he salvaged democracy in Kenya, governments providing foreign aid to that country were expressing doubts that Arap Moi's reforms were anything but token gestures, opposition parties were splintering or in disarray and Iran's President Rafsanjani was offering substantial assistance to Kenya.

Though Smith Hempstone once made his living as a journalist, he does not bring journalistic objectivity to his memoir. Instead of relying on this unreliable narrator of events, readers should turn to interested but less self-involved observers.

Daniel O. Newberry, a retired FSO, was the editor of The Foreign Service Reader, published by AFSA and DACOR in 1997. ■

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POSTCARD FROM ABROAD

Love Among the Ruins

BY CATHERINE ALTER

My husband and I finally have something in common with John F. Kennedy Jr. and his wife, Carolyn. No, we aren't fabulously wealthy and we've never been hounded by paparazzi. And no matter how many votes I cast, my husband will never be voted the sexiest man alive. The only thing that we share with John-John and Carolyn is our honeymoon destination: Turkey.

Before the Kennedys chose Turkey, it wasn't considered a chic country. Although Istanbul served as a backdrop for suave James Bond in "From Russia with Love," the movie that usually comes to mind when thinking of Turkey is "Midnight Express." And unfortunately for us, this movie about an American who lands in a Turkish prison for smuggling drugs provided plenty of punchlines for our friends and family. "Just don't tape anything to your body," warned my father before we left.

Our decision to go to Turkey had nothing to do with the Kennedys or any Hollywood movies. We wanted to rub up against history, to stroll where sultans once strolled. For our honeymoon, we wanted love among the ruins.

Upon landing in Istanbul, Matt and I immediately understood why

Catherine Alter is a Washington, D.C., freelance writer. The stamp is courtesy of the AAFSW Bookfair "Stamp Corner."

*How could we
make a honeymoon
out of such a
schizophrenic city?*



Hawaii is so popular with honeymooners. There are 12 million people living in Istanbul, all of whom, it seemed, were in the airport. If guidebooks describe the city as having one foot in Europe and one in Asia, to us it felt like both feet were kicking up a storm. From the airport to our hotel in Sultanahmet, the old part of the city, we saw donkey-drawn carts negotiating space alongside old Chevys and expensive BMWs. On the sidewalks, women in shorts and T-shirts or trendy designer outfits passed others covered head to toe in heavy black fabric. From our room, we heard the muezzin's call for afternoon prayers bleed into the pounding American music from a nearby tea garden. How could we make a honeymoon out of such a schizophrenic city?

The answer was literally right in our own backyard. One evening, taking a rear driveway into our hotel, we noticed a small sign affixed to a rusty pole: Yerebatan Saray (Sunken Palace). I imagined a palace so

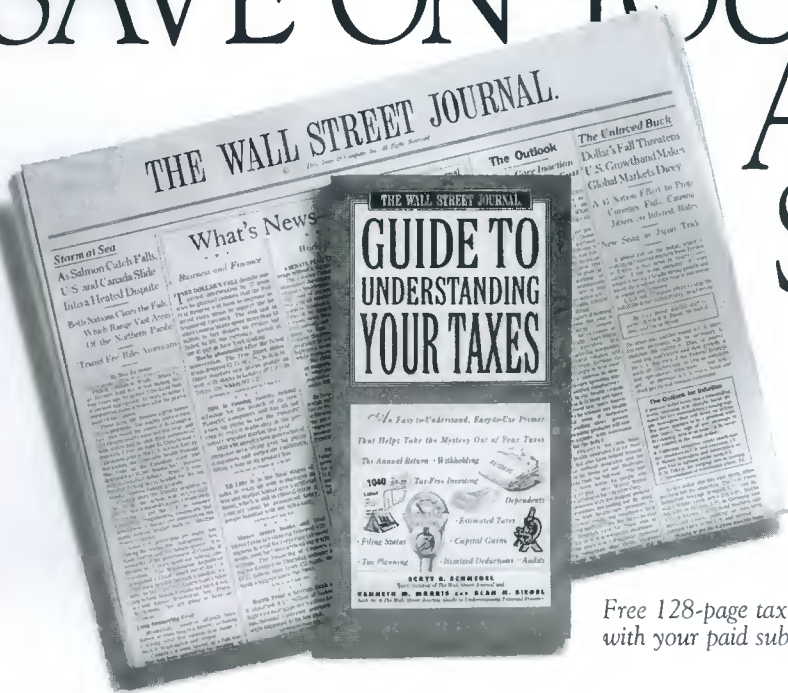
loaded with marble and gold and ruby-encrusted thrones that it just sank under its own weight, into the muddy banks of the Bosphorus.

The next morning we followed our original street sign to another and still another sign until we were standing in front of a small, blockish building. After a long climb down a staircase, we discovered that we were standing in a huge cistern, part of an underground network of waterways. Constructed by Justinian in 532 AD to store water for the Imperial Palace, it was rediscovered by Pierre Gilles in the mid 16th century. Gilles explored the cistern by torchlight from a small boat, sometimes spearing the fish who lived in the Stygian depths.

Today the Underground Palace is a magical place. With 336 marble columns rising 26 feet to support Byzantine arches and domes, it is lit by faint beams of light. Piped-in classical music accompanies the cistern's endlessly dripping water. Pure romance, it is a welcome refuge in the midst of a crazy city. Hand-in-hand, we followed the constructed walkways, some of which were totally deserted save for a fish or two, into the darkness. The walkways took us to the far end, where two of the columns rest on bases carved in the form of Medusa heads. Submerged and undisturbed for hundreds of years, the Medusas now stare blankly at their trespassers.

Later, sitting in the cistern's small cafe drinking apple tea and listening to *Aida*, Matt and I toasted our marriage and John and Carolyn's good taste. ■

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