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

AMBASSADOR JOHN TODD STEWART

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INTERVIEW

Q: Today is the 25th of October, 1999. This is an interview with Todd Stewart. I wonder if we could start off at the beginning. Could you tell me when and where you were born, something about your family?

STEWART: Sure. I was born in Somerville, New Jersey, on August 27, 1940. My father was a career employee of the telephone company and my mother worked for Lord & Taylor during the depression in New York and then ran a family antique shop in New Jersey. But when I was seven years old, my father was transferred from the New York telephone company to the Pacific telephone company in San Francisco so we packed up and moved to the Bay Area where I was raised.

Q: A little more about this. Your father's background?

STEWART: He was the first member of his family to go to college. His father, my grandfather, immigrated from Canada, and married an American woman in New York so that my father was raised in the New York area. He was a distance runner of considerable ability and therefore was able to get an athletic scholarship to Penn State. That's how he managed to pay for college.

Q: Was he on the engineering side, sales side, management side?

STEWART: He'd majored in English, of all things, in college and ended up on the accounting side of the telephone company and became what was called at the time a general revenue accountant. He worked in later stages of his career in the new area of computerization, which, of course, was very crucial for the company.

Q: And your mother's background?

STEWART: My mother was also the first of her line to go on to college. She went to Skidmore, an all-women's institution at that time. She was born and raised in New Jersey.

Q: What was home life like?

STEWART: I was an only child. I don't recall my home life as being particularly unusual. It was a suburban upbringing in the San Francisco area in the late '40s and '50s. Television was introduced into the Bay Area when I was, I suppose, around eight or nine, and this was something of great importance to the way we grew up. We started off living in South San Francisco, which is a separate city in San Mateo County, just south of San Francisco itself. Then after five years, when I was going into the eighth grade, we moved to San Mateo, which is about 10 miles south and has a somewhat warmer climate. I went to San Mateo High School there.

Q: In that, say, pre-high school time, what were your schools like?

STEWART: I went to elementary school and one year of junior high school in South San Francisco. It was a good school system. We had excellent teachers. We were homogeneously grouped so that the faster kids were all put together in the same class. Consequently, there was a good deal of continuity from one year to the next. Although the school had several hundred pupils, you were always, from year to year, with the same group.

Q: Was there at that time much of what we call a minority population, Hispanic, Asian, black?

STEWART: There were very few black families in South San Francisco at that time. As far as I can recall, just one, and the daughter was a bright girl and was in our fast group. At that age boys didn't have a great deal to do with girls so I didn't know her very well. But I do recall other minority classmates - one was half-Gypsy and another half-Cherokee.

Q: While you were still in elementary school, did any particular field of interest strike your fancy?

STEWART: I really don't think so. I enjoyed reading. I certainly liked sports and took a great interest in them. I was just thinking the other day as the World Series started, how important the Series was in one's life at that time, as a grade school pupil. The coast-to-coast microwave or coaxial cable system had not been completed at that time so there was no way to see the games live. But nonetheless we paid rapt attention to the games on the radio during recess or physical education time. We'd forgo any sort of exercise, and the teachers would turn on the radio so we could listen to the World Series.

Q: So when you were 10, Bobby Thompson's home run stood out?

STEWART: Very, very definitely. I was a great Dodger fan at the time so that was a sad day.

Q: How about movies? Out in California, I was wondering whether they were sort of a part of life?

STEWART: Well, I lived in northern California rather than southern, but yes, we went frequently. The Saturday matinee was still a staple for kids in those days. I remember that my paternal grandmother, who was living in the area, would frequently take me to the matinee. We usually saw two westerns with a lot of cartoons in between.

Q: And serials were still going or not?

STEWART: Well, they existed, but they were tapering off at the movies. However, they worked their way onto television. When the first television station opened in San Francisco, I recall that the show offerings were pretty dreadful.

Q: Where did you go to high school?

STEWART: I went to San Mateo High School, which was the oldest, the flagship school in the San Mateo Union High School District, which ran all the way from San Bruno to San Mateo and had at that time about four or five high schools. San Mateo High was an exceptionally good school with fine offerings and, at the same time, well integrated. We had during the time I was there kids ranging in socioeconomic class from the daughter of the president of the Bank of America to children of poor blacks who had just gotten off the bus from the South. And all studied at that institution. Obviously, there were cliques within the student body, but you established relationships that ran across all sorts of divisions.

Q: Had San Francisco become the focus of bright young people at that time? Were they settling around that area? I am thinking of the later development, a little to the south, I guess, of Silicon Valley and all that.

STEWART: Yes, the founding firms of Silicon Valley were already in business at that time. Hewlett-Packard, regarded as the founder, was certainly up and running, as were Ampex and Varian Associates, electronic firms which were already well known. In high school I took a summer school class which visited one of these firms every week so we could see what was out there, what was on the cutting edge. And when I was in college, I worked for a very small electronics operation in South San Francisco during summer vacation.

Q: In high school, did you specialize in any particular thing, or were you tracked in any particular way?

STEWART: This was the age of Sputnik, and certainly there was a great emphasis on our

getting into science and engineering. Although we had extraordinarily good teachers in social sciences and languages as well, there were some standouts in the science and mathematics field. And I think most of us who had any sort of ability in that area tended to go into that stream. It seemed to be the thing to do. The idea was that somehow you'd major in engineering or science when you got to college.

Q: What were you working on? Was it science, engineering?

STEWART: You didn't have too much choice in classes at that time; there were requirements all the way along the line. However, there were a few electives. I took band, for example, for three of my four years in high school, finally dropping out, as my contribution to music, my senior year.

Q: What instrument?

STEWART: Clarinet. I was truly mediocre. In fact, that's probably a pretty kind word for it. I took four years of foreign language, two years of Latin and two years of German. English I only took three years, but I had science my last two years and mathematics all the way through. Four years of math, through introductory calculus. We had an exceptionally good physics class, which employed the calculus that we were learning in math at the same time. One of the very interesting courses we had was called "Social Problems." That was the official name of it. It was really a sociology course, taught more or less for college freshmen. We had to write around six papers on certain social problems that were part of the curriculum: the problem of poverty, the problem of race, the problem of immigration, etc. It was sophisticated enough that, to this day, the course content forms the basis of my knowledge of these problems.

Q: That sounds excellent. Did the outside world intrude much there? You know, things were happening. The Korean War was over by the time you got into high school, but things were going on in Vietnam, then you had Hungary and the Suez Crisis. Did that…?

STEWART: Yes, certainly. This is something that I paid a good deal of attention to. We had the *San Francisco Chronicle* as our main source of information, which certainly was not top grade, but you could find out what was going on by reading the *Chronicle.*

Q: Did you get the feeling, maybe in retrospect or maybe at the time, that San Francisco was more pointed toward Asia than toward Europe?

STEWART: I am not sure that I had any basis of comparison at the time, but thinking back on it, I believe the Asian orientation was a major factor in one's life--my parents and I would go out to Chinese restaurants on a regular basis, and we had a significant number of Japanese and Chinese kids in my classes in high school. Of course San Francisco itself has many landmarks--the Japanese Tea Garden in Golden Gate Park, for example--that are based on the city's connection with the Far East. And you'd have to be pretty dull not to see the ships coming in from the Orient.

We had a fifth grade teacher, a truly wonderful man, who had all sorts of aquariums and terrariums in the classroom, with many varieties of beasts. He would take all the boys, it was definitely discriminatory, to a San Francisco YMCA once a week to go swimming. This was the Embarcadero Y, which still exists. From South San Francisco it wasn't a very long trip, maybe half an hour. We were bussed into the city to go swimming because our school didn't have a pool, and it was a wonderful opportunity, not only to swim but also to be there, right on the waterfront, to see those marvelous cargo ships, and smell the coffee, and watch the passenger liners leave for Hawaii, if you were lucky, every Friday. It was a neat thing for kids because the world was there.

This experience was reflected to a degree in my reading. I remember I was very fond of the Tod Moran books by Howard Pease. They were a series of juvenile novels, mainly for boys, about the adventures of a third mate in the American Merchant Marine. The author had grown up in northern California and had actually shipped out himself at age 18 to get experience he could use as a writer. These books were fascinating to me as a kid as they suggested things you could do.

Q: How about Jack London?

STEWART: You know, oddly enough, I don't think I read Jack London until I was not only an adult but middle aged. I like what he's written, but I just never read it then.

Q: Nobody was pushing him as a local boy?

STEWART: Now, of course, he is trumpeted as a quintessential Bay Area product. If you follow his career, he lived and worked as a boy or very young man all around the Bay Area.

Q: Where were you pointed towards in going to college?

STEWART: I didn't really think too much about it, I suppose. I assumed that one went, by and large, to either Stanford or Cal, the University of California at Berkeley. If you got into Stanford, you went there. If you didn't, you went to Berkeley. In my milieu, at least. There were some exceptions. You found that occasional person who went East, but...

Q: So where did you go?

STEWART: I went to Stanford. There were 10 of us in my high school class that went to Stanford.

Q: You were at Stanford from when to when?

STEWART: '57-'61.

Q: What was Stanford like at that time?

STEWART: To me the best way to describe it was that we were on the cusp of the '60s. You saw growing social activism, and it became pretty apparent in retrospect that the handwriting was on the wall, that major changes would take place in American society. I recall a major student protest against capital punishment in connection with the execution of Caryl Chessman, but the event that was, again in retrospect, really the opening gun of the '60s was the so-called City Hall Riot in San Francisco in 1960.

The House Un-American Activities Committee had scheduled hearings in San Francisco, and there were protests, significant protests, well organized in advance, which got out of control because of some extraordinarily inept police work. The protesters were washed down the steps of City Hall with fire hoses. A Stanford friend of mine was arrested in this melee. He was almost a perfect example of how one becomes radicalized. He was sort of a moderate Republican type from Los Angeles who had gone up to the hearings at City Hall out of sheer curiosity. He was interested in what was going on; he had no brief for either the House Un-American Activities Committee or the demonstrators. But he was there with the demonstrators when the police turned on the fire hoses and bedlam occurred. As he told me the next day--this was as much of an eye-witness account as one gets--he was urging people to get out before somebody got hurt, and he reached the base of the steps himself without incident. The City Hall looks a good deal like the U.S. Capitol, with enormous flights of steps coming down. He was just about to leave when he looked and saw some plain-clothes cop dragging some semi-conscious girl down the steps by her heels, her head hitting every other step. That was too much for him so he ran over and grabbed the cop, spun him around and called him a name. It turned out to be the Chief of Detectives. My friend ended up with everybody else down at San Francisco jail. All those people were released by a judge who criticized the ineptitude of the police work. But the experience had a galvanizing effect. About a year and a half after that, the Free Speech Movement got underway at Berkeley, and the rest is history.

Q: You just missed the sexual revolution at college.

STEWART: Yes, but it was fascinating when it came. Technology, of course, had so much to do with it. The pill had just been introduced.

Q: We are talking about the birth control pill, which just completely changed the rules of the game.

STEWART: Yes. Fantastic. And also the decision that universities and colleges were no longer to act *in loco parentis* with respect to female students. That made a tremendous difference. There was a great liberalization in my senior year, when women were permitted, by and large, to stay out to 2:30 every night as restrictions disappeared on the number of late hours one could have. That was obviously one-half step toward throwing out the rules altogether--which subsequently happened.

Q: While you were at Stanford, what was you major?

STEWART: I eventually majored in history. I moved through all the social sciences - international relations, political science, and I was taking economic courses. But I finally decided that I'd better major in something that had a degree of coherence to it, and history seemed the best choice.

Q: Of course, this is an oral history so we have to state our bias here. What professors, courses, stand out?

STEWART: I ought to tell you one story which explains how I got out of science, which, as I explained earlier, I was going to study, and into history. I had gone to Stanford with the intention of majoring in physics. And I declared that major. My first quarter of physics, which dealt with mechanics, went very well indeed. I had as my professor, Robert Hofstadter, who was an extraordinarily good teacher. I got an A in the course, and the following quarter Dr. Hofstadter won the Nobel Prize. My second quarter I had Wolfgang Panofsky teaching me electricity, or attempting to. He was also an extraordinarily good teacher, but apparently my cognitive powers were not as deep for electricity as they were for mechanics.

Q: The circuitry was wrong.

STEWART: Yes, and I came out with a C. But Panofsky never won the Nobel Prize. Served him right. But seriously, he subsequently played a major role in promoting nuclear disarmament. He was a highly influential figure in that field.

Q: In history and political science, any field that particularly attracted you?

STEWART: I had a great deal of trouble finding the science in political science. I was enough of a mathematician to be able to deal with that part of it, but the subject struck me as so jargon-filled that I really did not appreciate poli sci as a science. However, I liked American government, and I took constitutional law, which I found fascinating.

The attraction of history was the quality of the teaching. History is generally interesting to me, but it depends who is doing the lecturing. For Western European history I had Gordon Wright and Dick Lyman, who later became president of the University, who were both extraordinarily good lecturers. They made a great impression on me, and consequently I took the courses they taught and therefore ended up studying more Western European history than anything else.

Q: Did foreign policy, diplomacy at all cross your sights at that time?

STEWART: Really it did. First of all, we had Graham Stuart, who was emeritus at that time but was certainly active on the campus. He was a spark plug in getting students interested in the Foreign Service. And then T.A. Bailey, Thomas Bailey, the diplomatic historian, was very much a feature of the campus. I took his course in American diplomatic history.

I had taken one of those vocational interest tests after Professor Panofsky and I came to grief. According to the results, my interests corresponded quite closely to those of a successful civil servant. So I said, “Civil servant and interest in foreign affairs, why not the Foreign Service?” It was also a fairly straightforward career to get into. There was a test you took, and if you passed, you joined--which seemed reasonable enough to me. I took the test as a senior and was fortunate enough to pass, and that was it. However, had I entered the Foreign Service immediately after college, I would have just turned 21, and that seemed a little on the callow side. Consequently, I deferred entry for a year to go to Fletcher and get my master’s degree. I went into Service after that.

Q: At Stanford, when you were there your senior year, the election of 1960 came along. And that seemed to be one of those elections that really hit young people at the college level. I was wondering if that campaign really engaged you at all?

STEWART: It really didn’t. I don’t think I was particularly enamored with Kennedy. There were a number of people that were, and when he spoke on campus, his popularity was certainly manifest. But I was not one of those who got swept up by it.

Q: When you took the oral exam, do you recall how it went for you or any of the questions? What they were interested in?

STEWART: I don’t think I do remember the questions, oddly enough. I remember the setting though. I’d taken the written examination at a San Francisco junior high school and was called to take the orals in San Francisco as well. The oral exam was held in the Old Mint, which is now an historic landmark and maybe it was in the process of conversion then. I was given the address and detailed instructions for finding the examining room. You needed the instructions because the building was dimly lit and seemingly uninhabited. You followed your way through the corridors, which had the very thick walls appropriate to a mint. And finally at the end you found a lone secretary sitting at a desk which had obviously been imported for this purpose along with a couple of chairs. The examining panel was in another room. It was spooky, something out of a horror movie.

The panel, I recall, had three people on it. The chairman was a more senior type who had served as an ambassador. The two other panel members were Neil Rugge, who subsequently became the deputy principal officer in Munich, my first post, and some other gentleman. The head of the panel was the impartial judge, and the other two panelists played Mr. Good Cop and Mr. Bad Cop.

Q: As you were still in San Francisco, were you getting any sort of advice about the diplomatic service? Was there anybody who had real knowledge thereof and you were able to question?

STEWART: Certainly Graham Stuart was one source, but there were a number of books around that time that were really pretty good. Charles Thayer’s *Diplomat* was as good a description, at least for that time, of what the Foreign Service was all about as one could

find. It runs over a lot of the same things covered in Stuart's *American Diplomatic and Consular Practice,* but it is a good deal more user-friendly.

Q: Graham Stuart's is really a textbook par excellence, and Thayer's book was more a narrative.

STEWART: Thayer wrote some other books…

Q: Bears in the Caviar.

STEWART: Yes, *Bears in the Caviar* and several other wonderfully fun things.

Q: He was a brother-in-law of Chip Bohlen and never could be an ambassador because of... I can't remember, I think his wife got on the wrong side of somebody in the Senate... or something like that.

STEWART: I never heard the whole story. I think he had some problems in the McCarthy era.

Q: Yes, it was a McCarthy thing.

STEWART: Of course, he was there at the opening of the embassy in Moscow, and his account of that period was very interesting as well. Thayer's books provided me with a lot of material about how the Foreign Service really operated.

Q: You went to Fletcher from '61-'62. How did you find Fletcher?

STEWART: Fletcher was truly a wonderful experience as far as I was concerned. At Stanford I was certainly active and did a lot of things. I was the financial manager of the student government, worked at the Institute for International Relations, and was a member of the debate team. But at Fletcher, for the first time, I was with a bunch of people that were really into the same thing that I was--international relations. And that made a considerable difference. Our class was apparently unique as well. We were very cohesive and stayed in touch; we even get together in this area periodically.

Q: Any others with you that went into Foreign Service?

STEWART: Yes, Bob Houdek was in that class, as well as Dick Ogden, John Yates, and Dave Long.

Q: I am interviewing Dick Ogden right now, and Bob Houdek was being interviewed.

STEWART: John Yates is in Cameroon as ambassador, and he was in my Stanford class as well.

Q: Did you find Fletcher had any particular thrust, or was it a pretty broad brush?

STEWART: I used it to fill in the holes in my background. You were required to take courses in different fields, but you could take two of the four courses each semester in the field that you wanted. I took half of mine in economics, where I was relatively weak. That was certainly helpful. However, the most memorable course at that time was Leo Gross's international organization course, which certainly was as rigorous as anything I ever took in my education. The course proved to be a great deal of help in my career as I did a lot of international organization work where Professor Gross's lessons proved relevant.

Q: What was the feeling, particularly towards the United Nations, at that time? These attitudes wax and wane. I graduated from Williams in 1950, when the UN was seen as an institution that was really going to fix things up and all. After a while it became regarded as an interesting but not very useful appendage to diplomatic relations. So I was wondering at that time what sort of feeling you were getting about the UN.

STEWART: I think the pendulum had swung but was probably somewhere in the middle at that time. It was not anti-UN feeling. People felt the organization was necessary, but it was not looked upon as a panacea.

