The Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project

AMBASSADOR HENRY D. OWEN

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Today is May 17, 2001. This is an interview with Ambassador Henry D. Owen. This is being done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy. Mr. Ambassador, could I get a touch about your background? When and where were you born?

OWEN: New York, 1920.

Q: Where did you go to school?

OWEN: I first went to public school in Forest Hills, Long Island. Then I went to boarding school in Switzerland. Then I went to private school in New York. Then I went to Harvard. Then I went to war.

Q: At Harvard, what was your major?

OWEN: I majored in economics.

Q: What drove you towards economics?

OWEN: I wanted to make a living. I was equally interested in government and history. In point of fact, I spent a year majoring in each of these three subjects, but the last year was spent in economics, so my degree is in economics.
Q: What was your family's background?

OWEN: My father was born in Norway. He came to this country around 1880 at the age of three. His family settled in Wisconsin. He became a writer and was doing rather well as a writer of westerns when he died in 1921, a year after my birth.

Q: What happened then?

OWEN: Well, my mother was well off, so she kept on being my mother. She came from a German Jewish family that had emigrated to St. Louis from Moravia in 1848. My grandfather was a very good lawyer in St. Louis.

Q: You graduated in 1941?

OWEN: Yes, and I entered the Navy in 1942.

Q: Could you mention a little about your service? You were in it during the war.

OWEN: Yes. I volunteered for naval aviation, but I couldn't be a pilot or a bombardier because I was color blind. So, I was in naval air combat intelligence and I spent the war partly in the States, partly at Pearl, in naval aviation intelligence, mostly working on Japanese bombing targets.

Q: During the war, did you have any idea what you wanted to do later on?

OWEN: I had a general feeling that I would probably go into the State Department.

Q: Had you been in the State Department?

OWEN: No, but Ed Mason, who was one of my professors at Harvard, was in a high position there. At one point, I had written to him to say that I'd like to work there after the war and he said, "As soon as the war ends, you come and see me." So, when the war did end on August 15, 1945, I had to go back anyway because my mother was in bad health. I saw Ed and he offered me a job in the State Department. I accepted it.

Q: So you entered the State Department in 1945.

OWEN: Right after the war.

Q: Can you characterize the State Department at that point?

OWEN: It was really two different cultures. There was the culture of the people who had been in the Department before the war and who were traditional diplomats. Some of them were very good, like Loy Henderson. Others were less good at adopting to a new world. Then it was also a different culture, which are the people that came in during and after the war. A lot of them focused on economic subjects. They were, in fact, a bureau separate from the rest of the Department.

Q: I would have imagined that considering the prewar Foreign Service outside of those who dealt with commercial work, the line political officer would have been not very happy with economics.

OWEN: I think that's true. The Department had to bring in new people from outside to do economic work. So, you had the people who had been born and bred in the diplomatic tradition and then you had the people who had been brought in at the end of the war to meet this economic need.

Q: How did you find the economic establishment there?
OWEN: The people who came in at the end of the war or during the war were first-rate economists. When the State Department set up a bureau for occupied areas, Japan and Korea and Germany and Austria, there were a lot of applications from absolutely first-rate economists, who rather than going back to Harvard or MIT, wanted to work for the public good.

Q: Was there a plan that was hauled out of the safe in 1945?

OWEN: No, nobody had any plan at all.

Q: Who was in charge of the economists at that time?

OWEN: Will Clayton. He was the head of economic work at the Department.

Q: A towering figure.

OWEN: A wonderful figure. He wrote one of the three papers that, by coincidence, recommended a Marshall Plan. I think his was the most influential.

Q: What piece of the action did you have when you got on board?

OWEN: I was assigned to Japan because I had been in the war against Japan and knew something of the Japanese economy. I was assigned the job of reform, which meant land reform, labor reform, and deconcentration.

Q: Could you talk about your view of this? I understand that when MacArthur got in there, he was not, to say the least, very interested in what the State Department had to say about anything.

OWEN: I think that he distinguished between two issues. He was very interested in economic issues, particularly reform. He saw that there would have to be deconcentration and that land reform was needed. He had a very good land reform expert out there who had worked on land reform, Wolf Ladijinski. So, MacArthur didn't need anyone to tell him reform was important. You are quite right, he didn't like getting telegrams from the State Department which told him what to do. But the State Department and MacArthur agreed on substance; they might not agree always on procedure. There were more substantive differences among other people. General Draper, who replaced eventually General Hilldring in the War Department on occupied areas, was opposed to some forms of deconcentration. He thought that it inhibited growth. So there was a substantive difference between MacArthur and the Department on one side and General Draper and the War Department on the other side.

Q: Did you get mixed up in any of this?

OWEN: Yes, General Draper called me over and told me what he wanted. Then the Department and the Far Eastern Council (which was an allied body dealing with these issues) would give me other instructions.

Q: There must have been concern up and down the line about unions. Military people and Japanese unions tended to be, if they're not company unions, leftist with communist influence.

OWEN: The U.S. AFL-CIO worked with General MacArthur to strengthen the moderate forces into Japanese unions. They had some success. If unions had a strike, they often put a black armband on; that was the strike. They continued to do their work. I think deconcentration was the big issue substantively, not labor unions.

Q: From your perspective, how was deconcentration going?
OWEN: If you back off and look at it, you have to say that it didn't go as far as some people hoped. The main point was, it was difficult. There was a big change. The Japanese were used to respecting authority. So, it was not as thorough as some would hope but it was a major fact and I think the efficiency of the postwar Japanese economy results in part from the competition that was brought about within that economy by deconcentration.

Q: Did you get out to Japan?

OWEN: I went out later, but not at that point, no.

If we're mentioning people who played a role, Ray Vernon, who was later a professor at the Harvard Business School, was the head of the mission in Japan on deconcentration. FEC230, the paper which was submitted in the Far Eastern Council, was written by us in Washington but it largely reflected Ray Vernon's recommendations.

Q: Was there a problem of the New Deal, which was basically a leftist organization? Or

had this been dissipated by this time?