Q: Were you working on any languages at the time?

STEWART: No, I had finished my language study with the completion of the undergraduate requirement at Stanford. I took two quarters of German since I got a year's credit for what I learned in high school, and that was that. Unfortunately, one didn't learn to speak the language at that time in most high school or college courses. As a result I had a fair reading knowledge of German, but I really couldn't speak it. So when I came into Foreign Service I was awarded a S-O+/R-2, where the plus was, I figure, for having the gall to take the exam.

Q: You came into the Foreign Service in '62, didn't you?

STEWART: July '62.

Q: What was your basic officers course like?

STEWART: I thought it was a tremendous letdown after Fletcher. Even today FSI seems to believe that the only way to impart knowledge, at least demonstrably impart knowledge, is to have someone talk at the students. And that is by and large a waste of time. If the object is to impart facts, students can read a lot faster than they can listen. I remember that the course was far too long, and that we got into things like science and international relations, which is not a bad topic, but to deal with it correctly required a degree of sophistication well beyond the imagination of the person who was teaching that segment. He was a friend of the dean, I suspect. This gentleman, I recall, was explaining to us how science had undergone a transformation with the Einsteinian revolution so that now all of physics could be summed up in one equation. And he wrote on the board

$E=1/2mv^2$, which is the formula for kinetic energy. We just looked at each other.

Much of the course involved dragging in some poor desk officer to talk about the situation in Mali or wherever. The interesting thing, again in retrospect, was that they were starting lectures on Vietnam. That was clearly a hot topic. And so you had several people from my A-100 course sent over to Vietnam, including one Richard Holbrooke and one Anthony Lake. Where are they now, do you suppose?

Q: Did you find in your class, in spite of the disappointment over the talking heads, any cohesiveness or feeling of interest, more than in just a job?

STEWART: I think I did. Quite frankly, I thought the level of my Fletcher class was higher than that of my Foreign Service class. But yes, I think there was certainly a great degree of excitement about entering the Foreign Service and going abroad. There were a number of very good people in that class. I remember we did do some solid things.

Q: Were you pointed anywhere at that time? I guess language was something that you had to be concerned about?

STEWART: Well, that was it. My interest, the same as everybody's, was getting off language probation. I had said, "Send me to a German-speaking post so I can finish off German." I have to explain that I had never really been out of the country, except to Canada, at that point. I had passed up the "year abroad" programs offered at Stanford because of the conflicts with my extracurricular activities on campus. So I just never had been outside the country. I was certainly looking forward to this very much, and I thought that it didn't make too much difference where I went as long as it was a German-speaking post. There were openings at a number of consulates in Germany, but they assigned me to Munich.

Q: You went to Munich from '62 to…?

STEWART: '63 to '65.

Q: Who was Consul General at the time?

STEWART: Paul Taylor was the Consul General during most of that time. The Consul General when I arrived was Walter K. Scott, who had been a DAS in the Bureau of Administration.

Q: How big was the Consulate General?

STEWART: We had, including the attached agencies, probably about 25 officers.

Q: What were you doing when you arrived?

STEWART: We had a rotation system, but there were too many officers and the rotation

couldn't start until somebody was transferred out to open up a slot for me. My first month was spent helping two FSNs inventory typewriters. I got to see a lot of Munich since the government had loaned typewriters to refugee organizations all around town. The three of us visited each office to verify that the typewriters were still there. In retrospect, it was probably as cost inefficient a way to spend time as you can possibly imagine. But this is how it was done. After a month of typewriter counting I moved into the visa section to do immigrant visas and then non-immigrant visas. NIVs were sort of fun because that was a one-officer operation in those days. I recoil with horror every time I see the bullet-proof interview windows and the long lines today because back then the number of applicants was sufficiently limited that you could usher each one into your office and have a nice ten-minute chat.

Q: And meet some very interesting professional people.

STEWART: Absolutely. Extraordinarily valuable. I met this one gentleman in a visa interview, and that relationship paid off quite handsomely. He was a Jew who had fought in the First World War and received the Iron Cross. During the Weimar period he owned a chain of department stores. When Hitler came to power, he had the good sense to get out while he could, went along to the States, spent the war, and then came back. He considered himself a German, as opposed to someone who'd want to go to Israel or stay in the States. He had no problem coming back to Germany. In the *Wiedergutmachung* he was awarded a considerable settlement, and as he was well past retirement age, he bought a lovely house out by the Nymphenburg Palace. He was an art collector with wonderful paintings and oriental rugs, and he was on the art gallery circuit, which was just opening up again in Munich at the time. He would get me invitations to gallery openings. We would go together to these openings, a great thrill for a 24-year old kid as this gentleman had enough money to buy, and would buy, Picassos and what not. It was a unique experience.

Q: Munich had a reputation for being an art center. Their Kunst houses are major attractions. How did your German work?

STEWART: My German worked quite well. I'd had four months at FSI, and I was almost at a three-three level when I left for Germany. Within a couple of months I was able to get off language probation. Then I made a lot of German friends. My former wife and I went out of our way to have a social life with German students who were our age.

Q: You were married at that time?

STEWART: I got married when I was at Fletcher to a Stanford student who had just graduated. We had quite a nice social life, and actually some of those people remain friends of mine today.

Q: Did you get involved at all in observing the political life, the economic life?

STEWART: Very much so. Because first of all, the junior officer rotation program

included stints in the economic and political sections after the visa and American citizen services sections. The idea was that before you started "substantive" work you would attend political meetings. There were a lot of those in Munich, and going to listen to somebody speak was good for your language, good for your understanding of Germany, and good for your political reporting.

Q: At the time, what was the Bavarian branch of the CDU?

STEWART: CSU.

Q: That was Joseph Strauss?

STEWART: Franz-Josef Strauss.

Q: Franz-Josef Strauss.

STEWART: This was after the *Spiegel* affair, when Strauss was forced out of the federal government. So he was back in Bavaria with no government position. However, he chaired the CSU and, in effect, ran Bavaria. He was a very powerful man.

Q: Were we still looking under rocks to find resurgent Nazis and all that, or was that pretty much over?

STEWART: Not to any great degree. I recall that one Bavarian Minister of Education was forced out at that time. Somebody had checked into his activities during the Third Reich and found out that he had written some claptrap legal analysis concluding that the Fuhrer's will was the highest law. The Bavarians rightly decided that they could find someone with stronger moral fiber to educate their children.

Q: How about the U.S. military when you were there?

STEWART: A very large presence. The army still occupied a big building downtown that was the PX, and they had numerous installations around Munich. But even then the shrinkage was apparent. It was clear what direction things were going.

Q: How was the situation in Berlin? Were we thinking that things were pretty much on a hair trigger between the East and the West?

STEWART: It wasn't really a tense time. I visited Berlin. I remember taking a walk along the Wall--one could in certain sectors--and going into East Berlin with my diplomatic passport. You got a first-hand appreciation of what this was all about.
Q: Did the Embassy in Bonn intrude at all or did you feel you were doing you own thing and that was way off beyond the horizon?

STEWART: Communications at that time were not nearly as good as they are now, and most of our reporting was done by air gram. We traded air grams and cables with all the

other German posts and with the embassy. And how much guidance the CG and the head of the political section, who was Jim Relph at the time, were getting out of the embassy, I don't know. It's an interesting question. But the reporting targets were reasonably obvious. The main thing they cared about was what Strauss was up to.

Q: Did you pick up any indication, what was the feeling that you were getting from the political section when you were assigned there, about Strauss?

STEWART: I only met Strauss once, but I spent a fair amount of time before I went to the political section and during my stint there reading about Strauss or reading the stuff that he'd written. My own appreciation of the man was that he was a decent person. Obviously very competent. An excellent politician who understood Bavaria. He'd never been a member of the Party--exactly why was never clear--but he never joined.

Q: When you talk about the party, you mean the Nazi party?

STEWART: Yes, when one talked about *Die Partei*, there was only one *Partei*.

Strauss continued on being not just *a* force in Bavaria but *the* force in Bavaria until the day he died. And the fact that he was the force in Bavaria made him always a player in national politics even though he didn't hold a national office. It was interesting that when something terrible happened, like the massacre of the Israeli athletes during the 1972 Olympics in Munich, it was actually Strauss that took charge, despite the fact that he had no actual position in the government. Everybody understood who ran things. The boss of bosses.

Q: In many places in 1963 the reaction to the assassination of Kennedy was rather profound. How did that go in Munich?

STEWART: That was certainly the most memorable event during my tour there. I was at a cocktail party after work at a colleague's apartment with other members of the Consulate community. The waiters had AFN on in the kitchen. These were German waiters, but there they listened to AFN because of its cool programming with a lot of American pop music. One of them came running out and said, "The President has been shot." We heard the announcement and then went running back to our own apartments to listen to further bulletins on our own radios. I was duty officer so I hurried down to the Consulate when the confirmation came that the President had died. We certainly were in touch with the Embassy at that time, and the people there were getting instructions and passing them on to us as to what to do following the death of a president. Some steps were printing up stationery with a black border on it, putting black streamers on the American flag inside the building, and setting up a condolence book, which was in the lobby of the Consulate. We had a Marine guard stand watch next to it. A long, long line of mourners waiting to sign the book went out the front door and up the block. It's amazing the number of important people we saw in that line. We had some junior officers there to catch luminaries and take them to the Consul General. But we missed King Umberto, the last king of Italy, who waited in line to sign the book without signaling his

presence. The last day before the funeral students at the university asked if they could march down *en masse* in the evening to express their condolences. In one of the most memorable events of my career, they organized a parade, in which everyone carried a torch. They gathered in front of the Consulate, where the head of the student association spoke and the Consul General made a formal reply. It was a very moving experience. And the interesting thing, again in retrospect, was that six or seven years later, the students at the university would be throwing rocks through the windows at the Consulate to protest the Vietnam War.

Q: Was Vietnam at all intrusive at this point?

STEWART: Yes, it was. We had one Vietnam demonstration at the Consulate, but that was organized by a bunch of foreign students in support of US policy. The leader was actually a Vietnamese, a pro-government Vietnamese--at least that's what he said. One can't be too sure, I'm afraid.

Q: You were there until '65. Then whither?

STEWART: Back to Washington to take Spanish. That was an interesting series of events. I wanted to stay on in a German-speaking country, but this was before the days of bidding, so one had no idea what and where the jobs were. You just expressed preferences and tried to find somebody who would go to bat for you. I don't think I understood the game very well, and I got orders assigning me via Spanish training to Mexico City, where I would have been one of 10 or 12 vice consuls. I didn't really think the assignment was my cup of tea, but this was before coning. We were all generalists, and somehow you floated into one specialty or another. Fortunately, I came to the notice of Frances Wilson, who was the Executive Director of the Economic Bureau.

Q: The power.

STEWART: Absolutely. She could separate the sheep from the goats as no one else really could in that field.

Q: Remarkable lady.

STEWART: Absolutely. You know, among her other achievements, she was the candlepin-bowling champion of the U.S.

Q: I didn't know that. She comes up so often in my interviews and she was dead before this thing got started so she was one of the great people I really regret not being able to interview.

STEWART: She could have told all. That would have been an interview! But in any case, largely through a friend in the Department, I came to her notice as somebody who wanted to be picked up for the economic track. She did what she could, but the assignment had already been made. Finally the people in ARA said they would agree to get me out of

Mexico City as they didn't feel it was much in a way of a useful assignment. However, the best they could do was Puerto La Cruz, Venezuela, which was a three-person consulate that we had there at the time. I would be the second of the three. So I said, "That sounds better than Mexico City," saluted and went off via Spanish. The Spanish course was very good, the best course I ever had at FSI. And I could do pretty well in standard Spanish when I left as I got a three-three at the end of the course. However, what was spoken in Puerto La Cruz was not standard Spanish but one of the degraded varieties one hears throughout the Caribbean Basin. It was a challenge.

Q: You were in Puerto La Cruz from '65…?

STEWART: To '67.

Q: Who was Consul General? Talk a little about the post.

STEWART: Gori Bruno was the principal officer during my entire tour. Gori was a consular specialist who had been a staff officer, and this was his first principal officership. I think he was really quite good. He was representative of the old Foreign Service, somebody that understood what had to be done and went out and did it. Not somebody who was going to be ambassador, but if you were an American in deep trouble somewhere, this is the kind of guy you wanted to have at the nearest consulate.

Q: What was the situation in Venezuela, particularly as you saw it from a port city?

STEWART: It was interesting being out there. Puerto La Cruz was basically an invention of the Mene Grande Oil Company, a consortium of two U.S. oil companies. They needed a port to load tankers with oil pumped from fields in eastern Venezuela. In the 1930s the engineers went down the coast, found the place that had the deepest draft, and said, "This is it, boys." There was a cross up on a hill someplace, and for that reason the resulting town became Puerto la Cruz. It had about 60,000 people when I was there. Barcelona, a far older city where Alexander von Humboldt stayed during his travels, had another 30-odd so there were about 100,000 people in the area. It benefitted from oil, so you had pretty cheap energy and the streets were by that time paved. You had a good road between Barcelona and Puerto La Cruz, and the drive to Caracas was not bad. But it was one of those places that, unless he had a job with the oil company, any Venezuelan with any talent whatsoever got the hell out of as soon as he could and went off to Caracas or some other place with a little more life.

Q: The cost of living, I thought, would be quite expensive there?

STEWART: It was not bad when I was there. In the shopping center complex where the Consulate was located, we had a CADA supermarket, which was one of Laurence Rockefeller's undertakings with IBEC, his International Basic Economies Corporation. We had a Sears store across the street, which had a range of goods. If you were not too fussy about food and made a shift in your eating habits to eat more local delicacies, which the vast majority of people do in the Foreign Service, you kept the cost of living

under control.

Q: What about the politics of the country around then?

STEWART: A revolution occurred in '58, which ousted the dictator Perez Jimenez. Romulo Betancourt, the head of the Accion Democratica party, established democratic rule, which has continued until today. Accion Democratica was still in power when I arrived. The provincial governors were appointed from Caracas so in Anzoategui State we had Governor Fernandez Padilla, an AD stalwart and a competent fellow. The party's policy at that time was to invest the oil proceeds outside of Caracas so you had a lot of infrastructure projects--rural paving, electrification, etc.--which were part of an effort to keep people down on the farm rather then having them move to some overcrowded *barrio* in Caracas. Accion Democratica was really leading the show. However, there was an election shortly after I left. AD lost, and the principal opposition party took control.

Q: Were you there as an economic officer?

STEWART: No, I was doing a bit of everything. I was principally responsible for consular work, but my boss would take part of the load. He would drive on a regular basis through the consular district, where we had pockets of Americans, doing consular services, visiting the governments of the other eastern Venezuelan states, and so forth. If we had a consular case that was exceptional in nature he'd usually deal with it.

For example, we had the fascinating case of an American woman whose dying wish was that her son, who was buried in our consular district, be disinterred and reburied next to her in the United States. The son had been in the Merchant Marine, had taken sick aboard ship and had died in Maturin, a city in eastern Venezuela, where he was buried. Our problem was that in Maturin the cemetery was not laid out in a very organized fashion and few records were kept so that identification of the remains presented quite a challenge. My boss drove out there, taking along a textbook on forensic pathology, borrowed from our public safety advisor, that provided a formula allowing him to deduce the height of a decedent from the length of his femur. The undertaker who was engaged for this project went to work with a will, as my boss told me the story later. He spotted a likely looking grave, dug down to the casket and proceeded to chop right through the lid. When he was about to remove the remains, my boss said, "Hold him," and hopped into the grave, measured the femur and said, "Nope, not it." A number of graves were desecrated that day before a probable, if not positively identified, set of remains was exhumed and packed up for shipment to the United States.

I handled some of the good cases too, particularly involving more recent deaths. For some reason the Americans that died were generally employees of U.S. Steel, whose installations were located south of the Orinoco River. You had to be a licensed physician to embalm in Venezuela at that time, and the only physician with the necessary knowledge and instruments was Dr. Castro, a Colombian pathologist attached to the medical school of the Universidad de Oriente at Ciudad Bolivar, which is on the Orinoco. Having done his residency at Columbia on a J visa, he had to spend two years abroad

before he could return to the U.S. So he was down there teaching pathology at the Universidad de Oriente and getting these occasional embalming gigs, which were very profitable. But he had no one to talk to in English. And he was anxious to keep his English up so my visits were heaven-sent. He clearly enjoyed talking about his work and showing me his pathology laboratory, which contained all sorts of interesting specimens.

We first learned of one American's death from a newspaper story that reported that the deceased had expired in San Felix, an Orinoco town where there were bars, brothels and little else. You can guess what the circumstances probably were at 4 a.m., the time of death. We talked to a representative of the decedent's company, who said the girls had had the presence of mind to drag him into a taxi and tell the driver to take him to a hospital because he was very sick. Officially, then, he was DOA at the hospital. So the background was well known before I flew down there to handle the formalities necessary for shipment of the remains back to the U.S. When I met Dr. Castro, he asked, "Would you like to see him?" I replied, "Of course, Dr. Castro," as the doctor was very proud of his handiwork. So he whipped open the casket lid quite proudly, and I said, "Dr. Castro, you've outdone yourself this time. That is truly a beatific little smile on his face." Castro slapped his knee and said, "Beatific smile? You should have seen the shit-eating grin the guy had when they carried him in."

Q: I know you are busy right now and this might be a good place to stop. We'll pick it up as you move to your next stop. But let's bring it to an end here. In '67, whither?

STEWART: It was back to Washington. I was on Frances's list at that time, and assignment to the Economic Bureau was definitely ordained. This was fine with me so I went.

Q: What attracted Frances Wilson to you?

STEWART: Well, it was basically Fred Bergsten's recommendation, I think, but we talked on a couple of occasions when I was in Spanish training. She was on the lookout for what would hopefully prove to be young talent. And I had the requisite background at Fletcher so I was put on the list. And of course there was no guaranty that I would work out. It was like being signed and sent to the minors to see how you performed there.

Q: All right, we'll pick this up in 1967 when you go back to Washington into the Economic Bureau.

STEWART: I should tell you that I ended that tour in Puerto La Cruz on a good note. My boss went on home leave, and I was able to serve as acting principal officer. For a month and a half I ran the show. It was a very good experience, I think.

Q: Did you have any coups or civil disturbances while you were there, or was it pretty quiet?

STEWART: Very quiet.

Q: In a way it must have been great, but in a way there is nothing like a good coup to get the adrenaline running.

STEWART: Well, I'm certain that's the case although that never happened to me during my career. As a matter of fact, I have never been shot at, never been bombed - rather unusual I think. Perhaps I wasn't worth it.

Q: It's all too common an experience, usually as a peripheral thing, but we do get caught in these things sometimes. Okay then, we'll pick it up in '67 when you go to the Economic Bureau.

STEWART: Fantastic.

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Q: Today is the 4th of November, 1999. Todd, the Economic Bureau. From '67 to when?

STEWART: 1967 to 1969.

Q: And what were you doing there?

STEWART: I was picked up by the Economic Bureau on the recommendation of Fred Bergsten, our director here at the Institute for International Economics, who was a graduate school classmate of mine. Frances Wilson, the Executive Director of the Bureau, was on the lookout for people who might be described as promising young economists. As a result I was assigned to the Bureau, to the Food Policy Division, and worked there for six months. Then an opening occurred in the office of the Assistant Secretary, Tony Solomon, for a staff assistant. I moved up there and spent the next year and a half as one of the two staff assistants.

Q: Let's talk about Food Policy first. Seems like a sort of an esoteric thing. I mean, food is to be eaten. What's our policy towards food?

STEWART: Ah, there's a policy dealing with both exports and imports. At that time, the Kennedy Round was just over, and we were in the process of negotiating an International Grains Arrangement, which reflected the substance of a sub-agreement in the Kennedy Round as required by the terms of that sub-agreement. That was being done at an international conference going at the time I joined the Bureau. I took part in the effort to get the Grains Arrangement ratified by the Senate and also to get it signed by as large a number of countries as possible. We were quite successful in doing that because the key provisions had already been agreed upon by all the major countries in the Kennedy Round. And the Senate did indeed give its advice and consent. Unfortunately, the whole thing turned out to be a *fracaso*. The wheat pricing provisions, which were the key part of the agreement, really never took hold because they didn't reflect the underlying supply and demand situation. As a commodity agreement, it turned out to be quite ineffective.

Q: You were the new boy who often sees how things develop. So what happened?

STEWART: The underlying problem was that the key exporting countries couldn't come to any agreement in the Kennedy Round on a division of the market at the limits of the wheat price ranges.

Q: You are talking about the U.S., Argentina, Australia…?
STEWART: And the Europeans and, of course, Canada. There was an agreement as to how far prices should vary, but when they reached the bottom of the ranges for different kinds of wheat, there was no agreement on how the market should be split. As a result the whole thing went to blazes once the lower end of the price ranges was reached, which was very early in the life of the agreement.

Q: Was the grain market heavily subsidized in most of these countries, or is this one that was allowed to roam rather freely?

STEWART: Grain production and exports were heavily subsidized by the EEC, as it was called at that time. To meet the competition, the U.S. would provide smaller export subsidies. The Canadians and, I believe, the Argentines and Australians were exporting through wheat boards, to which domestic producers were obliged to sell their crop. These single sellers could set prices wherever they wanted in order to beat the competition. And traditionally at that time the U.S. had been the residual supplier in the world market, controlling the supplies it offered to maintain prices at an acceptable level. We were less willing to do that after 1967 when the Grains Arrangement came into force, and consequently the whole scheme collapsed.

Q: What was the cause of the market, I mean the price going down so much?

STEWART: There was oversupply in comparison to demand at those price levels. As you know, the Common Agricultural Policy, which we failed to deal with successfully in the Kennedy Round, led to considerable European overproduction.

Q: Was subsidization of farms in Europe, particularly in France and Germany, but I guess in the U.K. too, was this seen as sort of the burr under the saddle?

STEWART: In '67, the British were not in the EEC. That came later. What you had was heavy continental European production, centered very heavily in France.

Q: I would think it would be very difficult to get the French to play along.

STEWART: The Europeans suggested in the Kennedy Round, before I came on the scene, that to deal with subsidies, one should add up all of a nation's subsidies, both domestic and export payments, into what they called the *"Montant de soutien,"* the total level of support. We rejected that approach, and that's funny in a sense because many years later in the Uruguay Round we really did start negotiating on that basis, recognizing

that it's not possible to separate domestic subsidies from export subsidization. There are a number of domestic subsidies that have a clear effect on the international plane.

Q: What was your impression of the Food Policy team? I mean, here you were, this wasn't your field. Were there others, did we have a cadre of people who knew the policy well?

STEWART: Yes, there were some extraordinarily able people working on this, both at the Department of Agriculture and the Department of State. My boss during that time was Fred Sanderson, who was Director of the Office of Food Policy. Fred had a doctorate in economics, in agricultural economics, and he was certainly one of the leading U.S. experts in this area. In the Agriculture Department there were a number of people who were very experienced and very smart who worked on these issues too. The problem did not stem from any inability to understand what our objective should be. I think everyone clearly understood what could work and what couldn't. But it was just not possible to meet those objectives in the Kennedy Round, and consequently, the agreement that we came up with was badly flawed.

Q: How did you find dealing with the Senate on this? I would imagine someone like Robert Dole from Kansas would play a leadership role in this type of thing and would be calling the shots? Was there concern in the Senate?

STEWART: I don't think anyone was under any illusions as to how effective this agreement was going to be. And I was not directly involved in those discussions. I did, though, when I went back to Fletcher for a year after my time with Tony Solomon, write a master's thesis on the Grains Arrangement, explaining what was wrong with it and tracing the negotiating history as best I could from unclassified sources. It was pretty clear that we started off with far more ambitious goals and that it was not possible to reach them.

Q: Were you getting a taste of what food policy meant in realistic political terms?

STEWART: Absolutely. This was a highly political area. Not as much as maritime policy, which I handled later, but nothing really compares to that. In addition to wheat, I also handled meat. I helped USDA to introduce the inspection standards for imports resulting from the Wholesome Meat Act, which was the result of Ralph Nader's initiative during this period.

Q: Ralph Nader being, if you could explain…?

STEWART: Ralph Nader, the consumer advocate, first made his name in successfully demonstrating that a Chevrolet car, the Chevette, was "unsafe at any speed." He moved into the meat business after that and demonstrated to the satisfaction of the Congress that many American meat packers were not following adequate hygienic procedures. Congress not unreasonably applied the same standards to imported meat, and USDA had to certify that the inspection regime in a foreign country was substantially equivalent to

that in the U.S. This provided some interesting moments, for attacking the efficacy of a country's meat inspection regime was virtually equivalent to attacking the virtue of the King's mother. It's very, very touchy politically. I remember on one occasion we were going to make an approach to the Hungarians, but the desk said, "Would you please hold up for one month until we get the problem with the Crown of St. Stephen solved? Then we can go ahead and deal with the way they are producing sausages."

Q: No matter how you slice it… When did the Crown of St. Stephen get returned?

STEWART: It was right in that period in the late '60s.

Q: We already had, certainly during the late '50s and the '60s, military meat inspectors permanently stationed in Yugoslavia. It seemed to work quite well.

STEWART: Certainly during that time there were a number of countries where U.S. officials were stationed on a more or less regular basis to oversee the programs. Some countries had certain plants which were in fact U.S. inspected and which exported to the U.S. and then other, uninspected plants which produced for local consumption. God help the local consumer.

Q: You moved up from Food Policy to be a staff assistant. Who was the assistant secretary?

STEWART: Anthony M. Solomon.

Q: Could you talk about him, his background, how you saw him operate?

STEWART: Yes, this was an interesting period for me as a young officer. Tony was a political appointee who had served in World War II, when he had been in the Army, stationed in Iran. He had gone to the University of Chicago and then on to Harvard Business School. After the war, he went to Mexico and founded a food processing company. The company became very successful, and Tony was able to sell it at a handsome profit to General Foods. He then moved back to U.S. and taught at Harvard Business School. During the Kennedy Administration he was asked to look at the problems of Micronesia. After that stint, he was appointed Deputy Assistant Secretary for Inter-American Affairs (ARA) and then was given the Economic Bureau. This was the top economic job in the Department for there was at the time no Under Secretary for Economic Affairs. The title of the Under Secretary position could alternate, depending on the incumbent, between Under Secretary for Political Affairs and Under Secretary of Economic Affairs, but Eugene Rostow had the position and he was officially Under Secretary for Political Affairs. Although Rostow got into economic issues to some degree and knew something about economics, it wasn't the same as having another economist sitting on top of you.

Tony could operate with a great deal of freedom, and his style was unusual. He had no principal deputy. There were five deputy assistant secretaries for economic affairs, but

none of them sat next to him. They all ran their particular fiefdoms: monetary affairs, trade, commodities, transportation and telecommunications, and business affairs. He operated by himself with two secretaries and two staff assistants, plus a special assistant, an enormously capable woman named Ruth Gold, who was not a line person but a staff person. She wrote speeches and undertook special projects, but she wasn't involved in the issues of the day unless Solomon wanted some special work done outside the ordinary line of command, and that didn't happen all that often.

As a result, we the staff assistants were extensions of the assistant secretary, dealing with the bureau and everybody else. We had to know everything that he was doing at all times. We monitored all his telephone calls--that was considered kosher in those days. When he got on the phone, we'd get on the line and take notes on the conversation. If anybody in the bureau needed to know what he said, we would automatically inform him. We didn't have to be told; we used our judgment as to what needed to be done. Meetings were less of a problem because typically there was somebody from the appropriate section of the bureau there and that person could inform his or her colleagues as appropriate.

The other interesting thing we did was handle all the paperwork that came up from the bureau, which was considerable--cables, memoranda to the seventh floor, memoranda to other parts of the government. We would read the papers ourselves to make sure they made sense and contained all the necessary information so we could defend them to Solomon when he read them in the evening after the drafter had probably gone home. Consequently, we had to know as much about the issue as we possibly could, in order to answer the questions he would have. It was enormously good training because it put us in the position of the assistant secretary. When we read the paper, we looked at it from his standpoint. "If I were Tony, what would I want to know about this issue? What's not being said here?" If the clearances weren't correct, we'd kick it back; if the paper weren't clear, we'd kick it back. We'd pass on it for both substance and for form. If it were going up to the seventh floor, it had to pass muster with us before Solomon got hold of it. It was a job of considerable responsibility - wonderful training for anybody making a career in the Department.

Q: I would have thought that, just looking at this thing bureaucratically, that for a young officer to kick something back would call for a certain amount of diplomacy?

STEWART: It called for diplomacy without a doubt. By the same token, everybody understood what the rules were--and that we were acting on Solomon's behalf. If something wasn't clear, by Lord, they would generally move very quickly to fix it. We certainly didn't yell at anybody--that wasn't our job--but we really didn't have to.

Q: During this period, we are talking about the end of the Johnson Administration, was there a thrust to our international economic policy?

STEWART: Many things were going on at that time, obviously. It was pretty clear to anybody that had eyes to see that the Bretton Woods system was going to go under. The U.S. was supporting the $35 gold price by selling gold at that price to people abroad who

wanted to buy it. Americans weren't permitted to. But we were selling gold in the market in London to anybody who wanted to buy to keep the price at $35 per ounce, and that was a virtually constant drain on the U.S. gold stock.

Q: What was the rationale for maintaining that price?

STEWART: It's pretty hard to understand in retrospect since we can see clearly now that the $35 price couldn't be maintained. The price was based on the agreement that was reached at Bretton Woods at the end of World War II. The U.S. took on responsibility for keeping the dollar pegged to gold at that price, and policy makers were loathe to renege on that commitment. There was always the hope that the U.S. balance of payments situation would improve, and that all would be right again in the world. But that certainly was not going to happen, given the existing constellation of exchange rates.

Q: I would have thought that it was almost a matter of hope-wisdom, when you are getting into the late '60s, that the U.S. was not going to be able to maintain the $35 price. So you'd say, "Hell, let's load up on gold because eventually they are going to uncork the genie and let it go out."

STEWART: There were a lot of people who followed that strategy. But it was a tricky strategy because if you loaded up on gold, you had to forgo interest, and that got kind of expensive. The strategy had a significant opportunity cost. Interestingly, during that period the Swedish government was one of our harshest critics internationally with regard to our Vietnam policy. However, the Swedes kept their reserves in U.S. Treasury bills, bonds, notes, what have you, rather than gold. They hardheadedly looked at the situation and said, "They have to break at some point. But the accumulated interest we will earn from U.S. Government securities is likely to be more than we'd get as a windfall if we kept our reserves in gold until the U.S. devalued.

Q: Did you feel during this time, when Vietnam was so obviously permeating everything and the administration was coming to a close, that initiatives, new economic policies, etc. were sort of in abeyance?

STEWART: I think that was very much the case. The administration was a lame duck at this time. There were certain things that were not highly political that moved forward at that point. The World Intellectual Property Organization was founded during that period, which was an initiative run out of the Economic Bureau. In the trade field you are right. The Kennedy Round was over, and trade problems were all in implementation rather than in new initiatives. What you had instead was the "end of the administration" syndrome. People were just trying to put out this fire or that fire, and there were no great schemes. To his credit, Johnson said when protectionism was rearing its head at that time that he would veto the hell out of any protectionist legislation that Congress sent up. That cooled the desire of special interests on the Hill, and he was spared a good many problems in that area. Johnson was an extraordinarily hands-on type of person, and he was heavily involved in the details of his administration, certainly the international economic side of it, right to the day he left the office.

Q: Did the 1968 election between Nixon and Humphrey have any international economic issues?

STEWART: Not that I can remember.

Q: What was the feeling in the Bureau when Nixon was elected?

STEWART: I think there was a fair amount of sympathy for Nixon at that point. There was a genuine concern that many people shared about Vietnam. There were reasons to believe that Nixon could get us out of there faster or better than Humphrey and that Humphrey would be too much a continuation of the Johnson Administration. I don't think that feeling was accurate in hindsight, however. Leaving Vietnam aside, however, the Nixon Administration was very internationally oriented and did a number of things that contributed to the proper development of international economic relations.

Q: There was no challenge to the Kennedy Round results?

STEWART: Absolutely none.

Q: In '69, did you leave when Solomon left or what happened?

STEWART: He left about 10 days before Nixon's inauguration. Joe Greenwald was then named acting Assistant Secretary, and he continued in that job for about six months. He and I left then pretty much simultaneously. He went off to be U.S. Representative to the OECD, and I went off to the Fletcher School.

Q: Did the Economic Bureau get hit with the policy papers that Kissinger levied on the State Department, allegedly to tie it up so that he could go about his business?

STEWART: O God, did we ever! An extraordinary number of things were levied on the Department.

Q: Was the general feeling at the time that this was make-work?

STEWART: I think that everybody had his or her suspicions. It was doubly difficult because so few of the assistant secretary positions were filled at that time. People in the position of authority didn't really have any authority because they were not Nixon appointees. They were Foreign Service Officers, but they were unable to say, "I represent Nixon." But most of the papers we were asked to prepare were options papers, and they generally took the "three bears" approach: "One option is too hard, one option is too soft, and one option is just right". There was a fair amount of that. I would describe the whole thing as an exercise in wheel spinning.

I think it's next to ridiculous to expect an administration to make meaningful appointments at the assistant secretary level. There are just too many slots out there, and

the incoming White House team couldn't possibly know the people that they end up appointing.

Q: You were already on your way to becoming an economic specialist. While you were a staff assistant, kind of observing everything that went on, how did you feel about the economic reporting from the field? One has a feeling that political specialists abroad can report ongoing events - an election, a coup - things were time-sensitive. In the economic field there is a tendency not to have urgent messages but long analyses. Did you get a feeling about how these messages were digested within the Department, whether there was too much reporting or the wrong kind of reporting? Did key people read these messages?

STEWART: It's an interesting question. I'd be curious to compare the situation today in the Department with the way things were then. At that time, one of our functions as staff assistants was to review all the incoming traffic. Any cable that was distributed to anyone in the Economic Bureau also went to the Assistant Secretary's office. The staff assistants got there early in the morning to select somewhere between eight and ten cables for Solomon to read. The selection was based on what he was interested in, who sent the cable, and other things you can imagine. Solomon was pretty conscientious about reading all that was in front of him. As a result, I would say that he was guaranteed exposure to the key messages coming in. I can't speak for how things operated down the line in the bureau, but in the front office we were interested in developments with an immediate impact on the U.S. If somebody did a piece on the Argentine economy, unless there was some direct U.S. interest - the grain crop was going to hell or something else that would immediately affect our economic interests - the report wasn't something that we would pay attention to.

Q: It would have been read down below?

STEWART: Or in the regional bureaus.

Q: Did you feel that the Assistant Secretary was well served or not by the reports?

STEWART: I would say he was quite well served. Our relations with Europe of course were something that he followed in great detail, and there was good reporting coming from the European posts. Reporting from Japan was not quite up to that standard, but I suspect that getting the information to analyze there was a bit harder than in Europe.

Q: Speaking about relations with Europe, was there a considerable amount of consultation at Solomon's level with European deputy ministers?

STEWART: Yes, there was a good deal. First of all, there was a steady stream of visitors coming to Washington, most of whom would call on Solomon. Then you had the periodic formal meetings with the EEC, as it was known then, and somebody in Solomon's position would typically go to those. So there was a lot of back and forth. Solomon was definitely interested in financial issues, and he would see a lot of people at the time of the

Bank/Fund meetings.

Q: Why did you go to Fletcher when you left the Economic Bureau?

STEWART: I'd gone there to get my MA right after college before I came into the Foreign Service. It was a chance to go back and complete my Ph.D. course work and take my orals at the same time. In addition, I could take part of my economic courses at Harvard.

Q: Was this supported by the Department?

STEWART: Yes, I was there on assignment for university economic training.

Q: Did this get you a Ph.D.?

STEWART: I didn't write my dissertation. I passed my orals, but I found no dissertation topic that interested me at the time and I can't say that I have found anything since.

Q: What is it, there is a phrase, all but…?

STEWART: ABD.

Q: What were you studying?

STEWART: It was a matter of filling in cracks. I mentioned that I wrote my master's dissertation on the Grains Arrangement, and that was one quarter of my program. But I took an international trade course at Harvard, and I did something else which turned out to be enormously valuable throughout my subsequent career. I went to Harvard Business School and took a course in agribusiness management that paid dividends many times over. It was the single most important course I took in my education.