OWEN: The New Deal was mainly reflected in the presence of an Army colonel whose name I can't remember in the economic section of General MacArthur's headquarters. His battle was, he wanted to continue controlling. He was a Rex Tugwell-type, believed in control. He wanted to control the Japanese economy, for he just got washed away. That was not what anybody wanted. Later, George Kennan went out there and came back and recommended that MacArthur's staff and particularly his economic staff should get out of the Japanese economy; the Japanese knew how to run their economy better than we did. There was not only this Tugwell control school. There was General Draper. There were different schools. But by and large, the main highway was deconcentration and maybe we went 65% of the road in that direction, eventually leaving the rest of policy in the hands of the Japanese, who accepted land reform and later unions and ran the Japanese economy very well.

Q: During all of this, was there much or any Japanese impact?

OWEN: Toward the end of the period we're discussing, the Japanese – Toyota especially - had very able people and they more and more took the place of our able people, which cut down the role of MacArthur's economic staff, which was a bloody nuisance anyway.

Q: Within the economic section, did you have Japanese experts coming around?

OWEN: There weren't many people in the U.S. who had really studied Japan. There were some. We found during the bombing that there were some Americans who helped identify targets. But by and large, most of the experts were self-grown.

Q: Was Joseph Green a presence?

OWEN: The Under Secretary. I think he was a very healthy presence, but not so much on economic issues. He held out for retaining the Emperor, etc. To the extent that he was an influence, he made it easier to reach quick agreement with the Japanese on surrender and to achieve a less tense relationship between the occupying forces and the Japanese. He was a very useful influence, but he was not much in the economic business.

Q: Was it obvious early on that the occupation was going to go well?

OWEN: Yes. I think toward the end, you have more and more outside observers like George Kennan and Japanese and American businessmen and there began to be more and more a consensus that there had been too much emphasis on U.S. bureaucracy and their role should be cut down and this should be turned over to the Japanese. By the time that stage had arrived, the main reforms (land reform, which was perhaps the most important of all), labor reform, setting up labor unions, and deconcentration) had gone far enough so that even when the Japanese took it over this motion was underway and they didn't try to stop it.

Q: Was there a feeling of concern or hurry? Right after the end of the war, there was the equivalent of a famine.

OWEN: In Japan, no. We brought in so much food under GARIOA [Government and Relief in Occupied Areas] that I don't think there was famine. It's a long time ago, but I don't have any memory of that. We very quickly inaugurated the GARIOA program, which provided enough food for a certain caloric intake. I don't think there were many deaths from starvation. Probably ill people were less likely to recover and so forth, but there was not famine.

Q: How long were you working on this particular project?

OWEN: I joined the Department in October of '45. I am going to guess that I stopped working on Japan in '47. Maybe I worked on it for a year and a half.

Q: Then where did you go?

OWEN: Then I went to the Far Eastern group in the economic area and worked on Asia as a whole, including Japan, and India particularly.

Q: This was located within the State Department?

OWEN: Yes. The economic area was at first a separate law unto itself. I think the rest of the State Department didn't like this a lot so that more and more, the economic experts were integrated into the Bureaus, which had its bad side because you didn't then have a strong enough economic unit to resist foolish ideas. The economists began to be scattered through the different regional Bureaus rather than concentrated in one Bureau by themselves.

Q: In a way, it was back to the traditional diplomacy.

OWEN: Yes, except that the traditional diplomacy now included within its ranks people who were economists, which hadn't been the case before the war.

Q: But their influence was diluted.

OWEN: Yes.

Q: Who was running the Far Eastern Bureau?

OWEN: Wally Butterworth first. Then I think Livy Merchant took his place.

Q: There you were dealing with a different set of things including India and China.

OWEN: I'm talking about the period before the Korean War. After that, the Korean War affected everything.

Q: But until June 25, 1950, what was your particular area of concern?

OWEN: India was a large part of my time. Still Japan because of my previous work with Japan. And interregional trade.

Q: India was still under the Raj.
OWEN: Yes. That was until 1947 when it gained independence.

Q: Did we step in?

OWEN: We gave more relief. During the war, the British had diverted food from India for other purposes. There really had been starvation in India and desperate conditions. I remember perhaps the ablest person I ever met was an Indian named Deshmut, who was the joint secretary of the finance ministry. He was from Cambridge and so forth. He was the best there was. His instructions in coming to Washington were to get PL480 food aid but never to ask for it. I was deputized to deal with him, though I was so much more junior than him. My instructions were that he should get it but I should never propose it. We wondered how we were going to do this.

Q: You both knew the other's instructions.

OWEN: Yes. So, we went into a room by ourselves and we said at the beginning that nobody would come in with us and we would not tell anyone what happened in that room. After two, three, or four hours, we came out and said, "We have agreed on a PL480 agreement of aid. I did not propose it and he did not request it." "How did it happen," we were asked. "Oh…"

Q: Such is the work of diplomats.

OWEN: In that case, it was. But even then, we started beating the new Indian government over the head that there was too much control, too much leftist state intervention. By now, that lesson has been learned. At that time, we weren't having a great effect.

Q: There was at least what I considered the pernicious influence of the London School of Economics, the Fabian socialists, all that.

OWEN: LSE did it. My son went 50 years later to LSE. It has completely changed. But at that time, LSE was complete left and had a terrible effect in India.

Q: It sort of ruined Africa and an awful lot of other countries.

OWEN: I don't know about the other countries, but in India and Pakistan, it had a terrible effect.

Q: Did you deal with Pakistan, too?

OWEN: Yes.

Q: Were we trying to do a balancing act or did we consider India to be the most important.

OWEN: I think we considered India to be the most important but we were influenced some by the British, who loved the Muslims. The Indians were terribly leftist. We tried to be objective.

Q: With the British, did you find-

OWEN: They were glad to be rid of it. They did not object to our taking over. It vastly exceeded the resources they had available.

Q: Well, the British were in a pretty tight situation.

OWEN: They needed everything they had for themselves and were glad to see us step up to the plate in India.

Q: Did you have Indian experts? Who was giving you the information?

OWEN: Yes, we had some Indian experts. But since the problems there were overwhelmingly economic, what they wanted mostly was economists like me rather than country experts.

Q: Food is food no matter.

OWEN: Food is fungible.

Q: How did you find the distribution system in India at the time?

OWEN: Terrible. The railroads needed improvement more than anything else. We sent over a lot of railroad equipment.

Q: When you're talking about food, you really have to have an infrastructure.

OWEN: You needed better storage facilities.

Q: Did you get out to India at all?

OWEN: No. I was very pro-Indian during a lot of my career. I think the fact that the U.S. gave so much aid to India later on was due in part to me. President Carter said to me once, "Why are you so pro-Indian when they all vote against what I tell them to vote in the UN?" I said that it reminded me of Willy Sutton, the fellow who used to rob banks. They asked him, "Willy, why are you always robbing banks?" He replied, "That's where

the money is." If you wanted to know where the poor people are in this world, that's where it is. If you want to do something to help poor people, you've got to help India.

Q: What happened June 25, 1950?

OWEN: I moved from the economic area to the intelligence area, INR. From then until I went to the Policy Planning Staff, sometime in the '50s, I worked in part of the Research Bureau on intelligence estimates and so forth.

Q: Were you a general person or was there an area?

OWEN: I was a generalist. There were five bureaus, regional bureaus and one functional bureau, economic, in the intelligence area. I was the person who helped to put it all together into overall estimates.

Q: How do you feel the voice of the economist was heard?

OWEN: They were the smartest of the people with the best training.

Q: Although the Marshall Plan had not concerned your area, it was still…

OWEN: It was of the utmost importance. Wherever I worked, you felt its influence. Not just the influence in getting the aid to Europe, but in telling the Europeans we weren't going to give them the aid unless they came together and made a common program. I think that was the beginning of the sentiment which later became the sentiment for European unity.

Q: Yes. I've talked to people who have been involved in this.

OWEN: I became a fan of European unity and met Mr. Monnet and was a friend and admirer of his.

Q: In INR, were you working closely with the CIA at that time?

OWEN: The CIA would coordinate national estimates. State went over as a unit from INR to play its role in meetings, so, yes, we were with the CIA. Didn't always agree with them and I think where we differed we were usually right. But the relationships were good between the two.

Q: No matter how you look at it, when doing an overall economic estimate, you really have to get down to particular countries all the time.

OWEN: Yes.

Q: How were you finding the information you were getting?

OWEN: It was good. We focused particularly on Germany and Japan and a few other countries. Yes, the information was good. The economic work was generally good. Political people did not distort or influence it.

Q: You had these two occurrences. One was the gearing up of Japan to support us during the Korean War. 1948 was the currency reform in Germany. Things really were ticking in both places.

OWEN: Absolutely.

Q: What estimates were you giving or getting about the Soviet Union and its economy?

OWEN: By and large, the estimates exaggerated the capabilities of the Soviet Union. The military wanted to exaggerate it to get more money for the armed forces. Nobody wanted to be accused of having underestimated what might turn out to be a disastrous threat. Generally, we did not see the Soviet Union's weaknesses as clearly as they are now perceived.

Q: I've talked to people who are serving in the 1990s and that thread has run through our policy. The economics in many ways brought the Soviets down. It was out there. It wasn't working, but…

OWEN: You're absolutely right. I would add one other thing if you are looking for threads that ran through it. You can't exaggerate the importance of the European Community, the Coal and Steel Community proposal in 1950 only five years after the war. Who would have thought France would accept complete equality with Germany, but she did and that was like a miracle story. When everything else seemed to be a problem, that was what was bringing us back to the point we could do constructive things. More and more, people on the western side in Europe saw the Cold War as a means for initiating the constructive things we were doing to build up Europe, rather than just the defense things we were doing against the Soviet Union.

Q: While you were looking at the development of the European Union, the overall eye on economics, was there concern on our part about, yes, we don't want to repeat what happened after the Treaty of Versailles and have France and Germany go at each other again, but at the same time, did we want to make this European Community sort of tick? This could end up by being a considerable economic challenge to the U.S.

OWEN: On the first point, the lesson of the first war was well learned. The first war had proved a disaster in the period after it. That was well learned. Again and again, you would hear people say, "We mustn't repeat the trade wars of the '30s."

Q: This was sort of a mantra.

OWEN: Exactly. Sure, there were people worried about doing what was needed. But in each case, partly because of the Cold War, they were overridden. I don't think the

nationalist U.S. challenge to European unification was not as great as you might have expected. We needed that ally. We needed it, we thought, against the Russians.

Q: In many ways, France was the key state.

OWEN: Until De Gaulle came along, yes. But by then, the movement was so strong and Germany's role was so strong that it went forward.

Q: Did you find yourself dragged back to the Far East after the Korean War? Was this a matter of focus?

OWEN: No. From 1950 and the Coal and Steel Community, the Treaty of Rome, NATO, Europe was the center of our policy.

Q: How about China?

OWEN: Oh, yes, a lot of nonsense about China, but less attention paid to it. You always had the pressure of Henry Luce and so forth on the outside, but inside the government, even Mr. [Walter] Robinson held to the general consensus.

Q: What about McCarthyism? You were in the State Department during that period.

OWEN: Yes. That was a real threat. It didn't distort policy, but it meant a lot of misfortune for people who were completely innocent.

Q: Did you have any problems? You had come right from the war into the State Department.

OWEN: I came from the war. I was relatively conservative.

Q: None of that New Deal nonsense.

OWEN: Well, I voted for President Roosevelt each time, but no, I didn't have any problem. Except once, I took a woman from St. Louis to a square dance. In St. Louis, some of the wealthiest families were German. She came back from working in Germany (because she was Jewish) to the United States and took me to the square dance. We had a great time, but afterward, the amount of time was larger than that I spent answering questions about the square dance, which was criticized by some as a communist front. There were some leftist people in it, perhaps.

Q: The folk movement was sort of leftist.

OWEN: Finally, they (the security people) got tired of that. No, I never was precluded from a job.

Q: You moved eventually to Policy Planning.

OWEN: Yes, I did. That was about 1956.

Q: So this was in the Eisenhower administration. Dulles was the Secretary of State.

OWEN: Exactly.