Q: What did the course involve and why was it so pertinent?

STEWART: Well, it exposed me to the special problems which existed in the world of agribusiness from primary production to retailing, right down the chain. And we learned as a result how the whole system operates, not just in the U.S. but abroad. The professor was Ray Goldberg, who has just retired now, covered with honors. He's probably the leading man in the field, both in the U.S. and the world. He was very enthusiastic about having a Foreign Service Officer in the class to provide a different perspective. The course was conducted using the case-study method. We had very interesting cases, and I found the whole experience colossally fun.

Q: Did you find economics was getting to be affected by the availability of computers, pretty elementary machines by today's standards, but then they were top stuff?

STEWART: Very much so. I took the first-year graduate econometrics course at Harvard,

and we had to do a paper which was basic stuff, not original at all. What we had to do was find a published paper that looked interesting, rather straightforward but econometrically based, and then expand it by adding subsequent time series and presenting updated calculations based on the author's methodology and a few simple variations. I did mine on the effect of a marketing order on carrot production in Texas, which isn't the sexiest topic in the world but for this sort of exercise it was perfect. There were plenty of neat statistics, and it was easy to update them. But I remember how difficult it was to get the data set up for calculation by the mainframe computer. You would type out the data onto IBM punch cards and then march into the Harvard computer center, hand the cards to the operator, and come back an hour later for the print-out. If you screwed up--which was frequently in my case, and I don't think I was unique--what you got was a big computer sheet, which must have been 20 inches across, that said "Error number 33" or something like that. And then the computer would print out the Harvard seal with *Veritas* emblazoned across it. I should really have kept one of those and framed it.

Q: You moved to your next post in '70, I presume?

STEWART: 1970. I was going to go to OECD to join Joe Greenwald, but then a slot opened in Geneva which was even more attractive. So I went to Geneva for three years. I was doing GATT work there, but I also handled the International Trade Center, an international organization consortium operated by GATT and UNCTAD in those days. And I went to an occasional UNCTAD meeting, too.

Q: Let's talk about GATT. In the first, place, could you say what GATT means and then what you were doing?

STEWART: GATT is the General Agreement on Tariffs and Trade. GATT was both an agreement, as the name implies, and also an international organization that grew up around the agreement. The organization was operated by the member states, called the "contracting parties," through their permanent delegations with the assistance of the GATT Secretariat. The organization supervised the operation of the agreement and all the subsidiary understandings which were reached in negotiating rounds that had taken place since GATT was founded in the '40s. It also organized and supervised negotiations for further trade liberalization.

Q: Given that the General Agreement is very complicated, how did you figure out what the hell to do?

STEWART: There was certainly a lot of GATT law to pick up. But the Secretariat was extraordinarily good, and by that time people like John Jackson had started to write books about GATT so there were actually sources to turn to for the interpretation of various articles. As a result, it wasn't too hard to pick your way through all this law, which had accreted over the course of many negotiating rounds. We had a full schedule of meetings, two or three every week. And there were only three of us who dealt with GATT--the minister, the head economic person in the Mission, who spent about half his time on

GATT; my immediate boss, Bill Culbert, who spent 85% of his time on GATT; and myself who worked on GATT almost full time. The minister obviously took the most important meetings, Bill Culbert took the next most important meetings, and I took the others. But I had regular responsibilities, including the Balance of Payments Committee, which oversaw the exercise of the exceptions provided by Articles XII and XVIII, which allow a country to impose quantitative restrictions on its imports if it has balance of payments problems. This, of course, was still in the days of fixed exchange rates. Then I also ordinarily handled the Committee on Trade and Development and its subcommittees, which oversaw the provisions of GATT which dealt with the special concerns of developing countries. Finally, I handled the administrative agenda, including the Budget Committee. This doesn't sound like much, and in principle it wasn't, except for the rather strange situation that the U.S. found itself in. The Congress at that time tried to pretend that the GATT didn't exist. There was never any support for GATT as an organization so there was no regular appropriation for it, no line item in the international organization section of the State Department budget. Therefore, our GATT dues, which were rather modest in UN terms--16% of the total budget, based on our share of world trade--had to be taken out of the general international conferences appropriation for the State Department. That appropriation is, of course, always subject to Congressional appropriation pressures. One year the appropriation really got hammered by the Congress, and although the Director General of GATT ran a very tight ship--in fact, the Secretariat didn't have enough money to do all the things they should have been doing--we couldn't afford the rather modest increase that the Director General was proposing. The budget committee dragged on for four weeks as the Director General was on the phone with the Special Trade Representative and the State Department and God knows who all, trying to make Washington see the error in its ways. Again, this was a problem of not having Congressional support for a major feature of the Administration's program.

Q: What was the reason for this?

STEWART: Arguments similar to those that are put forward now against the WTO, the World Trade Organization, were heard then: That the GATT was an encroachment on U.S. sovereignty, that these foreigners were trying to tell us how to run our affairs, and more particularly, that they were telling Congress that it couldn't pass any damn thing it wanted to without repercussions.

Q: I would imagine your problem of having to rely on the international conferences appropriation was exacerbated by the fact that Congress and the politicians kept loading delegations up with all sorts of friends of friends. This is a considerable political payoff.

STEWART: Well, the international conferences budget must be one of the hardest in the Department to administer for exactly that reason.

Q: You mentioned the Secretariat. What did the Secretariat consist of?

STEWART: In the late '40s the objective of the U.S. and other major countries was to do in the trade field what they had already done in the financial field--set up an international

trade organization, the ITO. In fact, an organizing conference was held in Havana and a charter was adopted there for the ITO. But the Senate never ratified it, and consequently the ITO never came into existence. However, before the ITO conference was held, a preliminary agreement was reached, called the General Agreement on Tariffs and Trade, which codified a lot of the practices which had been developed during the 1930s when the U.S. operated under our reciprocal trade agreement legislation. The General Agreement on Tariffs and Trade provided a regulatory framework for international trade, which was supposed to be subsumed into the ITO. But the ITO never came into existence, and the GATT therefore had to stand on its own. And to make things even more confusing, the GATT was never formally adopted but was applied under the terms of another agreement called the Protocol of Provisional Application.

The world trading system operated under these agreements until the formation of the WTO early in this decade. After the Protocol of Provisional Application was adopted and it became clear that the ITO was not going to go anywhere, the powers that be agreed that a small secretariat would be set up in Geneva, which had been the scene of much of the negotiating in the post-war period, just to service negotiating rounds. But little by little, in part due to some clever work by the Secretary General, Eric Wyndham White, the Secretariat took on other functions, including the substantive preparations for meetings of the GATT contracting parties and an increasing number of intervening meetings. Gradually the GATT turned itself into an international organization. Bear in mind that the Secretariat was not too large, just about 200 people when I was there. But extraordinarily good people.

Q: Were they recruited from the UN or did they come from member countries as direct hires?

STEWART: I think virtually everybody was direct hire. Of the old timers that were there during my time, I can’t think of anyone that came out of a League background.

Q: You are talking about the League of Nations?

STEWART: The League of Nations, yes. If somebody had worked for the League or UN in Geneva before joining the GATT, I am not aware of it.

Q: Part of your thing was balance of payments issues when you were there in ‘70-’73. And this is when our chickens came home to roost all of a sudden in the United States. Most Americans had not been paying much attention to the balance of payments problems of the United States before the 1971 crisis.

STEWART: You are entirely right. People certainly weren’t aware of the U.S. balance of payments deficits. But the GATT Balance of Payments Committee didn’t deal in those days with any of the big countries. When Nixon imposed an import surcharge, the restriction was not referred to the Balance of Payments Committee, but to the GATT Council. I remember that meeting quite well because it happened in the summer of ’71, in August. And as you know, in August every self-respecting European is on vacation somewhere, and that’s when Connelly and Nixon pulled the plug.

Q: Connelly being the Secretary of the Treasury?

STEWART: Right. Included in the package of U.E. measures was a tariff surcharge on imports into the U.S., clearly a GATT matter, in addition to the monetary measures which fell under the jurisdiction of the IMF. Because of the surcharge an emergency meeting was called. Delegates assembled, but they were hopping mad. It wasn't just the U.S. action, it was the timing, for almost everyone had been recalled from vacation.

Q: It's hard to get a war started in August in Europe. It's not by chance that World War II started on the 1st of September.

STEWART: And the upshot was that the meeting was held in the afternoon of an August day, but it dragged on into the evening and then dragged further on and still further. Under the GATT rules, you had to have a consensus to do anything. Consequently, nothing could be done without U.S. acquiescence as we would block consensus if a condemnatory action had been proposed. So negotiations were held in a back room between representatives of key countries and the U.S. delegation's leadership. The rest of the delegates were sitting around in the main meeting hall. Somebody had had the foresight to bring a bottle of whiskey which was passed around, for it wasn't until after midnight that some sort of compromise was reached whereby a working party was established with terms of reference sufficiently squishy to meet the U.S. objections. Then people went home.

Q: I assume that you were as caught off balance as everyone else was - you and your colleagues in the American delegation. This was the Nixon Shock.

STEWART: Very much so. And shock it was.

Q: What about this surcharge that was levied? This would seem to be contrary to all free trade principles.

STEWART: Well, it didn't last very long. The idea, I suppose, was to give us more bargaining leverage in getting the international financial regime straightened out, and it probably was effective in that regard. This was a time when John Connelly was calling the shots on virtually everything in international economic policy. It was also a period when there was no major initiative for trade liberalization. The Kennedy Round had ended in '67 and nothing was happening. There was no U.S. leadership in this period. And in part, I suspect, because everybody back here was pretty well transfixed by the impending or actual financial crisis.

But this changed in '72. Carl Gilbert, who had been the Special Trade Representative, resigned and was replaced by Bill Eberle, certainly one of the more remarkable people whom I ran across in my career. His first appearance on the GATT scene was at the annual meeting of the Contracting Parties, the highest level of representation in the GATT. Eberle would not have been in office all that long when he appeared in Geneva,

and it was very clear that his appointment foreshadowed something. The only problem was that no one was too clear what it foreshadowed. The Contracting Parties' meetings offered an opportunity for general statements, and Eberle's general statement was widely awaited. Typically, of course, when the U.S. representative goes off to such a meeting, his or her statement has been carefully worked out on an interagency basis and approved in the White House, with every comma examined and reexamined. But there was absolutely none of this in the post Nixon Shock atmosphere in Washington. Thus Eberle was able to show up in Geneva without any text that had received interagency clearance. In fact, he had no text at all. He simply raised the U.S. card and began to speak extemporaneously.

People were on the edge of their seats trying to get his statement down, not the least of whom were members of the U.S. delegation. He finished and people looked at each other, trying to decide exactly what he had said. The responses varied - not in public obviously, but people I talked to - from "What a mish-mash of nothing," to "That was the finest speech I've ever heard in a GATT meeting." I was commissioned to get the tape recording from the Secretariat and to write out a text that we could distribute to the other delegations. I had a secretary type out something in a rough form, and then I tried to put it in some grammatical fashion. When the text finally appeared, it became the opening bugle for the next round of trade negotiations. So Eberle came to Geneva and launched the Tokyo Round.

Q: How about textiles? Nixon felt he owed to the textile states of the South his very close election, and he sure as hell was going to protect them. Did you get involved in textile protection?

STEWART: I did not. We had somebody on the delegation who was dedicated to that issue, the negotiation and subsequent operation of the Multi-Fiber Agreement. That poor man had my deepest sympathy, but textiles were his thing.

Q: I assume those were his marching orders?

STEWART: We were committed to negotiating a Multi-Fiber Agreement to replace the Long-Term Agreement on cotton textiles and apparel which had been in effect before.
Q: How about the Soviet Union? It was obviously not a member of GATT. But was there any sort of a shadow arrangement with the Soviets?

STEWART: We had no contact with them. Some of the satellites were GATT members. The Poles were already in the GATT at that time, and Romania and Hungary also acceded. Efforts were made to develop meaningful import commitments for these countries which mandated increased trade while recognizing that, in at least two cases, central controls over state enterprises were being relaxed. I can't say that those efforts were very successful as the task was akin to squaring the circle. It was simply not possible to provide a meaningful accommodation for centrally planned economies within the context of the GATT, which was drafted to govern trade among market economies.

Q: Were there any countries that were a particular pain in your time, from the U.S. point of view? I always think of France, but maybe Canada or some other countries. Were we often at loggerheads with them or…?

STEWART: During my period the tensions in GATT were primarily with the European Community. The Secretariat took the rather interesting decision to seat the U.S. and the Community on opposite sides of the meeting room where the smaller GATT meetings were held. It was rather funny, for it looked like the House of Commons with the government and the opposition facing each other.

Q: Was France sort of the driving force in the economic policy of the European Community at that time?

STEWART: I think it would be going too far to say France was the driving force. The Commission itself had developed to a point where it was playing an independent role, obviously what the member states had agreed upon although it didn't happen all that often in areas beyond trade. There were also frequent disagreements among member states, particularly between France and Germany, and of course Britain became an important voice once the British joined the EC during that period.

Q: Just from a historical perspective, you were saying that there was a prelude to the Tokyo Round. Basically, what was the Tokyo Round, what did it consist of?

STEWART: The Tokyo Round was the next major round of trade negotiations after the Kennedy Round. In the Kennedy Round we had dipped our little toe into the water of non-tariff measures with agreements elaborating or expanding the terms of the GATT instead of just lowering tariffs. Part of the Kennedy Round was an agreement on anti-dumping which elaborated the provisions on anti-dumping in the GATT. This effort went much further in the Tokyo Round because of the negotiation of codes on a variety of topics that were covered by the GATT but not as extensively as many countries would have wished. In the final Tokyo Round results, trade in services was covered to a slight degree, tariffs were cut substantially, and most significantly, the conditions of trade—subsidies, countervailing duties, government procurement, anti-dumping, measures that can have a very significant effect on trade--were treated in side agreements. The major players, the developed countries, had to adhere to these agreements while developing countries were not required to do so.

Q: What about Japan? Was Japan a member of the GATT at this time?

STEWART: Very definitely. And even during the time that I was there, there was a metamorphosis in the Japanese delegation that brought a new generation of Japanese to the scene who were far more fluent in English and more skilled in multilateral diplomacy. The Japanese had some of the best people in Geneva, in my view.

Q: What sort of role was Japan playing at this point?

STEWART: An increasingly active role. I think that is the best way to put it.

Q: Were they trying to protect their extremely closed internal market from everyone else? Was that their main goal?

STEWART: The GATT at that time was really not dealing with the kinds of things that the U.S. was addressing bilaterally with Japan—opaque government procurement practices, restrictive business practices, government guidance, all this kind of stuff. By the same token, there were many voluntary restraint agreements that countries had with Japan to limit the import of Japanese goods. So there was almost a different regime that applied in Japan's trade than in the trade of the other developed countries. Except to some degree for the VRAs, voluntary restraint agreements, these restrictions were not subjects of discussion in the GATT. There was just no way to get a handle on them. The Japanese delegation generally attempted to make a positive contribution to the discussion of the general problems that were common to the contracting parties. And in the Committee on Agriculture, for example, they certainly defended their rice quotas. But the GATT at that time was unable to deal with the many other issues which bedeviled U.S.-Japanese trade relations.

Q: When you left it in '73, what was your feeling - that things were in pretty competent hands and that you could look ahead and see that things should develop in a positive way?

STEWART: Very much so. Gardner Patterson, an American, had come on board as the GATT's Deputy Director General, and his strategy before Eberle's famous speech was to do preparatory work for the next round by picking out an area and seeing if it was possible to develop an agreement in that particular area. This is what we were doing during my tenure. If an agreement was possible, even though the terms might be unbalanced and the countries wouldn't agree to them in isolation, he proposed to put the agreement up on a shelf. Then when the round started, the negotiators could take it down and either fiddle with the terms some more or just adopt it as a part of the final package. It's pretty rare in trade negotiations to come up with an agreement on some specific subject which is so self-balanced that everybody feels he's gotten the exact same degree of satisfaction from it. Typically in a round--in fact, this is why you have one--you include as many individual agreements as possible so arguably the overall package is balanced even though the individual components may not be.

Q: Capture the mood at the time, the feeling in your delegation, the Americans. Obviously you are up face to face across the aisle from the European Economic Community. The unification of Europe has been the cornerstone of American policy since World War II. We didn't want the Germans and French to go at each other again. That's the long and the short of it. Was there concern that we might be creating a monster that we might regret in the form of a trading rival that could meet us head to head?

STEWART: I think that there were always second thoughts about the Community, particularly in the agricultural field. The EC's Common Agricultural Policy in those days

involved heavy subsidization of production at guaranteed prices at extraordinary levels, high price barriers to imports, and then subsidization of exports. It was a beautifully balanced scheme worthy of Descartes, and largely French-designed if I recall correctly. But continuation of that scheme would have given everybody a great deal of trouble. It was fantastically expensive, and enlargement of the Community introduced more people, especially the British, who were highly unenthusiastic about having to pay the bill.

Q: This might be a good place to stop. In '73 you left Geneva and whither?

STEWART: In '73 I went back to Washington into Russian language training.

Q: What brought this about?

STEWART: I wanted to go to Eastern Europe. One of the courses I had taken when I was at Fletcher concerned the economics of central planning. I thought that a tour in one of the communist countries would be quite interesting. I was originally assigned to Hungary, but due to one of those chains of events in personnel - somebody got into a car accident and couldn't do this, which means somebody else had to do that - my assignment went by the boards, and I was penciled into a slot in the commercial office we were establishing in Moscow, via 10 months of Russian language training.

Q: Okay, so we will pick this up in ' 73 when you are going to Russian language training. We'll talk a little bit about Russian language training and then on to Moscow.

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Today is the 2nd of December, 1999. Todd, let's talk about language training. How old were you when you started this?

STEWART: That would have been 1973 so I would have been 33 years old.

Q: How did you find the language?

STEWART: I found the language learning process for Russian to be tedious. It was far and away the worst designed language curriculum that I had encountered up to that point at FSI. There was really no good instructional material beyond a model village of Moscow. That was clever, but we exhausted its possibilities after the first month or so, and the material after that was nowhere near as good.