Q: We'll pick this up in 1956 when you went into Policy Planning.
OWEN: I'll just mention one thing in the prior period, which is the mistake that was made by the U.S. government in letting U.S. forces go north of the 38th parallel. I became quite friendly with Mr. Acheson afterwards. He explained to me how tortured he was by that mistake and how much he allowed himself to be influenced by public opinion and so forth and how the chiefs were influenced by MacArthur, who they mostly had revered as cadets at West Point. That had a major influence on everything. The Marines at the Reservoir and so forth…

Q: The Chinese offensive was traumatic.

OWEN: If you've been in a war, even reading about what was happening in Korea was horrible. That was our mistake. We had won at Inchon. Then we threw a lot of it away by going north.

Q: Yes.

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Today is June 13, 2001. You went into Policy Planning in 1957 or '58. How were you chosen for that job? Did you ask for it or did it come to you?

OWEN: At that time, the Office of Intelligence Research had a very close connection with the Policy Planning staff. Before I went there, Charlie Stelle, who was deputy head of Office of Intelligence Research, had been our liaison with the Policy Planning Staff [SP]. So, when Charlie moved from OIR to SP, I took his place as the liaison with SP and got to know the people in SP. Bob Bowie was the head of SP. I got to know him and the others very well. So, somehow, a vacancy opened up on Policy Planning. I don't remember how. Bob chose me, I'm sure, with a lot of encouragement from me, to fill that vacancy.
Q: How did you feel Policy Planning was being used? It got its initial big boost under George Kennan some eight or nine years before. Did you feel Policy Planning was being used by Dulles and later Herter?

OWEN: I think the Secretary paid attention to anyone who came to him with a view that was based on serious thinking and not on just emotion. He recognized soon that Bob Bowie was that sort of a person. Although Bob and the Secretary disagreed, they were both good lawyers and both respected facts and reasoning. I don't know that he had any institutional affection for Policy Planning, but he liked and respected Bob Bowie and

thought Bob wouldn't allow anything to get to him that was foolish. Therefore, he paid attention to Policy Planning.

Q: When you first arrived in Policy Planning in the late '50s, did you have any particular slice of Policy Planning?

OWEN: I then worked on economic issues. Phil Trezise, who was still in OIR and going out to Japan as economic minister, and I worked on some ideas for reorganizing the foreign aid program. That was my first thing that I can remember.

Q: What was the thrust of reorganizing – to make it more efficient, to put it into certain areas?

OWEN: The thrust of it was two things. One, not to use it for short term political effect, but rather for long term economic effect. Second, to put it into a new framework in which its continuity would be accepted by the Congress. You shouldn't have to fight quite the terrible battle that you did then to get it renewed from year to year. But that effort to achieve continuity, although it was hard fought, came to nothing. The first purpose was to some extent achieved. The Secretary began to think of aid as a little bit less of a short term task and took and a little bit more of a long term view.

Q: In a way, by the time you arrived, towards the end of Eisenhower's first term-

OWEN: He was very much involved in this foreign aid business, at least at first. There were all sorts of activities and committees and so forth that tried to do things we were talking about, the long term part of U.S. aid, and which viewed the World Bank as something to achieve economic progress, instead of just trying to make Syngman Rhee smile at you on Tuesdays. I don't think we were alone in trying to do what I described. Dulles was for it. The Secretary of the Treasury was mostly for it. There was a general desire to move in this direction.

Q: Were we looking towards other countries to begin to pick up more of the burden or not at that time?

OWEN: I have no recollection of that. It may have been true.

Q: It's going towards the transitional phase where Europe was-

How did the Policy Planning office work? Did they say, "Let's think about this" or would you come up with ideas?

OWEN: I would say the coming up with ideas was rarely a collective enterprise. Sometimes ideas came up in meetings in SP, but more often, it was one person who had them. Often, that person was Bob Bowie himself and then he'd pick someone and say, "Study this more." The idea, whether it was brought by Bob or by Charlie or myself or whoever, then the staff would work on it just to make sure it was respectable and there

was not some objection to it which we had stupidly overlooked. Then Bob would take the idea and put it to the Secretary. There was no one as good at putting ideas to the Secretary as Bob. It was mutual respect that prevailed. When Bob was away, the Secretary was holding a series of meetings on arms control. I was designated to go on arms control. I tended to disagree with the Secretary on arms control. I don't know what the disagreement was. I just remember it was there. As long as you had logical reasons and got the facts straight, the Secretary would pay attention to you. He might not in the end adopt your view, but he spent serious time listening to it. Once when the meeting was about to start, he said, "No, we're not going to start this meeting until the loyal opposition comes." Then I came. He said, "Okay, now we can start."

To answer your question as to how Policy Planning worked, it didn't work as a body. It worked as individual people. The individual people only had effect if Bob liked their ideas and was willing to champion them before the Secretary.

Q: Were we looking at that time to Africa? It was just beginning to get loose from colonial ties.

OWEN: No.

Q: Latin America?

OWEN: Somewhat. Bob took an interest. I think this idea came to him from S/P member Schwartz. He began to think of a collective approach to aid in Latin America. Kennedy gave a name to it later, the Alliance for Progress. Bob thought of the Alliance for Progress when Kennedy was still a senator and Herter was still Secretary. It made a hit with Eisenhower. I remember one meeting where Bob outlined this idea. It did involve increased expenditures. But the President was being attacked for not doing enough on aid. He liked this idea. He liked the approach. It was clear he was leaning in this direction. But his critics were all fairly conservative. Treasury Secretary Humphrey said to the President, "You know, we've got trouble with teachers' salaries at home. What are we doing with this stuff about Latin America? It isn't consistent with the tough attitude we take with our teachers' salaries at home." The President said, "What's that got to do with it?" He wasn't going to be diverted. He liked the idea of the Alliance for Progress. So, we did do something in Latin America. I think Bob Bowie and the Policy Planning Staff had a good deal to do with it.

Q: Did you notice a difference in the operating influence of Policy Planning on the death of John Foster Dulles?

OWEN: Yes, I think that's a fair statement. The Secretary wasn't always objective. He had domestic political considerations very much in mind and he didn't want to suffer the fate that Mr. Acheson suffered of being cast out because of the views of the right wing. But he liked Bob. He took Bob's reasoning seriously. I don't remember that Secretary Herter was influenced to the same degree that Mr. Dulles was. He was a different sort of fellow. Dulles was a lawyer through and through. Mr. Herter, I always felt, had a lot of

experiences in the Congress, and some of the blood of his father, who was a painter in Paris. It was different.

Q: Herter had been governor of Massachusetts.

OWEN: He was a better politician than Mr. Dulles, who lost when he ran for the Senate. Herter won when he ran for governor.

Q: John Foster Dulles may have been a very capable person, but he was not a warm, cuddly person at least in the public persona.

OWEN: When I came back from the war, I was at a family dinner (because I was courting one of the Dulles girls) to celebrate either Allen Dulles' birthday or John Foster's birthday. I was hinting at the fact that Mr. Dewey in the campaign of '44 had revealed that we were breaking Japanese codes. I thought that was very poor, especially as General Marshall had written him a special letter not to. Oh, Mr. Dulles let me have it. He said, "Everybody in America knew we were breaking the codes," which was all wrong. He really let me have it. I thought: Here is this fellow who's been sitting at home being a lawyer while I was out in the Pacific. Why do I have to bow down to him. So, we argued rather briskly. Later, I found out that Mr. Dulles had written that speech of Governor Dewey. The Dulles girl and I left rather early in that dinner.

Q: In 1961, when the Kennedy administration came in…

OWEN: They were more lively, wanted more to do things, wanted new ideas like the Alliance for Progress. The President was a supporter of that. Just more bounce. They were constantly reexamining things. In some cases, I'm not sure it really made a hell of a lot of difference, but there was more noise and some progress.

Q: What happened to you and to Policy Planning?

OWEN: The President asked Mr. Acheson to reevaluate NATO policy. Mr. Acheson, for reasons I don't know, seized on me to be his assistant in doing that. So, although I remained a member of the Policy Planning Staff and so forth, I didn't really work on that. I just worked on this reevaluation of our NATO policy.

Q: How had NATO policy been? Were we looking for any particular changes?

OWEN: One was the Berlin issue. Were we going to fight for Berlin? If so, were we going to create enough conventional forces for us to do that? In fact, the reason I had ceased to be a Republican and become a Democrat was tightly allied to this. I remember one dinner; Jack Kennedy, then a senator, and Senator Scoop Jackson from the West Coast, were both arguing for stronger conventional forces, whereas President Eisenhower seemed to want more nuclear forces.

Q: This was "more bang for our buck."

OWEN: Yes. I thought the Democrats were right and I changed parties. So, I was very much interested when one of the first issues that came up was what to do about Berlin. The Soviets presented an ultimatum and so forth. Kennedy said, "Well, we're going to fight for Berlin if we have to and we're going to create the forces to do it." He sent over five more divisions to Europe. He had to call up Guard divisions to take their place in the U.S. while the regular Army troops went abroad. This was part of his theme that we'd fight them conventionally and we wouldn't give in. So, General Maxwell Taylor and a whole bunch of people who had been arguing for larger conventional forces, came to the front.

Q: Some people I've interviewed who were in Berlin when Kennedy came in were very nervous. They felt there was a softness there. Everything in Berlin had been so orchestrated on both sides that you had to be very careful how far you lowered the tailgates on trucks.

OWEN: You have to distinguish different types of issues. I never sensed any softness by Kennedy on holding Berlin and on keeping working transportation between Berlin and our position in West Germany. If we had to fight to do that, he'd fight. But some of the fine points of the old Berlin German crowd escaped him. The idea that when our vehicles moved between Berlin and West Germany, they had to have their papers stamped by the Soviets, Kennedy thought, "I'm not going to fight over that. They can stamp papers as much as they want." So, if you are thinking of serious things, I don't think there was any softness there. He wouldn't have called up five Guard divisions, which domestically had real costs. These were people who had to leave their jobs. I helped to devise a whole elaborate program for aiding the families of these people who were called up. It looked for a while as if we'd get somewhere, but we didn't. But President Kennedy wouldn't have accepted those heavy political costs - five divisions is a lot of people – unless he was serious about fighting for Berlin.

Q: I think it was at the beginning when they were talking about whether or not this was necessary.

OWEN: Exactly. He didn't object to their building the Wall. "If they're going to build a wall, that's it. We're not going to fight so the East Germans can come over into West Germany. We're going to fight to hold West Berlin."

Q: At the time, Kennedy was questioned on calling up the Reserves and somebody said, "Well, that's really not fair to these military people." He said, "Life isn't fair."

OWEN: He did that very well.

Q: He did that very well.

OWEN: It was a women who asked that, Helen…

Q: She always had a hat on. She was the dean of the corps.

OWEN: He was very good at answering that.

Q: Were we looking at NATO as being more than a military force while you were doing this paper?

OWEN: I think Acheson took seriously the idea that NATO was a military force that should be able to play a role in a conventional war and it should be strong enough so we didn't get rolled over quickly and forced into using nuclear weapons. So, we took this seriously. We went over with him and Paul Nitze and me to see Bob McNamara, the Secretary of Defense, who felt very strongly this way. Yes, Acheson's report was part of a general move to build up a military capability that could hold the Soviets without nuclear weapons.

Q: It was a tricky time when Kennedy first came in, particularly after that initial meeting with Khrushchev trying to bully Kennedy.

OWEN: He didn't take Kennedy very seriously.

Q: No. At that time, did the wheels go into motion saying, "It looks like we're going to be in for a difficult time?

OWEN: I think there was that attitude but I don't think Kennedy had been soft on real issues before that. But I think after that there was a greater willingness to do things like calling up the Guard and increasing the regular Army and sending more forces to Europe.

Q: You were still doing Policy Planning?

OWEN: No, I was bureaucratically assigned to Policy Planning, but I was practically assigned to Mr. Acheson work on NATO and then almost immediately after that, the Berlin crisis.

Q: Did you get any feel for Dean Rusk at that time?

OWEN: No. He was a fellow who said what he believed and did what he was told. He was in no sense like Mr. Acheson. I didn't work much with Mr. Rusk in this period. I worked with Acheson and with the people in the White House.