Q: Sometimes when you take a language, one of the big things that you learn is about the country from your instructors. They've been there, and you are on pretty intimate terms with them, sitting in a classroom six hours a day. Were you picking up much about the Soviet Union at that time?

STEWART: Not about the Soviet Union since all of these instructors came out of the émigré community. They had either been born in the West or had left Russia as very

small children. Certainly one of the most amusing things about the program was that there were no dialogues dealing with the telephone since none of them had really talked on the telephone in a Russian-speaking city.

Q: What job were you going to?

STEWART: I was going to a new position in the Commercial Office in Moscow, which had just been established. Tom Niles, who had served in Moscow before, was named director of the office and commercial attaché. Jim Blow from the Commerce Department was the deputy director, and then there were two commercial officers, Sam Fromowitz and myself. We were both assigned from the State Department as first secretaries and commercial officers.

Q: A commercial officer in Moscow in the '70s sounds almost like an oxymoron.

STEWART: No, it was actually a very good time indeed. Detente was in flower and American corporations, particularly the very big ones, were anxious to do business there. Consequently, we had close contact with many captains of U.S. industry.

Q: When you got there, and I assume you got there in '74, can you describe who the Ambassador was, how he operated, and how the Embassy operated from your sort of "new boy" perspective?

STEWART: Walter Stoessel was the Ambassador, and he had been there for about a year or so. Jack Matlock, who subsequently became Ambassador to the USSR, was DCM. The staff had expanded greatly in the year or so before my arrival. Because of detente we had more positions, and people were coming out of language training to fill those positions. Certainly one of the clearest reflections of the new detente relationship was the new Commercial Office, which was not located in the old chancery but a block down the street in a storefront area in the first floor of an apartment house. And the Commerce Department, which had financed the interior decoration of the place, spared no expense in making it attractive. Indeed, it was some of the best, if not the best, office space in Moscow. We had not only our offices there but an exhibit area and a seminar room. One of the things that we pioneered was the so-called exhibit-seminar, for which we would bring in six, seven, or eight American firms to put on very small exhibits in that space and then hold seminar presentations tightly focused on some particular subject like water pollution, drip irrigation or ferrous metallurgy. All of those were seminar-exhibit topics when I was in Moscow. We exhibited a lot of electronic measurement equipment for medical or biological research, and very frequently the manufacturers would show some apparatus that they would sell right off the floor to a Soviet buyer.

Q: How did you, I mean you personally, find relations with the Soviets?

STEWART: We were pioneers in a sense, for up to that time all the relationships in the commercial area were with the Ministry of Foreign Trade, which in the end had to sign the purchase contract. But thanks to détente, we were able to develop direct relationships

with the ministries that would be the end users of the products purchased, and of course they were the ones that in the end told the Ministry of Foreign Trade to place the orders. The Ministry of Foreign Trade was simply an intermediary. These relationships were extraordinarily interesting because everything was new. Officials in the end-user ministries hadn't dealt very extensively with foreigners before, and we were feeling our way also. So we would put on an exhibit-seminar for the Ministry of Electronic Industry, for example, and then would take the material from that seminar over to say the Ministry of Ferrous Metallurgy and say, "Hey, we did this with your colleagues over at the other ministry. Now here is what we would like to do with you," and pull out the materials and talk about the kind of program that we wanted to have. There was a good deal of contact in this way. It wasn't a smooth process by any stretch of the imagination, but we made genuine progress at that time and there was as a result a good amount of both commercial interchange and personal interchange. A lot of Soviets went to the U.S. to inspect machinery as it was being assembled and tested, and a lot of Americans went to the various parts of the U.S.S.R. to help install the machinery. It was this kind of increased contact, I believe, that was one of the main reasons why communism started to totter. More and more Soviets understood that the system was not working well compared to our market economy.

Q: Did you feel that everything was sort of a one-way street, going from the U.S. to the Soviet Union? Was there much going to other way?

STEWART: There were some exports to the U.S., particularly in area of raw materials, precious stones, for example. Furs were a traditional Russian export. In a sense the two systems were beautifully matched to each other because in a capitalist economy firms love to export, and in a centrally planned economy the government loves to import. It was a marriage made in heaven until Afghanistan came along, but that was after my time.

Q: You were there from '74 to…?

STEWART: '77.

Q: Can you talk about sort of a typical day there, what would you be doing?

STEWART: I lived on the north side of the city in an apartment house which was set aside for foreigners. That was certainly one of the strange aspects of diplomatic life in the Soviet Union, the fact that the Soviets had us foreigners cordoned off. It had nothing to do with ideology or politics. In my apartment house lived a number of North Vietnamese, and other Embassy people lived next to Eastern Europeans of one variety or another. The line was drawn between Soviets and the foreigners, whatever their political coloration, in living arrangements.

So I would get up in my apartment - I was single at that point - and breakfast on orange juice, cereal and milk which were imported from Helsinki by the commissary we had at the Embassy. However, I would buy my bread across the street at the state bread store. It was a basic truth about Soviet Russia that the bread, tea and caviar were almost always

good. My bread was invariably excellent, in fact, and consequently I would always cut myself a nice slice to have with my Finnish imports.

I would drive into the center of the city and encounter very little traffic. It took 15 or 20 minutes to get down to the Embassy. Parking was no problem. There were normally places to park on the street, and in the case of heavy snow we could park on the sidewalk. If I had opera tickets in the evening, there was usually a parking space right in front of the Bolshoi.

In the Commercial Office we had a wonderful ambiance as the appointments were very bright and cheerful, quite unlike the gloom outside in a Russian winter. Winter was hard, for Moscow is so far north that it was pitch black when we went to work and it was pitch black when we drove home. It was tricky navigating the streets of Moscow under those circumstances as pedestrians had the rather disturbing habit of walking halfway across the street and standing in the middle. As everybody was wearing a dark coat and a dark fur hat, they were almost invisible.

Q: Were there many accidents?
STEWART: Surprisingly few. I had one with a bunch of foreign students who were backing up a car as I was going forward. During my tour there were no fatal accidents although there had been one in the months preceding, when a member of the Embassy community was killed driving to Leningrad.

Q: What about your contacts? Were they with the Ministry of Foreign Trade?

STEWART: And the end-user ministries too. Each end-user ministry had a so-called foreign relations department whose officials were authorized by the security folks to deal with us. So we would try to make arrangements to talk to them on a regular basis and establish some sort of relationship. It was extraordinarily difficult to have any sort of relationship that could be described as a friendship. But I dealt, of course, with official Soviets, and we did have people on the staff who dealt with the unofficial community. The twain really didn't meet, and you couldn't work both sides of the street if you were in Moscow. Joe Presel had the dissident beat at the time, and he had a hell of an existence. He suffered all sorts of harassment by the KGB. However, I never had any problems at all. That was because of the kind of work I did, which was something Soviet officialdom was quite interested in fostering.

Q: Did you make any trips around the area?

STEWART: I traveled a great deal. Some trips were business-related, and others were essentially tourism. The Embassy encouraged us to get out just as much as we could in order to get some feeling of what was going on outside Moscow. This made all sorts of sense because once you got outside of Moscow, the atmosphere was generally more relaxed, and you could have interesting conversations.

I recall, for example, a trip to Donetsk, in what is now Ukraine, the center of a coal

mining region. I'd flown down there for a trade show. I was having lunch at a local restaurant, nothing very fancy, and in the USSR you were seated anywhere there was an empty chair. There was no such thing as one party per table. And it was definitely acceptable to start talking to the people that you were seated with. So the fellow at my table struck up a conversation. Soon he knew I wasn't Russian, but he assumed that I was from one of the Baltic republics. This would be a logical assumption because my Russian clearly was not native, and the idea of finding somebody from the West would be weird. But I explained I was from the U.S., and immediately he started asking me questions--how much my father received as a pensioner, that kind of thing. So I asked him one too. I said, "Donetsk is very beautiful"--which it was. It had all sorts of green parks and even the median strip on the road coming in from airport was planted with grass and neatly mowed, which was virtually unheard of in the USSR. I asked, "What's the reason for all this greenery?" He laughed and said, "That's our party first secretary--he likes grass."

And that's the kind of story that you got when you were traveling. We periodically compiled and sent to the Department what we called a vignette-gram with stories that happened to us or that we heard from Soviets. They were all true but not reportable in traditional messages. But they probably gave a truer flavor of what Soviet life was like than anything else we sent to Washington.

Q: What were your impressions of Soviet industry, particularly when you got away from Moscow and out in the field?

STEWART: It depended where you were going and what you were looking at. First of all, you were not going to be shown a plant that was a disaster. You had to bear this in mind, but we saw a number of plants which were really quite decent.

I remember one week I spent in Ukraine with somebody from the U.S. Bureau of Mines visiting iron mines and beneficiation plants. A beneficiation plant is a facility that takes iron ore from an open pit mine, which is lower grade, and raises its iron content to the point that it can be put into blast furnaces. The mines and beneficiation plants were not especially impressive--in fact, the Soviets were actively interested in acquiring U.S. technology to improve the latter. However, we also visited a sintering plant, an installation that accretes iron dust resulting from other processes into pellets large enough for use in blast furnaces. My colleague from the Bureau of Mines said that most of these plants in the U.S. were dirty places with high levels of dust in the air. However, the Soviet plant had installed an efficient dust collection system that worked so well we could walk through the plant in suits. My colleague found that very impressive, and that was a judgment from a specialist who knew the industry backwards and forwards.

I also remember a visit we made on that trip to a manganese mine in Ukraine. Manganese is generally found on land at a certain depth in a fairly narrow seam because it was deposited on the ocean floor eons ago before the ocean receded and other material was deposited above it. So you have to go down more than a hundred meters to reach a seam that is only a couple of meters thick. But it's valuable stuff so it's worth it. The catch was that this deposit, which was on the bottom of what had been a larger version of the Black

Sea, was located under some of the best farmland in the U.S.S.R. What to do to save the topsoil? What they did was to set up a series of conveyor belts which removed the overburden from one side of the excavation, carried it all the way around to the other side, and redeposited it at the same depth. So what you had when this gigantic series of conveyor belts was working was a gigantic hole which moved very, very slowly across the landscape. It was one of the darndest things I've ever seen.

There were some fascinating innovations like that, but as I say, what we got to see was by and large the best that there was to see. Soviet gigantomania was quite apparent, too. One of the places where a lot of U.S. firms were installing equipment was the big Kamaz truck plant at Naberezhniye Chelny, which was way too big for efficient production. When they finally got it up and running, the trucks they were turning out were obsolete. It was kind of a crazy project, and it was the last project financed with U.S. government money before the Jackson-Vanik amendment became law.

Q: Did you get to look at agricultural things? Were we involved in sales of agricultural equipment and that sort of thing?

STEWART: We certainly had people trying to sell agricultural equipment. John Deere was active in Soviet Union at that time, and we were working with some irrigation equipment companies that were trying to make a sale. But nobody really was very successful. And that struck me as odd, and rather a strange mistake for central planners to make, because in the U.S.S.R. at that time capital investment in agriculture would have paid big dividends. For example, a very high percentage of the grain crop was rotted, simply because there weren't sufficient storage facilities. We were talking to Soviet officials about getting Harvester or another silo manufacturer to set up a factory to turn out storage bins on a mass-produced basis. They never developed any interest although the losses were very large and the central planners had to import grain to make up for them.

Q: Was there a concern that the Soviets might be getting things that were of a critical strategic nature, but even more than that, that we might be helping to make their system work?

STEWART: I don't think there was all that much concern about either. There were all sorts of export controls that we and our allies had to make sure that the Soviets didn't import super-computers and other equipment that had strategic value. Despite the criticisms that were leveled in the U.S. press, I never felt that the Soviets were much more likely to make things work with our help than they were without it. The flip side of this is that in exchange for whatever economic or technological advantage they got, they had to subject their system to more and more openness and that in the end turned out to be quite fatal for the system. It was a good thing for the Soviet peoples, of course, but not for the system.

I think one of the best stories about the Soviet attitude toward collaboration with the West was a conversation I had with the deputy director of the Foreign Relations Department at

the Ministry of Non-Ferrous Metallurgy. Mr. Davydov was a delightful man, and if the system had been different, I am certain he would have become a friend. He had been the Moscow tennis champion in his younger days and had a good sense of humor. He called me over to his office one day and said, "Mr. Stewart, we'd be most grateful if you could contact the XYZ corporation and see if they would be interested in licensing to us some flotation cells. (A flotation cell is used for separating minerals from the ore.) I replied, "Well, sure, I'd be happy to do it." And we got talking and he said, "You know, we could develop these ourselves, but our situation reminds me of the story of little Ivan, who was late to school one day in his village. The teacher said, "Little Ivan, you are late." And Ivan answered, "Yes, teacher, but I had to take the cow to the bull." The teacher asked, "Yes, Ivan, but couldn't your father do it?" And little Ivan thought a moment and replied, "Well, yes, teacher, but the bull could do it better."

Q: Was there sort of a market for gadgets. In other words, I can see the head of an enterprise being particularly interested in whatever were our gadgets of the time, which probably wasn't a major need, but still, what the hell, they are fun to have.

STEWART: There was some of that undoubtedly, but I think a better story in this area was about a California firm that manufactured electronic devices for the blind. They had, for example, a calculator with a Braille keyboard and an oral readout. Another gadget allowed a blind person to read a text by rolling a scanner over it and feeling the shape of the letters with his fingertips on an electrically charged screen. All very innovative things. The firm was founded by a Stanford professor with a blind child and did not make a profit beyond a return necessary to provide capital for further research and development. The firm's representatives were invited to Moscow, and indeed they did make some sales. We had no information about who the end users were, but sure as shooting some member of the Central Committee had a blind relative.

Q: Were you able to look at some of the wheat or cotton growing areas? The Soviets were often portrayed as pushing the limits of the way you could grow these crops. For example, cotton production is reportedly destroying the Aral Sea area. Were you able to get a feel for any of this?

STEWART: I didn't do so personally. We had a pretty sizable Agricultural Attaché Office, and the people there traveled a good deal. They would set off from Moscow in a heavy-duty station wagon, an early-day SUV, loaded with as many spare tires and spare wheels as they could get into their cargo space. And it was just a question of how far they could get before their last wheel went, for the roads were pretty horrible.

One piece of agricultural equipment that did sell well was something called a vacuvator. This was a kind of giant vacuum cleaner that went into the hold of a grain ship and sucked out the grain. The Soviets needed them for unloading the ships from the U.S., Canada and other grain producers. I sent a message back to whoever in the intelligence community was doing the estimates of Soviet import plans saying, "You really ought to count how many vacuvators they are buying and estimate the life-span of a vacuvator. Then you could get a pretty good idea of how much grain they are planning to import."

Q: Were you ever subjected to harassment on these trips?

STEWART: First of all, we always traveled in pairs. I told my parents we were like nuns. The only form of harassment I recall was getting an occasional call late at night from some woman down in the lobby wondering if I were lonely, and even that was pretty rare. When our trip included a weekend, the hotel where we were staying--we tried to stay at the best one, which was generally none too good--would generally have a band and dancing. When we would go down for dinner, it was perfectly legit under the Soviet social rules to invite any woman in the place to dance. And we certainly held up our end. When we'd start dancing, we would introduce ourselves as being from the U.S. Embassy. The ladies would either swoon away in our arms or just start asking questions about what life was like in the U.S.

Q: Did you have much contact with the rest of the Embassy officers, or were you off to one side?

STEWART: We were perhaps more isolated than anybody else. But the community there was so closely knit that there was a great deal of interchange. Our office reported to the Economic-Commercial Counselor at the time.

Q: Who was that?

STEWART: It was Noble Mellencamp. We would go up to the Economic Section before the Commercial Office opened in the morning to read the traffic since we couldn't have anything classified in the Commercial Office. If we were writing any classified messages, we would draft them at that time too. We also collaborated a fair amount with the Science and Technology Section because so much of what we did had technological overtones and with USIA to a certain degree because we were both in the exhibit business. Obviously we had friends in one place or another, and those relationships expanded our range of contacts. A great meeting place for the American community at that time was the snack bar. The snack bar, I always thought, was a scene straight from Hades because you'd walk in on a dark winter day and encounter an interior decor in black and red. In addition, the defective ventilation system would allow steam and smoke to bellow out of the kitchen as the hamburgers were prepared. We had an Italian chef who was rumored to be a millionaire five times over as he supposedly dealt in caviar on the side. It was the meeting place for the entire American community - Embassy staffers, family members with kids, etc. - so everyone got to know each other.

Q: What were you getting from the Embassy officers who were involved in traditional diplomatic work about how the relations were going at the time? What was the Embassy thinking about the Brezhnev regime at the time, '74-'77?

STEWART: This was the end of the Ford Administration and the start of the Carter Administration. Under Ford, Kissinger was Secretary of the State, and there was a tremendous amount of official interchange involving Henry. I believe the Embassy was

fully hooked into what he was up to.

Q: He was not doing his normal by-pass?

STEWART: No, not like the days when he was National Security Adviser and Rogers was Secretary. When Henry was running the Department and the Foreign Service, we were all hands the Kissinger plantation and quite involved in his activities.

We had a large number of congressional visits at that point, too. I think the biggest group was a delegation of some 25 senators, the most senior being Hubert Humphrey, who had been to Moscow many times. This group was wined and dined like a collective head of state. We had a control officer for every senator and, of course, the Soviets did too, all KGB types. After a gala dinner one evening, every senator got into his own limo with his own Soviet escort and was taken back to the Rossiya Hotel, which was down near Red Square. I was there at the Rossiya, which was my post for the evening, watching the senators get out of their vehicles. It was naturally assumed that they would go into the hotel and go to bed. As a result, the KGB escorts all started to congregate together to have a smoke and discuss the day's events. However, the senators didn't go straight in but formed a little group themselves. It appeared at that point that Humphrey said, "You guys haven't been on the subway yet? Hey, I'll show you." And all 25 senators disappeared down an escalator into the subway system, where all the signs are in Cyrillic. We turned and looked at the KGB types, and I've never seen such looks of naked horror. Every one of them could see his transfer orders to Yakutsk when the U.S. press reported that 25 senators had been lost in the Moscow subway system. I've never seen so many people run so fast, throwing their cigarettes in every direction and charging down that escalator.