Q: This was a peculiar arrangement where you have a major part of our foreign policy being worked on by a former Secretary of State on a pro bono basis more or less. How did you fit into this?

OWEN: There was no unclarity about it. I worked for Mr. Acheson, although my office was in SP and I was part of SP. On NATO and on Berlin, I worked for Mr. Acheson.

Q: What happened when the Berlin Wall went up and the crisis started?

OWEN: You mean when they started to build the Wall?

Q: Yes.

OWEN: Oh, there was a big hooty pooty. The people like Mrs. Eleanor Dulles and some of the old gang, thought this was terrible and was a violation of past accords. I phoned Mac Bundy when this was happening one day and told him a wall was going up. He said, "I don't see anything to be excited about." I said, "Neither do I. That's not what we're fighting for." He went back to whatever he was doing. Among the new people, by which I mean Mr. Acheson, the President, and so forth, there wasn't any tremendous excitement about that. There was more among the people who had been working on these issues for a long time.

Q: What was the role of Eleanor Dulles during the time when you were in regular Policy Planning? She was always known as a Berlin expert.

OWEN: Yes, she was. Everybody respected her. But she didn't play any serious role. Some people thought she was living in the past.

Q: Did your job change at all? When the Berlin crisis came, what happened.

OWEN: Yes. Instead of working in SP on a wide variety of subjects, I worked out of SP on only one subject: NATO, Berlin.

Q: How long did that last?

OWEN: I think Mr. Acheson had completed his report on NATO and it was generally accepted. Then Mr. Acheson completed his work on Berlin. There it was odd that he broke with Foy Kohler, who was a hard liner. He was Assistant Secretary for European Affairs. He was against allowing the East Germans to stamp groups of Western trucks going to Berlin. Acheson said, "You don't kill people because of stamping." When his role on NATO was over and his role on the Berlin crisis had diminished, I just naturally oozed back into my Policy Planning role.

Q: Kennedy kept the High Commissioner for Germany, General Lucius Clay…

OWEN: The man who kept saying, "We're going to send a brigade down the highway and if they try to stop it, we fight."

Q: Was he somewhat of a loose cannon when he went out there? I've interviewed Dick Smyser, who was delegated as a junior officer to sit with Clay. He got kind of nervous because Clay was making noises that he knew were a little more pugnacious than the administration wanted.

OWEN: I don't think Clay notably influenced military measures, and he did a lot of good work in Germany.

Q: Was there concern over Berlin that, okay, we have a policy and all that, but you really were talking about two armed forces on high alert?

OWEN: I don't think Kennedy ever thought seriously about giving Berlin up. I think Eisenhower and Herter thought sometimes of moving toward an arrangement with a fixed duration. Gerry Smith, who was the head of Policy Planning during the Eisenhower-Herter period, thought that was a way of giving up Berlin, so he strongly opposed it and they never pushed it. I don't think Kennedy was ever soft. Acheson always said to him, "Either you're in Berlin or you're not. If you're in Berlin, stay there and don't go for these face saving things to help the Russians. There is not a real negotiation here. The Russians want to get us out of Berlin. We want to stay there. Let's not conceal that basic difference." I think the kind of person who might have been attracted by a more flexible policy may have been Bowles, who was an Under Secretary of State. Some liberals leaned in that direction. I don't think Mr. Acheson ever leaned one iota and I don't think the President did either.

Q: Did you move back into Policy Planning after Acheson submitted his report?

OWEN: After Acheson submitted his report on NATO and after the Berlin crisis died down.

Q: What were you doing with that?

OWEN: Then the President asked me to do a follow-up to the NATO report to make sure that something really was done about it. So, I was given an office over in the Executive Office Building and I was supposed to do that. But after a while, it seemed to me that was really pretty stupid. Most of the follow-up things had to be taken outside of the White House and so forth. So, I wanted to go back to State. By then, Lyndon Johnson had become President. He liked my speechwriting. He was very particular. He wanted good speeches. On one trip to the Far East, he didn't like the speeches were given him and he said, "If you all don't write something I like, I'll say what I really think!" Johnson wanted me to stay in the White House and I wanted to go back. A compromise was reached in which I'd go back but I'd write memos directly to the President of my views, so he'd get my views unfiltered by the State Department.

Q: What areas?

OWEN: I can't honestly remember. I don't think there were significant differences between the Secretary and me. I think the Secretary, who was then Rusk, was a little nervous of a guy who wrote memos directly to the President. He would always see the memos and so forth. But I don't think there were ever any substantive issues. I didn't disagree with him.

Q: Who was the head of Policy Planning as Johnson came on?

OWEN: I think it was Walt Rostow, and then it was me. Mac Bundy NSC special assistant was under Johnson until he was replaced by Walt Rostow.

Q: So there wasn't what later turned into these battles between State and the National Security…

OWEN: No. And I was playing the role I just described to you.

Q: As time moved on, did you find that you were involved in writing Johnson's speeches?

OWEN: No, that wasn't it at all, but if I had a thought, I would write a memo to him: "Here's something I propose to you." I would send a copy to the Secretary.

Q: Did you get at all involved in concerns about the Vietnam War?

OWEN: There was a period after Johnson had become President when Europe faded into the background and the new focus was where the body bags were. I don't recall that I was particularly involved. So many other people were. I was asked at one point by the security to have the Policy Planning Staff – or maybe I volunteered – do an outside look at the war and what our recommendations would be. Our recommendations were that we get out, that we train and equip the Vietnamese to take our place. I was not involved in the decisive fights over this at higher levels.

Q: In '68, Johnson said he was not going to run again. Nixon came in. Did you stay at the State Department during that time?

OWEN: When Nixon came?

Q: Yes.

OWEN: No. I went back to where I was then, which was Brookings, where I was head of Foreign Policy Studies.

Q: So you were at Brookings until when?

OWEN: Until President Carter came in, '77. Then President Carter knew me. He wanted me to be the fellow who was the sherpa and worried about the annual economic summits.

Q: The sherpa is a Nepalese term for people who help their principals go to the summit and prepare things.

At Brookings, what were you concentrating on? Were you writing about anything in particular?

OWEN: I was mainly interested in the Trilateral Commission which I helped to set up, and in international economic studies and defense analysis in the Foreign Policy Studies Program at Brookings.

Q: This was where you met Carter?

OWEN: Yes. We wanted a western Governor on the Trilateral Commission. Zbig knew Carter and said, "I think he looks pretty good." I met Carter. It was Bob Bouise, Zbig Brzezinski, and me. We all agreed Carter was the fellow to have; the final decision rested with David Rockefeller, the head of the Commission. That was how I met Carter.

Q: This was his entrée into the international world really.

OWEN: That's right. He went to Japan to one of the Trilateral Commission meetings. Zbig went with him.

Q: So you were working for economic summits.

OWEN: Yes. In the Carter administration, I was a sherpa. Gradually, it involved more than that. I was the person in the White House who coordinated most foreign economic policy and made sure that the wrong guys didn't win – the protectionists and so forth.

Q: How did you get along with the Treasury Department?

OWEN: Fine. I had two people working with me – Tony Solomon, who was the Under Secretary of the Treasury, and Dick Cooper, who was the Under Secretary of State. The three of us were sort of a joint sherpa. We got along fine.

Q: So there wasn't the battle that sometimes goes on?
OWEN: Yes, there was sometimes a battle, but we got on as well as any three people in the Executive Branch could. We were good friends and basically agreed.

Q: How about Brzezinski? You were working out of the White House at that time?

OWEN: Yes. Under Carter, I never worked any place but the White House. The White House generally included NSC staff. I was nominally part of the NSC, but in practice it was agreed by everybody that my memos would go to the President directly through Zbig.

Q: What was your impression of how the President absorbed economic matters?

OWEN: His instincts were very good. Where the establishment agreed with his instincts, like on foreign trade, he was superb. I'd write him up memos of what to say to other heads of government. He'd do it. It all went fine. But there were matters on which his instincts were not consistent with the views of the Democratic Party as a whole. He would have preferred a tighter fiscal policy and so forth. So, there was always the

Kennedy wing of the Democratic Party telling him to be liberal. Then there were people like Secretary Blumenthal, Bob Strauss, and me, who were more conservative telling him, "Follow your instincts."

Q: Did Brzezinski let you…

OWEN: Exactly. He let me do it. For example, on oil, the President's inner instinct was to let the market determine oil prices. But Senator Kennedy and his allies in the Congress and the Executive Branch thought we had to have oil price controls to help poor people. I said that didn't help poor people; it just meant that high prices were prolonged. But finally, I got the President to agree with the allies that if they did some things he wanted, he would give up price controls on oil, which he did, as he had wanted to. And then prices went down.

Q: The price problems came about to some extent because of the Middle East war.

OWEN: Yes, but the price problem basically came about because the liberals in the Democratic Party insisted on price controls. It would have been much better if we had let the market work, in which case the shortage would have gone away quicker due to market forces.

Q: Did Assistant Secretary Cooper keep the State Department in line?

OWEN: Dick was outraged, and quite properly so, that there was this Friday morning meeting every Friday at Treasury, presided by the Secretary of the Treasury, in which economic policy was fixed for the administration. He wasn't there. Finally, I think he said, "If this continues, I'll resign." I argued for getting him in. He was welcomed.

Q: Towards the end of the Carter administration, was there concern about Carter's management style?

OWEN: A lot of people felt, and I was one of them, that the President can't personally run all the main points of economic policy. It's not practical. So, a lot of people, including Mondale and Tony Solomon, and I would ask the President to designate somebody to be his deputy for economic questions. If he did that, it had to be Mike Blumenthal; Mike would have resigned if he weren't doing that. But some of the Carter coterie didn't like Blumenthal, because he hadn't been very nice to their man at the Bureau of the Budget and because they thought that he wasn't good at dealing with the Congress.

Q: The Budget Bureau man was indicted and let go. It didn't come to much, but at the time…

OWEN: Blumenthal apparently did nothing to help that fellow and so some people didn't like him. So, they kept the President from appointing Blumenthal, which was a shame. If he didn't appoint Blumenthal, who could he appoint? So, the situation persisted in which

there were different points of view in the administration, but no central direction under the President. There were real differences. I was on the conservative side, wanted to hold down expenditures. Others were on the liberal side, wanting to increase expenditures.

Q: What was the role of the Vice President in economic policy?

OWEN: Sometimes he would come to that Friday meeting. He always represented the liberal viewpoint, but he recognized that Mike Blumenthal chaired those meetings. Everybody knew he disagreed with conservatives in the administration.

Q: You were there during the whole Carter administration?

OWEN: No, I came in several months late.

Q: What was your feeling towards the end, as we moved towards the election of 1980?

OWEN: The same as my feeling at the beginning, that the liberals were wrong and I was right and if the President was going to win any elections, he'd better go on the conservative side because that's where the future was.

Q: How did you feel about the conservative side that was raised by the candidacy of Ronald Reagan?

OWEN: I thought Reagan was going to win. Everybody at first glance said, "Boy, this guy is easy to beat." I never thought so. I was guided on issues like that by Bob Strauss, who said, "We're in real trouble with Reagan."

Q: Did Bob Strauss play any particular role?

OWEN: I'm sure he had millions of meetings about political things, but on economic issues…

Q: Ronald Reagan was elected and took office in January 1981. What happened to you?

OWEN: I got a very nice letter from Mr. Reagan saying what a great fellow I had been and now it's time to go. It was a nice letter. I didn't mind going. He was President and was a Republican and he wanted other Republicans, not Democrats.

Q: While you were with the Carter White House, did you get any feel for relations between Carter and Capitol Hill?

OWEN: Capitol Hill was more liberal than he was. The Democrats on the Hill didn't want him to take off oil price controls. They wanted to keep them on, particularly in the hard winter months. He promised he would keep them on, but then he went to the summit of '78 in Bonn and promised to take them off if the allies would do some things he wanted. Then he came back and some of the Democrats objected. But he had already

gotten a good deal from the allies. It was Senator Metzenbaum who objected most strongly.