Q: You can picture yourself in the shoes of a KGB agent trying to ride herd on a bunch of foreigners, and that would not be fun.

STEWART: A lot of my KGB associates were certainly not bad personally, and if the system had not been what it was, there were several that I would have been friends with. I remember having lunch with one KGB officer who was older than I was, somewhere in his 40s. He had spent a good deal of time in the West, his English was very good, but he always had trouble getting U.S. visas because he had been involved at one point in industrial espionage. He knew the western system well enough, and he mused to me, "You know, if I were in Chicago or in London, I could be a corporate CEO or maybe a number two, but I can't have that kind of responsibility here at my age." He was right.

Q: It's not that hard today.

STEWART: Yes, times have changed. I wonder what some of my erstwhile associates are doing, now that you no longer have to wait until somebody dies before you can move up a notch in the bureaucracy.

Q: Speaking of which, looking at the top, what were you getting, particularly from your

colleagues who were following the Central Committee, about Brezhnev and those immediately around him, because we knew at that period that the top guys were beginning to totter. Was there a lot of talk about who's really calling the shots?

STEWART: It wasn't so much talk about who was calling the shots at that point. Brezhnev was still perfectly ambulatory and was meeting people. I certainly never met him, but he would greet Kissinger and people at that level. I'll tell you one thing that we did discuss a lot, and I should explain the context, which is probably kind of interesting too. Mike Lemon, who is now Ambassador to Armenia, was the Ambassador's aide at that point in the Embassy. With that job came an apartment of sorts in Spaso House, which was actually the old billiard room. Mike had adequate space and was centrally located so he came to host regular Friday night parties for single people. We drank more than was good for us, I'm sure, talked shop and sometimes got to discussing deeper issues. I remember one of the things that used to come up was the generation gap in the Soviet Union. Old war horses like Brezhnev were running the Soviet Union at that time, but we hypothesized quite correctly - it didn't take much genius - that they were going to start dying off and the successor generation was none too numerous because many were killed in the war. And so it was pretty obvious that what you were going to see was the leadership skip a generation from the Brezhnev group to much younger people who were too young to fight in World War II. That is, of course, exactly what happened. When Chernenko finally went to join Marx, the mantle fell to...

Q: To Gorbachev.

STEWART: Who was too young to have been in the war. We did not have the faintest idea what these young people were going to be like, but we had every reason to think that their advent was going to be an opening for change and indeed it was.

Q: Did you have any feel about the acceptance of Marxism? Did people believe in it, or were they just token Marxists for careerist motives?

STEWART: I don't think we ever met anybody who believed a word of it.

Q: I was talking to somebody about this time in Poland, and he said there were probably maybe at most three dedicated Marxists in the whole country.

STEWART: It was pretty slim pickins.

Q: A tremendous effort was going into this façade, but even the people maintaining the façade didn't believe the lectures, the publications, the turgid prose, and all that?

STEWART: I don't think that anyone in the older generation wanted to confront reality. You know, if you are in your late 60s or 70s and you have been doing something for that many years, it is not easy to confront the habits of a lifetime. The other factor was, and this can't be overstated, that there were a lot of people who really did owe something to the system. And I mean this in a very positive way. I knew all sorts of people who had come out of a village someplace and were given educational opportunities that they

would not have had in a million years under the old regime. They got an education, they got started in the hierarchy, and they worked their way up. When I knew them, they had a dacha outside of Moscow, a car and a driver, and all those things which made them, in Soviet terms, at least upper middle class. In comparison with living among the pigs in a little town out in the countryside, they'd come a long way. There was gratitude for what the system had done for them, and if it had meant reciting all this hogwash periodically, why not? I think that was an important psychological factor as far as many people were concerned.

Q: Life in the village must have been tough. From what I've heard and what I experienced when I spent my five years in Yugoslavia, when you leave a major city, you'd go back four or five centuries practically. Oxen were the major form of transport.

STEWART: Yes, it was a very, very primitive sort of existence. The possibility of escaping that life was quite important.

One other thing that I was going to say in this regard was about Soviet perks, which were interesting because they all came with the job. This was a powerful disincentive to retire if you were in the top echelon of the government or party. Your lifestyle would take a real battering if you left, and consequently, people didn't. The only person of any note who really did hang it up, apparently willingly, and keep his perks was Anastas Mikoyan, the old Minister of Foreign Trade. He was still around during my day and would be invited to Kremlin receptions and so forth--and that was rare for a retired member of the Politburo. We hypothesized that the reason he could keep his perks was that he had no-holds-barred memoirs stashed with lawyers in Zurich to guarantee the good behavior of his colleagues.

Q: Did we perceive the Soviet Union as an aggressive country at that time, which was, of course, pre-Afghanistan but post-Czechoslovakia in 1968?

STEWART: I don't think so. George Kennan said at one point, referring to Brezhnev and his cronies, who were his contemporaries, that when you get to his age about the last thing you want to do is conquer the world. And I think he had that right, but little paranoias would still crop up in the U.S. One of them was a theory in the right-wing press that the Soviets were building a massive system of nuclear fallout shelters. We were under standing instructions to report any evidence of this. Satellites would go over the USSR and spot a suspicious half-buried installation, and someone from the Defense Attaché's office would go out and take a look. Generally, the installation would have "Men" on one door and "Women" on the other. I guarantee nobody would want to spend very much time there. In all the plants that we visited, I don't think I ever heard of one that had instructions posted as to what to do if an air raid siren sounded. Best of all, some right-wing analyst said that evidence for the existence of this supposedly massive program could be found in the number of general officers that had been assigned to the civil defense command. We thought this was hilarious because this guy had apparently never heard of a turkey farm.

Q: You have to explain for somebody who doesn't understand what we are talking about.

STEWART: A turkey farm is a bureaucratic division where you put your least desirable people if you can't discharge them for one reason or another.

Q: In our bureaucratic terminology, a turkey is an employee that you can't place.

Were you seeing or considering that the ethnic divisions in the Soviet Union would really become divisive or did you think that the USSR was going to stick together?

STEWART: Certainly we saw no evidence, no direct evidence, of severe ethnic tensions. There was no Chechen Freedom Movement or Uzbek Liberation Army. However, one fact that was perfectly clear at that time was that the growth rates of the populations in Central Asia were much greater than those in the Slavic parts in the Soviet Union, and we thought that fact was going to have consequences. But no, I am not aware of any political manifestation that we could monitor at that point. I think that aside from the Baltics, when the Soviet Union fell apart, it was not because of any great desire to seek national liberation on the part of the various constituent republics. In the Baltics you did find continuing resentment against Soviet rule, and I recall one story that a friend in the Consulate in Leningrad told me. He and a colleague were in Tallinn, the capital of Estonia, and went out for dinner. When they neared the restaurant, they became separated, and one reached the head of a long line before the other did. The first person there simply asked in Russian, "Is it possible to get a table?" and the answer was "Nyet." Then the second came up and said in English, "We're Americans. Can we get a table?" and the doorman replied, "Oh, sure."

Q: What role did the economy play in the downfall of the Soviet system? It just wasn't up to par, compared to what was happening in Asia and Japan and in the West. Were you seeing the economy as the Achilles heel of the USSR, or was there a feeling that the centrally planned economy could muddle through?

STEWART: It was perfectly clear to us when we were there that the system wasn't functioning very well. My own theory is that central planning will work as long as growth comes from increasing the output of raw and semi-processed materials. Because there, if you are making up an economic plan, you can impose objective norms. You can tell whoever is running a beneficiation plant that he has to turn out so many tons of beneficiated iron ore with no less than 85% iron content. You can measure the result pretty easily by sending your inspectors around to sample a few nodules on an irregular basis and make a measurement. If the plant manager does well, he fulfills his quota and gets a pat on the head. It's much harder when you deal with end products, especially consumer goods, where questions of taste become dominant. Heaven only knows how you establish norms for taste other than through the market, the antithesis of central planning. And if you are in a fast changing industry, God help you. By the time you get a norm established for a computer, the computer will be obsolete. You'd be mandating obsolescence.

Q: Were you looking at things such as infrastructure? You were talking about the

inability to preserve grain, and also the abysmal highways. Flying over Russia is so different than flying over the U.S. You really can't see roads there while the U.S. is checkered with roads, even in the countryside. Did you regard the infrastructure as being extremely poor?

STEWART: That certainly is true. You have to remember, though, that there was very little travel by car compared with the U.S. If you were going somewhere, you would fly or go by train. In addition, rail transport was far more important than truck transport.
Q: What about helicopter factories in Kyrgyzstan that used inputs from Poland?

STEWART: Tom Niles said that the experience which epitomized Soviet central planning for him came during a picnic with his wife and two kids in the countryside outside Moscow. It was late summer, the harvest was underway, and as they sat on a blanket under a tree, they watched with bemusement as one truck loaded with melons passed another truck loaded with melons going in the opposite direction on the road in front of them.

Central planning also involved siting factories for political reasons. We suffered the consequences of such a decision when I was in Moldova, where a steel scrap mill, a so-called mini-mill, had been built in the 1980s for, as far as I could tell, purely political reasons. A similar mill was built at the same time near the Pacific. Both locations were bizarre because there was no close source of scrap, no transport other than the rail, no close market, and no immediate source of power as the electricity was produced from gas imported from Siberia.

Q: Of course, steel factories were often like that, even some in the West. When I was in Italy close to this time, you had steel factories down at the boot of Italy, at the lower end, that had no market, but by God they employed a lot of people. You couldn't very well shut them down, or you'd have political consequences that were tough.

STEWART: Another odd thing about the Moldovan plant was that it was located in a place where there weren't very many people so they had to import workers too. I already mentioned Kamaz, the truck plant in the Naberezhniye Chelny. The town had been a village on the Kama River, where it was decided for reasons best known to Moscow to put this humongous complex. When I visited there on one occasion, I talked to a young Soviet woman who called herself an economist, but I guess production planner would be our term. She was Russian but from some place in Central Asia, and she said, frankly, that the reason she was there was that she had a good chance of getting an apartment. She didn't rate one where she was from, and the only slight catch was that she had to live in a so-called dormitory until the apartment houses were built.

Q: When you left there in '77, what did you think about the future of the Soviet Union?

STEWART: I certainly wasn't predicting a collapse in 1991. I mentioned before that we didn't know what was going to happen when the generation gap manifested itself. We knew that the system wasn't working very well. But to predict that people would start

questioning the basis of the system once the last of Brezhnev's generation died out, that was something well beyond my predictive powers. But in the case of *Will the Soviet Union Survive until 1984?,* written by a dissident historian, the title was intended to be provocative, but my Lord, the man only missed by seven years.

Q: Were we a bit, do you think, hung up on our own sense that the U.S.S.R. was a dangerous place, that it was strong, that it would be very dangerous to underestimate the Soviet Union?

STEWART: No, we were all pretty convinced that the economy didn't work and that the system wasn't worth a damn. I don't think there was any significant degree of ill will toward individual Soviets, but some aspects of the system were abhorrent. I recall one particular case. We had a science attaché, not a career person but someone we picked up from Hewlett Packard. He was a European Jew who had been in Auschwitz, survived, and reached the U.S. This gentleman began receiving telephone calls late at night with obscene anti-Semitic content. Finally, Jack Matlock went into the Ministry of Foreign Affairs, described the calls, and said, "Don't you have any sense of shame whatsoever?" And the calls ended.

Q: In '77, whither?

STEWART: That was a tricky one because I didn't have any logical onward assignment. But I was in touch with Bill Kelly, who was the senior civil servant at the Trade Representative's Office, and asked him if he wanted to make use of my services. I have to explain that a quirk in the Foreign Service Act, which still exists in the new version, provides that a Foreign Service Officer assigned to a Civil Service position outside the State Department is paid at the level of the position rather than at his or her Foreign Service grade, assuming that the Civil Service salary is greater, of course. I was an FSO-4 at that time and, frankly, needed the money. So I was able to find this GS-15 position which had been created at STR. It sounded very interesting, and it did indeed turn out to be so. Bill wanted me because of my background in GATT in Geneva. We finally did the deal after a great deal of negotiation with the State Department, and so I moved from Moscow to Washington.

Q: And you did that from when to when?

STEWART: I did that from 1977 to '79.

Q: What were you doing and what were the concerns of the Trade Representative at that time? Where did you fit in the structure?

STEWART: It was a wonderful place to be from a bureaucratic standpoint. Robert Strauss was the U.S. Trade Representative, called in those days the President's Special Representative for Trade Negotiations. He of course had all sorts of political clout in the administration and on the Hill. The manna came down from Bob Strauss to the rest of us so we were pretty much calling the shots on the interagency committees that we chaired. I'd been brought on to take charge of all the GATT-related work that was not directly tied

into the Tokyo Round, which was in its last two years. This was an extremely large mandate. It included all the bilateral negotiations for countries that wanted to change their tariff schedules. It included textile problems where U.S. exporters were being disadvantaged, but not our own textile import restrictions. And I handled so-called Article XIX cases, when some other country put temporary restrictions on U.S. exports of a given product. I also had responsibility for dealing with the day-to-day issues in the GATT itself outside the Round, including instructions for the monthly meetings of the GATT Council, which ran the organization, and a whole host of other committees. The regular GATT work in Geneva was still being run out of the Mission, rather than out of the STR delegation, so I was dealing with the State people in Geneva on most of the stuff that I did although I was working for STR. Finally, I had responsibility for accession negotiations, which turned out to be quite challenging because the Mexicans were interested in joining the GATT at that time.

Q: So STR was a good place to be?

STEWART: Yes. STR at that point was a group of about 50 people since the office had been expanded to handle the Tokyo Round. But each one of us had far more work than any single person could do, and as a result there was virtually no backbiting or turf stealing. Instead, you often tried to get somebody to help you out with your projects because you had more than you could handle. The people there were outstandingly good--some of the best people I ever worked with and a lot of them remain good personal friends. It was a fun atmosphere to be in, particularly since I had a good deal of authority but none of the usual problems that went with it. I had no staff, but I could call on people in other agencies to do things since the manna was coming down from Bob Strauss. I headed up a sub-committee of the Trade Policy Staff Committee, which was the group with authority under an Executive Order to coordinate trade policy. We would meet once a week. I would assign responsibility for writing papers on upcoming policy issues. Some agency would do the paper, the subcommittee would review and approve it, and I would sign off on the cable incorporating its conclusions. One of the interesting features of STR, and maybe it's still true, was that we could authorize the transmission of State cables--in other words we functioned like a bureau in the State Department in a certain respect. I could order embassies to make demarches. Yet I didn't have to worry about writing people's efficiency reports.

Q: I would think your job would have been particularly susceptible to political pressure, because when an industry feels it's being picked on, they don't go just to the Trade Representative, they also go to their Congressmen, and the Congressmen say, "Do something." Did you find that?

STEWART: There's always that aspect in STR, but first of all, I didn't have that many conflicts with U.S. industry. Second, we had Strauss, and you didn't run up against his organization, if you were a lobbyist, without thinking carefully about it. The big negations that I handled were really non-contentious as far as U.S. interests were concerned. We were trying to get the Canadians to end their restrictions on imports of U.S. footwear. The Canadians wanted to renegotiate their fruit and vegetable tariff, which

affected about a half billion dollars of U.S. exports, so we said, "Fine, we will renegotiate ours, too." We were doing this at the same time that the Tokyo Round was winding up. I was consulting with representatives of the U.S. industry in these cases, and there was never really all that much concern on their part with our handling of the negotiations. I think the worst reaction I ever got was over the tariff on papermaking machinery when we squared a U.S. legal decision with our GATT obligations by lowering the U.S. duty by a quarter of a percentage point. Some company wrote a nasty letter about our decision, but that was as bad as it got.

Q: You were involved in negotiations over footwear and fruit with Canada. Were you able to say, "Okay, we want this. If you'll give it to us, we'll do that?"

STEWART: That's of course the essence of the business. You can take Article XIX action and limit imports of something, but then you have to give compensation or face retaliation. In the case of Canadian footwear quotas, the compensation was finally given in the context of the Tokyo Round settlement itself. It was just buried in a whole pile of other concessions.

In other cases you had to be more direct. We had a problem with Norway, of all places, which imposed restrictions on textile and apparel exports from the U.S. and the Third World, but not from the European Community and EFTA. The U.S. industry was concerned, and with considerable justification, since Levi Strauss and other manufacturers were shipping from the U.S. to the Norwegian market. It wasn't a question of compensation; it was a question of getting enough quota to accommodate our level of exports. When I went to Oslo to consult on these restrictions, the Norwegians gave me some rather low-level bureaucrat, who was not the brightest bulb in the Norwegian chandelier, to deal with. I was getting nowhere, and I was getting pretty mad. The embassy was very good and got me in to see the deputy minister, and we had an exchange that could fairly be called heated. The Norwegians then agreed, however, to give us all the quota and exceptions that we asked for. It was the way business was conducted.

Q: What was the Tokyo Round about?

STEWART: The Tokyo Round was the trade round between the Kennedy Round and the Uruguay Round. The main focus was still tariffs, but at the same time the negotiators attacked non-tariff barriers to a far greater degree than their predecessors had in the Kennedy Round. The negotiations resulted in U.S. implementing legislation, passed under the "fast track" authority in effect at that point, that gave the GATT much more status under American law than it had had before that time, when it was barely tolerated by Congress. The final package also contained codes with additional obligations on such things as subsidies, anti-dumping, countervailing duties, government procurement, and other non-tariff measures which affect international trade.

Q: When you referred to GATT accession, you mentioned Mexico. Were countries that had held back on joining GATT now seeing the desirability of becoming members?

STEWART: That's exactly it. GATT originally was formed in the late '40s when the International Trade Organization failed to win approval by the U.S. Senate. The original contracting parties were a group of relatively like-minded countries--the Western Europeans, the British Commonwealth, etc. But there were a great number of developing countries that had no interest in going into the GATT because their foreign trade policies were highly protectionist and the last thing they wanted to do was to liberalize. This was the age of the infant industry argument, and these countries felt that they needed a good high tariff wall or equivalent non-tariff measures wall to protect their nascent steel industries, etc.