Q: Did you get any feel for how Carter dealt with the Germans, the French, and the British on economic matters in your area?

OWEN: He dealt very well when it was something to do with trade. He would stand up right away for free trade. He had to go to Helmut Schmidt and tell him that he wasn't standing up hard enough to the French on the trade issue. The President did it. Heads of government don't like telling each other what to do.

Q: Helmut Schmidt did not have any strong positive feeling for Jimmy Carter.

OWEN: Carter came to me after that and said, "Why are you always telling me to do things vis a vis the other heads of government on issues where it's very difficult to do this like trade? Why don't they see trade just like you do?" I said, "Because you're the President of the United States and you're the only person who looks at things from the standpoint of the welfare of the whole western community." He was impressed by that. He did what I recommended on free trade because he was for free trade. Schmidt was with him, but Schmidt and he didn't seem to like each other.

Q: Schmidt was a social democrat. He had a party which he had to be concerned about.

OWEN: Yes, but that wasn't a basic problem. On oil, Schmidt was initially against Carter. Carter, he thought, was too much of a Kennedy man. Schmidt wanted to let market forces determine… The President eventually came to his view. I think it was more personal. He just thought, "Who's this guy? What's the name of that state? And he's trying to tell me, the chancellor of Germany, what to do about economics?" When I went to see Schmidt alone at the start of the administration, he said to me, "Before you sitting right in that chair was Fred Bergsten, who knows nothing about economics. He's never been in business. He was telling me, the chancellor of Germany, what to do. I would never do that." There were personal differences between the President and Carter.

Q: Particularly over the so-called neutron bomb.

OWEN: That was outside my sphere.

Q: That almost put an end to communications between Schmidt and Carter. I've talked to people who were involved in that. That was a very unhappy…

OWEN: It was a silly thing. The President should have left it alone.

Q: In '81, when Reagan came in, did you go back to Brookings?

OWEN: Yes.

Q: Was Brookings at that time sort of a holding place for the Democrats?

OWEN: For the moderate centrist Democrats like Charlie Schultze, yes, it was.

Q: What kind of focus did you have?

OWEN: I focused initially on trilateralism and starting the Trilateral Commission.

Q: Trilateralism means what?

OWEN: Japan, the U.S., and Europe.

Q: How were we viewing Japan and its economics in the late '70s and then while you were in the White House and then in the '80s?

OWEN: I think it was sort of a conflict. On the one hand, there was a great deal of anti-Japanese sentiment in the U.S. and the President had to take that into account. On the other hand, at that point, the Japanese were running their economy sensibly, although not with as much free trade as they should. I think the President was trying on the one hand, to keep good relations with the Japanese and, on the other, take account of U.S. anti-Japanese opinion on the trade issue. I was in charge of coordinating U.S.-Japanese economic relations. I think I did a fairly good job. We got on better with Japan than we had at other times. And their trade policy slowly improved.

Q: How did you find your counterparts in Japan?

OWEN: Very intelligent for the most part – Ushiba, the Vice Minister of Foreign Affairs. They had it under their skin, particularly Ushiba, to think the Americans were too cocky. But on substantive matters, they got along okay.

Q: Were you getting involved in trying to break in on trade issues, trying to break into Japan?

OWEN: Yes, we were doing that. It was hard. There were political pressures on Ushiba on his side. But he understood the American position. We struck up reasonable compromises. Ushiba was particularly remarkable because he had been purged by the American occupation. He belonged to the German school of the Japanese foreign office. He got over that and so did we, but for a while he was out. He was a good man.

Q: Were we concerned at that time that the Japanese seemed to have a magic pill for economic matters?

OWEN: Yes, but I think we were more concerned that they were not opening their markets to us as we thought we were opening our market to them. That worried people like that Senator from Texas who later ran for Vice President. He's the one who knocked that Republican out by saying, "You're no Senator Kennedy."

Q: Bentsen.

OWEN: Yes. Bentsen was strongly anti-Japanese. I don't know why. So, the President had these pressures domestically. When the prime minister of Japan came, the President had to make a speech at the end of the dinner, so I wrote at the end that the President should quote a poem of the Emperor Meiji. That made a deep impression on the Japanese, who thought that the Emperor Meiji was pretty hot stuff - and that the President should quote the Emperor, that was the smartest thing I ever did. After the dinner, the prime minister came up to me and said, "I didn't know that your President read the poems of the Emperor Meiji. That is extraordinary." I said, "Oh, every night before he goes to bed, he reads the poems of the Emperor Meiji." The prime minister couldn't go up to the President and say, "Hey, do you read poems of the Emperor Meiji before you go to sleep?" I was safe in exaggerating.

Q: Did the idea come to you or did somebody mention it?

OWEN: When I was at college, I read a lot of Japanese history. All through the war against Japan, when I was in the Pacific, I had a lot of respect for the Japanese navy and Japanese officers. I read a lot of history. So, I knew a lot about the Emperor Meiji. There is a very famous poem of his which he read to his cabinet to try and restrain them from World War II. "When the winds and seas are peaceful, why do men struggle against each other?" It was a peace poem.

Q: You went back and stayed at Brookings more or less?

OWEN: For eight years until Carter came in. I was Director of the Foreign Policy Program. We focused mainly on economic and defense issues.

Q: After Carter left and Ronald Reagan came in, where did you go?
OWEN: Wait a minute. I came back from Brookings for four years with Carter. I went to Brookings before Carter. Who was the President under whom I went to Brookings.

Q: Nixon came in after Johnson.

OWEN: Johnson, yes. I served under Johnson.

Q: Then Nixon came in and you went out.

OWEN: Yes.

Q: Then Carter came in. Then Reagan came in and you left in 1981.

OWEN: That's right. In 1981, I left government for good.

Q: So that finished your government time?

OWEN: Yes.

Q: What have you been doing since that time?

OWEN: I'm an investment banker. I work for Solomon Smith Barney, which is part of Citigroup, the largest financial institution in the world.

Q: What piece of the action do you have?

OWEN: I work on Europe. My clients are mostly in Austria and Poland and some are in Slovakia and Hungary. I work on Central Europe.

Q: I think we can finish at this point.

OWEN: Very good.

End of interview