By the late '70s this attitude had started to change, although not all that radically. However, you did find countries like South Korea that were attracted by export-led growth strategies. This didn't mean that they necessarily eschewed protectionist policies at home, but at least the idea of basing growth on export markets had started to attract some attention. In any case, they thought it would be to their advantage to be in the GATT, where they would have some influence over what other countries were doing to their exports.

Mexico started an internal debate on GATT accession at that time, in the late '70s. The Mexicans applied for accession, but there were many questions with the terms of the accession, such as what GATT obligations they would take on immediately, and how quickly they'd take on the rest. In negotiating the protocol of accession, it was possible to tailor the terms under which the GATT was applied to a country. Because Mexico's foreign trade was primarily with the U.S., we were the key negotiating partner. Our Geneva delegation initiated this negotiation, and then I picked it up at the end with sessions in Mexico City and finally in Geneva. It was pretty clear, however, that support for GATT accession in the Mexican policy community was, to put it mildly, thin. I joked after the negotiation that as far as I could tell, the only three people in Mexico who really wanted to accede were the man I was negotiating with, his deputy minister, and the President. And that was about it. We cut a deal that was something that you really had to be a GATT lawyer to understand; the idea was to make it as opaque as possible for domestic political reasons in Mexico. And even then it was spurned when the Mexican negotiators took it home, and it never did enter into force. The Mexicans did accede several years later, and the deal which was cut then was far more straightforward, more sensible from everybody's standpoint, for there was by that time in Mexico a genuine, widespread desire to liberalize the country's foreign trade regime.

Q: What about Japan, which has been and still is a burr under the American saddle - and almost everybody else's saddle, too - with respect to trade policy. Did you get involved with those issues or was there a special office dealing with Japan?

STEWART: There wasn't a special office at that point. The issues that existed then were not ones that we were dealing with in a GATT context. And for that reason I wasn't involved.

Q: What about France? French policy always seems to be going in a different direction than American policy. Did you get involved in anything with the French?

STEWART: No. Of course in trade matters France works her wonders through the European Union, in those days the European Community, so I had no direct connection with the French.

Q: Robert Strauss had a reputation for being a deal maker. He was a Democrat, but somebody who could work both sides of the aisle. He was a Texan, sort of bigger than life, so he wasn't just a Democrat. He was a major political player on lot of things, and he was at one point Ambassador to the Soviet Union. How did you work with him?

STEWART: Rather distantly, truth to tell. The division of responsibility at STR was that Strauss did the politics and we did the technical trade policy work. These two functions came together in the person of Alan Wolff, who is now a very successful lawyer here in Washington. Alan communicated the trade technicalities to Strauss, and Strauss would take it from there, but he didn't get into the details, and didn't want to get into details, but he knew the politics backwards and forwards. Anybody who knew anything about the American scene knew that he could deliver. When he cut a deal, there was no doubt that it was going to go through the White House and the Congress. And that gave him a tremendous amount of leverage.

Q: Did Brzezinski or the political people in the White House attempt to meddle in these issues, or was Strauss able to keep them away from what you were doing?

STEWART: Yes, he really could.

Q: This is, of course, the ideal situation when you have somebody who can both deliver and protect you from political meddling from somewhere else.

STEWART: Yes, it was an extraordinarily happy situation, and we were grateful for Strauss's clout.

Q: How did you work with your future masters, the Economic and Business Bureau at the Department of State?

STEWART: I never had much problem there. My personal relationships were good, and people pretty well accepted my leadership. I also had a good deal of personal expertise from my three years in Geneva so my authority didn't have to all come from Strauss.
Q: Were there any members of GATT that you were dealing with at this time that caused you particular problems?

STEWART: I don't recall.

Q: I was trying to think if maybe one of the GATT members tended to get off the range, to go off in a different direction, a country which was a little hard to discipline and keep to

the agreement?

STEWART: Well, the U.S. has been accused of that from time to time.

Q: Were there times when you all at the Trade Representative's Office said, "Hey, wait a minute, fellows, we signed this agreement and now we have to observe it."

STEWART: I think there was a real commitment to the GATT as an agreement and as an institution on the part of Bill Kelly, my boss and the senior career person at STR, and his commitment helped a lot in keeping the USG honest. My relationship with Bill was interesting. I wouldn't see him or talk to him for months at a time. He was hyper-busy with the round, running in this direction and that, but I knew if I needed support or advice, he was always there to give it.

Q: Why don't we stop at this point and pick it up next time. In 1979, whither?

STEWART: It was, after a bit of a false start, to be Director of the Office of Maritime Affairs, which became the Office of Maritime and Land Transport.

Q: Okay, so we'll pick it up there, Maritime and Land Transport.

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Today is 17th of February, 2000. Todd, you were in Maritime Affairs, '79 to when?

STEWART: '79 to '82.

Q: As an old consular officer, I watched the demise of American maritime transportation. Before we get into what you were doing, could you comment a bit about the state of America's role in the maritime world, and why it became that way?

STEWART: Sure. The U.S. had a huge merchant fleet during WWII. We were turning out vessels in shipyards, such as Henry Kaiser's in California, in great numbers. And of course this was all vital for the war effort. But at the end of the war we made an effort to resuscitate other nations' merchant marines by selling off many of these ships, and as we got farther and farther away from World War II, the share of American foreign trade carried in American-flag vessels dropped steadily.

The reasons lay with the unions. American seagoing labor was comparatively expensive, and U.S. maritime unions were powerful, with a very strong interest in protecting their membership. The leaders of the unions gave priority to high wages for the existing members over an expansion of the membership, which might have resulted if wages had been lower and there were more opportunities for aspiring seamen to be hired by shipping companies. The unions also fought the reductions in crew sizes which technological advancements made possible. Thus, American ships tended to be more heavily staffed with higher paid crewmen than their foreign competitors. Part of this differential was closed by operating subsidies from the U.S. government. However, subsidy funds were

limited, and this put a limit on the number of ships that the American government was willing and able to support.

The one break in this pattern came with the advent of containerization, which dated from the 1960s, I believe. An American entrepreneur, Malcolm Maclean, who was actually in the trucking business, decided that he could serve Puerto Rico better if he could put a truck trailer right on board a ship rather than unpacking it and stowing the contents on board. And so he invented the containership. The importance of this invention as a technological development became quickly obvious, and containerships were constructed both for the trades between the U.S. and its possessions and for international commerce. American carriers had an initial edge because they were there at the beginning with Sea-Land, the company Maclean founded, which is now part of the CSX Corporation. However, this edge was quickly blunted by foreign competitors in the industry. These were, of course, developments in liner, as opposed to bulk, shipping.

Q: Could you explain what liner shipping is as opposed to bulk shipping?

STEWART: A liner ship is a ship which plies a trade on a regular schedule and offers to carry cargo from any shipper. A liner shipping company will advertise that it has a sailing every Wednesday from the port of New York to the port of Rotterdam. The company will accept cargo from anyone that books space on the ship for his merchandise. Virtually all the bookings these days are on containerships in the form of containers. Regardless of what you are shipping, you book a certain number of slots on board and get your containers to the dock. They are then carried to the destination along with many other containers. It's conceptually like sending packages by UPS or FedEx if all the packages were the same size.

Q: These are mail systems essentially.

STEWART: Essentially. The other part of the business is called bulk shipping. There you will charter an entire ship, with crew or without crew. Some of the ships will be chartered for a year; some will be chartered for a voyage. You as the shipper--and in shipping lingo a shipper is the person who owns the cargo--will contract with the shipowner to rent that ship for a certain period of time to go someplace or to go to any number of places, depending on the terms of the charter. The bulk business is highly competitive, and the chartering is organized through shipping exchanges, principally the Baltic Exchange in London. If you want to transport bulk cargo like oil, grain, and ore, then you attempt to charter a vessel on terms that appeal to you.

Some companies charter vessels for long periods and operate in-house shipping companies. For example, Alcoa brought bauxite ore or semi-refined ore in the form of alumina from Suriname to the U.S. on vessels it operated. Such ships generally did not fly the American flag because the officers and crew members were foreigners and the ships could therefore not meet the strict US-citizen manning requirements for U.S. registration.

Q: Let's go to the '79 to '82 period. What was your job? What was the State Department's role in maritime and land transport? First, maritime affairs.

STEWART: The State Department had an important role at that time in maritime affairs. We were responsible for representation of the U.S. on the OECD Maritime Transport Committee—the OECD is the Organization for Economic Cooperation and Development--and also on the Committee on Shipping of UNCTAD, the United Nations Conference on Trade and Development.

The OECD committee was one that went back to the beginnings of the OECD right after World War II - the old OEEC - whose job was to coordinate Marshall Plan assistance, and shipping was a very important part of that effort. The committee, like most of the OECD, did not draft binding instruments but was basically a consultative mechanism. At the same time, however, it had responsibility for coordinating positions of the OECD countries in UNCTAD. And this was quite important because UNCTAD, in the absence of any other organization dealing at that time with the economics of ocean shipping, had moved into a vacuum and was drafting international conventions in this area.
The background is a little peculiar. As part of the UN family, the International Maritime Organization (the IMO) was envisioned as the UN body responsible for all aspects of ocean shipping. Indeed, the IMO Charter provided that the organization would concern itself with safety and environmental issues—ocean dumping, adequacy of the hull, number of life boats, that sort of thing—as well as with the economics of maritime transport. The Europeans, who had traditionally taken the position that shipping was an international economic activity and should not be regulated by anybody, resisted the latter notion. Finally, the IMO was brought into existence under a gentlemen's agreement that the provisions authorizing the IMO to regulate economic activities would never be implemented. So the IMO, which is London-based, does such things as negotiating conventions for the safety of life at sea and the prevention of pollution, which are very important in the operation of maritime traffic. But it can't do anything on the economic side.

A vacuum existed, and UNCTAD in the 1970's marched into this void by sponsoring the negotiation of a convention that regulates the operation of liner conferences. A liner conference is a cartel through which shipping companies jointly set rates, including inducements for shippers who agree to send their cargo on ships belonging to the members of the cartel. Historically there has been a struggle between the Europeans and Japanese on one hand and the Americans on the other, as to whether these cartels should be regulated. American law grants an exception from our anti-trust laws to liner shipping, but only if the cartel agreements, including rates, are filed with, and approved by, the Federal Maritime Commission. A number of these agreements have been approved with complicated conditions.

The UNCTAD convention ("The UN Code of Conduct for Liner Conferences") was negotiated before I came into office. The convention regulated the operation of shipping conferences but not in a very sensible way. The convention provided that any conference would have to guarantee 40% of the cargo to the shipping companies of the country at

one end of trade and 40% to the companies of the country at the other end. The remaining 20% was left to the other members of the conference. This provision would not have been terrible in itself because other shipping companies would have been free to serve that trade outside the cartel. As a matter of fact the provision probably would have sounded the death knell of conferences, probably to the benefit of everyone. Instead, however, many developing countries unilaterally announced that non-conference liners, called outsiders or independents, could not serve the trade unless they joined the shipping conference. This requirement, of course, set up a rather tight monopolistic situation with shares predetermined by the terms of the UNCTAD convention. And it resulted in a situation highly unfavorable to development of maritime commerce. The U.S. was not a member of the convention, and I spent a good deal of time during my tour trying to figure out how to deal with it. And, I'm afraid, without very much success. American shipping policy was pulled in different directions by different interests in the U.S. The maritime lobby, as you appreciate, was very powerful in Congress. The shipping companies and more particularly the maritime unions were the beneficiaries of government subsidies, and these subsidies were used to a significant extent to fund the campaigns of members of Congress.

Q: How about the shippers? It would seem that this whole cartel would be to the detriment of shippers?

STEWART: You are entirely right. This was one of the things that I was trying to do while I was in that office - develop more interest on the part of shippers in becoming politically active. They were to some degree, but primarily on the bulk side rather than on the liner side. This contrasted with their active role in the deregulation of air, rail, and land transport.

Q: This was beginning of the Reagan Administration.

STEWART: Carter and Reagan, for there was very little difference between the Republicans and the Democrats. The period of the Carter and Reagan administrations was very interesting in terms of the development of transportation policy because there was significant deregulation of air, rail and truck transportation in the U.S. The government-regulated cartelization that had existed in these areas was broken up, and competition was substituted for regulation. The U.S. made a very determined effort to introduce the same concept in international air transport, obviously without quick results because there were many competing interests internationally. But certainly a great deal of progress was made then, and even more was made afterwards.

However, the same thing didn't happen in maritime transport, neither domestically nor internationally. And the reason is probably that transportation costs did not represent the same share of total costs for shippers who were engaged in maritime transport as they did for shippers and individuals who were using rail, truck and airplane transport. So the economic incentives weren't there to wage political warfare. There were also some organizational difficulties in that the people responsible for transportation in many of these companies were pretty low down on the corporate totem pole and couldn't interest

the front office in becoming really involved. It was a shame because there should have been more action in this area. But it simply didn't happen. I did talk to a number of corporate transportation clients, and some of them were quite interested in maritime policy reforms, but the big front office push wasn't there as it had been in other transport sectors.

Q: Was political clout concentrated geographically for the shipping interests?

STEWART: The politics of the industry were rather interesting is - I think that's the best way to put it. I dealt with two chairmen of what was then the House Merchant Marine and Fisheries Committee, Jack Murphy and Mario Biaggi, who subsequently went to jail. On the Senate side, there was no committee that had maritime transport as a major focus; it was one topic among many for the Senate Commerce Committee. I think everybody recognized that there were serious problems in this area. On the Republican side - this was back in the years when Democrats controlled the Congress - the ranking Republican on the Merchant Marine and Fisheries Committee was Pete McCloskey of California (you probably recall his running against Nixon at one point for President) who by happenstance was my own Congressman. McCloskey really had no involvement in this area in terms of his district's interests, and he was untainted by industry influence. Consequently, he brought some degree of concern for the national interest to the debate. But the leading Democrats on the committee were by and large the representatives of the shipping industry or, better said, the maritime unions. There was very little difference between their interests and when a divergence did arise, they would get together and find a way to make common cause against the taxpayer.

Q: The union membership must have been dying at that time, quite literally. Did you talk to any of their leaders to find out whether they had a forward-looking strategy, or was it just, "This is how it is. We'll do what we can to protect things as long as we're alive."

STEWART: I think the latter was pretty much it. There were old traditions here, and a lot of them were quite honorable in a way. The head of the Maritime Department at the AFL-CIO when I came on the job was Paul Hall, who unfortunately was dying of cancer at that time and was not active. But Paul had been a force in the sea-going unions just about his whole career. He was an inordinately colorful person. He had been born upstairs in a New Orleans brothel and grew up in that kind of milieu. He went to sea and got into the maritime labor movement, where, you will recall, there was a strong communist influence in the 1930's. He fought against the communists and achieved a position of great prominence and considerable power, but he was the leader of a group of unions which were shrinking all the time. Nonetheless, he had the contacts, and he could still exercise power disproportionate to the economic influence of the group he represented.
I think one of the most fascinating things I did during that tour - and I did many fascinating things - was to go down to Piney Point, Maryland, where the SIU, the Seamen's International Union, had its training school.

Q: Piney Point is where?

STEWART: Piney Point is at the end of a peninsula in Maryland which sticks into the Chesapeake. The school there was where the SIU recruits were trained before they shipped out. My visit was in ’81 or so. I went down with Jim Treichel, my deputy, to visit this facility, which must have been one of the nicest schools I’ve seen anywhere. I don’t mean swish, but beautifully maintained. One of the programs they had there was elementary reading. A lot of the young men they were training were not sufficiently literate, and so they had a squadron of women who taught them to read. Many trainees had sadly deficient backgrounds, for the only entry requirements were to be 18 and in good health. The school took it from there. The operation looked like the wish dream of every bleeding-heart liberal in the U.S. for taking care of the disadvantaged. It was, of course, all paid for by the taxpayer through the maritime subsidies.

I asked, “One thing I don’t understand, how do you decide who gets in here?” I never did get a straight answer to that question. The other obvious question was, “Why in the world don’t you hire people who can read?” Sea-going wages were hardly bad, for in those days ordinary seamen were paid a little bit over $20,000 for six months of work. Six months on, six months off. And of course while you were on board ship, you had free room and board which came with the job. So there was very little that you could spend your $20,000 on. And you were perfectly free to take another job doing something else when you were not at sea. So you came out rather well. But how the selection of these young men was carried out is still a total mystery to me.

Q: In dealing with this, you were in the Economic Bureau?
STEWART: Yes.

Q: Were you sort of on the one side? Was it sort of, “Todd, you take care of that?” Or was there much interest by the Assistant Secretary in maritime policy?

STEWART: He very much let me do my thing. I reported to the Deputy Assistant Secretary for Transportation and Telecommunications and kept him informed of what I was doing. I had good assistant secretaries for much of my time there, Deane Hinton and before him Bob Hormats and Jules Katz. They were outstanding economists and understood the business, but the details were pretty much left to me.

I should mention that the real issues that I was dealing with when I was there were on the bulk side, although I did participate in the Reagan Administration review of liner shipping policy, which basically ended up nowhere. The politics of bulk shipping were quite different because the shippers were powerful corporations. And they were simultaneously the ship owners in many cases. Very little of this tonnage was U.S.-registered. Instead, the principal American economic interest was in the so-called American controlled fleet, generally registered in Liberia and Panama. The owners of these vessels did have legal obligations to the U.S. in case of war, for the Defense Department could commandeer them in a national emergency. The ships included VLCC’s and ULCC’s, the very large oil tankers that belonged to the American oil companies, and ore carriers that belonged to companies like Alcoa. These corporations

were very much concerned about the extension of an UNCTAD initiative to require a so-called "genuine link" among the flag, the owner and the crew.

Q: In other words, a Maltese flag vessel would have to have a Maltese captain or something?

STEWART: Exactly. And a Maltese owner. This would have been the end of open registries or so-called flags of convenience. This basically was in nobody's interest. A line had to be drawn, and I think we successfully drew it in insisting that open registry ships meet all IMO standards for environmental protection and safety. To require, in addition, an economic link between the ship and the flag struck me as being perfectly ridiculous, and my skepticism was shared by the U.S. owners and charterers of open registry vessels, who represented a powerful political constituency.

I suppose, therefore, that my major accomplishment during that tour was to blunt that effort by the UNCTAD Secretariat and some of the more active developing countries. I did so by building and maintaining OECD unity on this issue. During my last two years I was chairman of a subcommittee of the Maritime Transport Committee called the Special Group on International Organizations. The subcommittee was responsible for developing and fine tuning positions of the OECD countries in UNCTAD. It met in Paris before an UNCTAD meeting and then during the meeting as UNCTAD Group B. During my last meeting of the Committee on Shipping in Genera, therefore, I was head of the subcommittee and thereby Chairman of Group B. This leadership role was helpful in carrying the day, but I had a lot of help from the Chairman of the Maritime Transport Committee, who was an outstanding German professional, and also from the French representative, who was also excellent.

Q: I was wondering, this OECD, what was it called at that time?

STEWART: The Organization for Economic Cooperation and Development.

Q: Who were your collaborators and who were sort of off to one side, from your perspective, on these issues?

STEWART: I don't think we really had much divergence after the French representative changed, one year into my tenure. The British were represented by an outstanding civil servant, as were the Germans, and then the French brought in a product of the Ecole Nationale d'Administration who knew nothing about shipping when he started, the same way I knew nothing when I started, but he was certainly one of the smartest people I dealt with. He could grasp everything in a flash and was an extraordinarily important ally.

Q: Did the Exxon Valdez accident happen on your watch?

STEWART: No.

Q: Had that happened before or after?

STEWART: That happened after. And of course that was an American-flag ship.

Q: Were there any environmental disasters - there were several, you know, on the coast of Britain - that sort of drove the engine a bit?

STEWART: I don't think there was anything major during my time. There certainly were spills, but that side of the problem really was handled in the IMO. I had some theoretical responsibilities for the IMO, but practically speaking, that work was all handled by Coast Guard. They had very good people, and that part of maritime operations was running well. I'm certainly a believer in "If it ain't broke, don't fix it."

Q: Were there any players who were trying to knock down safety regulations, knock down environmental protection, and all that?

STEWART: Quite the contrary. One of the perhaps stranger aspects of the maritime scene at that time, and I think it's still true, was the Liberian Registry, which had become the largest of the open registries by the early 1980's. Several books have been written about it, including one called *Sovereignty for Sale.* The title is perhaps unfortunate, but in the case of Liberia it is not inaccurate. The Liberian Registry was set up under U.S. Government sponsorship after World War II to accommodate American-controlled ships that would not fly the American flag. There were certain circumstances when an American-flag vessel might be subject to discrimination or hostile action but an American-controlled foreign flag vessel would not be. Panama had played this role during the war, but there was dissatisfaction in the United States with the way the Panamanian Government had operated its registry.

The impetus to use the Liberian flag originally came from Ed Stettinius, who was, of course, Secretary of State after World War II. The Stettinius family is an old one that had been very active in the re-colonization movement which promoted the return of freed American slaves to Africa before the Civil War. Of course that's how Liberia was founded, and the country continued to be a charity of the Stettinius family. Consequently, when interest arose in a new open registry, Stettinius apparently said, "I know just the country." Originally this was a kind of a paper exercise which involved little more than payment of a fee in exchange for a flag and papers. The net proceeds were sent to Monrovia, where the money was used to support the national budget, and in the early l980s some 10% of the Liberian national budget was financed that way. However, with the advent of IMO safety and environmental regulations, much more had to be done. So a corporation was established out in Reston under the supervision of some Washington maritime lawyers. You know that skyscraper that's in the middle of Reston?

Q: This is the suburbs of Washington?

STEWART: Yes. A couple of those floors were occupied by the Liberian Ship Registry or, better said, by the corporation that contracted with the Liberian government to perform this function. This office insured that ships flying the Liberian flag were

inspected as required by the IMO conventions, that officers were properly qualified, that the necessary papers were issued, and so forth. It was all quite a modern operation. The corporation contracted with agencies around the world to provide inspection services, and the employees in Reston were very frequently retired Coast Guard officers. It was a government function that had been totally privatized, something to bring tears to a Republican's eyes. As far as I could tell, it worked really quite well. A Bahamian open registry opened as well and established a similar corporation after I left the maritime job.

Q: Is there an organization called the Maritime Commission in our government under... Where is it, part of the Department of Transportation?

STEWART: The Federal Maritime Commission is an independent agency. Its analog was the Interstate Commerce Commission. It had responsibility for overseeing all conference agreements, which under our law had to be filed with the Commission along with the tariffs that each company or conference was offering. The idea was that you had to offer the same rate to any shipper who qualified for it. You couldn't negotiate one rate with one group and another rate with another substantially identical group. It's the common carrier concept.

Q: We had that big battle over our railroads before.

STEWART: Yes. Of course, that theory has gone out of favor in the U.S., and common carriers are not so common any more.

Q: Did you overlap or conflict with the Commission?

STEWART: I had a lot to do with that Commission because we were the conduit between foreign governments and the Commission. Foreign governments frequently made representations to the Commission, and to do that they had to go through the State Department. So I dealt very frequently with both the Commissioners and the General Counsel over there.
Q: If I recall at this time, the man in charge was a rather strong willed admiral, wasn't he? I had known him vaguely and briefly when I was Consul General in Naples.

STEWART: I believe you are thinking of the Maritime Administration. That's in the Transportation Department. Marad, as it's called, has responsibility for fostering the U.S. Merchant Marine, or what's left of it, and administers the subsidy programs. For international meetings, somebody from the Maritime Administration would always come along with me as a member of the delegation. The State Department had the lead in everything except bilateral agreements. There Marad would take the lead, and the State Department named a representative to the delegation.

Q: What was the role of Japan in those days?

STEWART: Japan was a very important player, but the Japanese did not have on the international scene any figure who was as dominant as the British, French, and German

representatives. They certainly were very interested in their own trades, but Japanese ships didn't do very much cross trading. Cross trading is when a vessel operates between two countries neither one of which is the state where the vessel is registered.

Q: Japanese ships were mainly going from Japan to the U.S., back and forth?

STEWART: Yes. Or to Europe or other destinations. And that situation was a bit different from our own, because Sea-Land at that time was doing a significant amount of cross trading.

Q: In '82 you left there. Whither?

STEWART: I decided for my sins, which obviously were many, that I would go to the Bureau of Personnel. There is no more stringent form of expiation than to work in the Bureau of Personnel for two years.

Q: I find it interesting. I've had my stint in Personnel, too. In most big businesses, personnel is sort of a dead end. People make sure that paperwork is done and all, but the real personnel assignments are made in the head office. The personnel people are sort of clerks who take care of details. But in the Department of State, many of our top people have served in Personnel. It's considered beneficial to get to know the system. It's an interesting phenomenon, I think.

STEWART: I would agree with you. The system, heaven knows, is hideously complicated. But it does reflect the balance of power in the State Department at any given time, and that's why it's so hard to rationalize and simplify it. It's because so many interests have to be taken into account that there are so many fingers in the pie.

Q: You were in Personnel from '82 to when?

STEWART: '82 to 84.

Q: What piece of Personnel did you have?

STEWART: I was the head of the assignment division responsible for the European and International Organization bureaus.

Q: The European and International Organization bureaus were considered by many Foreign Services Officers to be the plums. You must have had a lot of suitors coming around, asking for that assignment to Paris?

STEWART: Indeed there was a fair amount of that, but as I mentioned before, there were so many people with a role in this process, that there was no way that I could either deny or affirm somebody's interest in an assignment. I was the representative of my two bureaus to Personnel up to a point. Within the rules of the game, I would represent their interests. But the rules included an instruction to put into a given slot an employee with

the grade and cone of that slot.

Q: Cone being specialty?

STEWART: Yes. If you were selecting from among several candidates with the grade and cone of the position, then the choice of the bureau - EUR or IO in my case - was the decisive factor unless some extraordinary consideration was present. The way the system was supposed to work, and did a lot of the time, was that our colleagues in the counseling divisions would look at the jobs that were coming vacant in the cone for which they were responsible and find a person that they thought was particularly suited for that job. They would then propose that person to the bureau where the upcoming vacancy was located. The bureau didn't have to accept that recommendation, but the counselor could then take the initiative and bring the proposed assignment to panel. Then it would be up to me, representing the bureau, to explain why the bureau didn't like Suzie or Johnny. That happened a good deal of time. In other instances the bureau would simply make its selection, and I would take that assignment to panel on behalf of the bureau after notifying the counseling division in advance. Assuming the person was at the grade and cone of the job, that choice would normally be accepted. This was the way it was done for economic and political officers. For the so-called inter-functional jobs, such as principal officer or DCM, there were no conal restrictions, and any officer at grade could be proposed to panel by a counseling division or the bureau through the assignments division. Administrative jobs were generally assigned through a negotiation between the administrative counselor in Personnel and the people in the executive office of the receiving bureau. The same thing happened, albeit to a lesser degree, with the consular positions as well, with the Bureau of Consular Affairs playing the role of the bureau executive office. So there was certainly a host of godfathers, godmothers, and rabbis who were active in the process.

The assignments were made at that time by assignment panels. There was a panel for each of the cones, plus a panel for secretarial assignments and panels for other specialists, and the rules of the game were a bit more complicated once you got to them. The most important institution was the inter-functional panel, which met once a week. It was the "court of first instance" for inter-functional jobs like DCMs or principal officers, but that panel could also take appeals from the other panels. The inter-functional panel had as members all the heads of the various assignments and counseling divisions. At the time I was there, it was chaired by Art Tienken, an ambassador with considerable African experience, who I thought was the perfect person for the job--a Foreign Service Officer with a great depth of knowledge, a lot of compassion and yet an ability to look at a situation with a jaundiced eye if that was necessary. There were some enormously good people on the inter-functional panel at that time. I think by and large Personnel has been able to recruit some of the best officers in the Service.

Q: This is the point that I find interesting. Personnel is not a clerical function. Many of the top people have gone through Personnel or have returned to it after having served with distinction in substantive positions.

STEWART: The current Director General, Skip Gnehm, is a pretty good example. He was chief of the Junior Officer Division in Personnel during my time there. A very good person. The system is sufficiently complicated that I would be loath to appoint a director general who had not served in Personnel before. It takes a newcomer six months before he or she understands it, and that's a drag on the effective management of the system if a DG is going to be there for only two years.

The panel always functions in an advisory capacity to the Director General. He or she is perfectly free to overturn any panel decision, since the DG bears formal responsibility for making assignments. This didn't happen often, but it did happen. Frankly, though, I can think of few instances where the Director General was correct in overturning a panel decision, for the panel represented the collective wisdom of not the upper-most ranks of the Foreign Service but officers just junior to them. The people on the inter-functional panel were either FS-01's or senior officers. I found their judgment to be very good indeed. There was consistency, a good deal of discussion about the precedents that were being set, and concern for precedents that hadn't been set. Discussions sometimes got rather heated, and on inter-functional panel at the time - maybe it is still a tradition - there was always a light moment at the end when an award, named the Donhauser Trophy after an erstwhile panel member, was presented. The trophy was an obscene little statuette, painted by somebody to make it look even worse. It "honored" the most outrageous performance on panel that day. The person who had received the trophy the previous week had the awesome responsibility of selecting the new laureate after summarizing all the low points of the discussion which had taken place during the preceding four hours. I received the Donhauser several times for straight-faced attempts to convince the panel that the NATO alliance would crumble it some FO-2 were not assigned to an FO-1 position in Paris or Rome.

Q: One of the pieces of wisdom that I've heard in the corridors of the Department of State was that people who'd served in a rather difficult post in the Middle East or Africa, and wanted a tour in a European capital, couldn't hope to get it because EUR was a closed community and the European types looked after each other.

STEWART: I can think of a lot of instances where that wasn't true, especially if the job did not require extensive background in the country or area. If you had a French speaker with a good record who was proposed for a mid-level political job in Paris and this person had had three preceding hardship tours, I think you would find a good deal of sympathy on panel. The counselor would bring the assignment to panel, and generally the receiving bureau would have agreed in advance. The bureau could generally read the handwriting on the wall, but sometimes I'd have to say, "Well, that's it. You're going to get Schmirtz and you're going to love him."

Q: I served in Italy on my last overseas tour, and I was astounded by the number of people who were on their third or fourth tour in Italy. And I can understand why. As many Italians didn't speak English, you had to know the language. But at the same time, an outsider looking at the situation would say that these Italian specialists were far too concerned with the minutiae of Italian politics and picked up all the internecine Italian

prejudices.

STEWART: And frequently an Italian wife to boot.

Q: Yes. Did you run across this?

STEWART: I don't think that we ever had an explicit discussion of Italy. However, there were assignments that seemed too much of a good thing. John Kornblum is a wonderful example as he served virtually his entire career in German affairs, finally becoming Ambassador. The joke for many years was that his posting to NATO in Brussels was his out-of-area assignment. I think certainly an argument can be made that unless you are as good as John is, that sort of super-concentration is tremendously career limiting. The promotion boards are not going to get enthused about somebody who has bounced from Palermo to Naples to Milan to Rome.

Q: Normally, when one serves in Personnel, it usually means that you can do a certain amount of massaging for the next assignment. How about you?

STEWART: Certainly, I did my best. It is one of the genuine advantages of a PER assignment. It's due not only to the bias favoring someone who had served in Personnel, but also to the fact that you quickly get to know a lot of people in the Department.

Q: As I've done these interviews, I've found that there is a lot of disquiet about political appointees coming in and becoming ambassadors, but within the system itself there seems to be an extraordinary number of people who become ambassadors because they served on the seventh floor as staffers. Or at NSC. Neither is particularly good training for an ambassador.

STEWART: Awful training.

Q: It really is. You are aware of political nuances within the U.S. government, but you don't know how to run anything. Was there any disquiet about this, or was the problem at a different level when you were there?

STEWART: The Senior Officer Division was responsible for making up lists of candidates for chief of mission positions. There were very few instances to my knowledge, which isn't huge because I never served in the Senior Officer Division, where the geographic bureau candidate for an ambassadorship was not selected if there was no political candidate. Unqualified Seventh Floor or NSC staffers were generally excluded, therefore, but so were qualified candidates who did not enjoy bureau support.

Q: Where did you go next?

STEWART: I went from Personnel to Kingston, Jamaica.

Q: What were you doing there?

STEWART: I was DCM.

Q: You were there from '84 to?

STEWART: '86.

Q: Who was the Ambassador there?

STEWART: There were two. The first one was Bill Hewitt, a political appointee who had been chairman of John Deere for a long period and retired from that job. He was appointed by President Reagan and started his tour before I got there. He was succeeded halfway into my two years by Mike Sotirhos, another political appointee who had run the ethnic campaigns for Reagan/Bush in both elections. He was a businessman from New York who had an interior design firm, not a chi-chi sort of thing, as his firm designed places like officers clubs and hotel lobbies. His hobby was politics, but he was also interested in foreign affairs. His great desire was to become Ambassador to Greece, given his Greek heritage, and he went there after Jamaica.

Q: How about Hewitt? Was Kingston an award for political support?

STEWART: Very much the case. He certainly supported Reagan in the 1980 election, probably with campaign contributions, although I don't know that for a fact. He was CEO at John Deere for 28 years. His wife, Tish, was John Deere's great-granddaughter, and he was the last member of the family to be CEO. He was very experienced in running an organization, and I found him to be a very instructive person to work for. He was not a hands-on manager. One of his aphorisms was that if he knew more about the functioning of a John Deere division than the person in charge, then something was seriously wrong. I also found him to be a very ethical operator. He would say in this respect, "If the deal is not good for both parties, it's not a good deal." The Hewitts took a great interest in art and had a fine personal collection. There's a lot of art in Jamaica, it's an enormously rich country in that respect. They did a tremendous amount for the artistic community, in no small measure by making substantial purchases.

Because of Ambassador Hewitt's operating style I became the hands-on guy. It was a great experience in that respect. And Jamaica is a wonderful place to be a diplomat. You are taken into the society there more quickly and more completely than in any other place I've served. You are suddenly enveloped with all sorts of interesting contacts and interesting things to do.

Q: What was the political situation there like during '84-'86?

STEWART: Edward Seaga, the Prime Minister, had come to power as head of the Jamaica Labor Party in 1980, after a very hot election in which there was considerable violence.

Q: Manley was in it?

STEWART: Seaga's opponent was Michael Manley, the head of the rival party in Jamaica's two-party system. The invasion of Grenada had taken place the year before I got there, and that action very popular in Jamaica. The Jamaican Defense Force followed the Americans in and took over as the occupying force in Grenada, allowing us to pull our troops out quickly. The Reagan Administration did not, therefore, have to pay the domestic political cost of running a U.S. occupation while the country was being reorganized prior to elections. The popularity of the invasion led Seaga to call a snap election before my arrival, but the opposition People's National Party, Manley's party, charged with some justification that the election breached an understanding between the parties that no election would be called until a new voter registration had been completed. As the result the PNP boycotted the election, and Jamaica had on my arrival a one-party parliament with the opposition on the outside.

To put it mildly, Seaga was not the easiest person in the world to deal with, but Manley was still suffering from his reputation in the late '70s as being the next thing to a communist. While he was not a communist, a lot of his positions were very leftist. He rethought those positions after losing the l980 election, and my efforts, and I had support from both my ambassadors, were directed at rehabilitating him in Washington's eyes. This strategy culminated in a good meeting with Secretary Shultz in 1985. I maintained pretty close contact with him during the two years that I was there, and I was happy to see that U.S.-Jamaican relations improved when he won the next election.

Q: How was Seaga difficult from our perspective?

STEWART: He was referred to in the AID mission as the City Planner because he got into everything. He wanted to micromanage this, that and the other thing. But he really couldn't do it all. There were plenty of competent Jamaicans he could have worked with, but delegation was definitely not his thing. He had, I think, a profound distrust of market processes while our objective was to introduce market mechanisms and wean Jamaica away from the statist approach to development that the country had been following since independence. It was like pulling teeth to get him to agree to fundamental reform, and the privatization of state companies went very, very slowly. As a result of Grenada, we had a huge AID program, over $100 million per year, which was Washington's way of saying "thank you." It included a lot of ESF - Economic Support Fund - money, which was basically a dollar check written to the Jamaican treasury in exchange for the government's undertaking certain programs. Unfortunately, we were never able to make adequate use of this money as leverage for policy reforms because Seaga regarded it, perhaps with some justification, as payment for services rendered in Grenada.

Q: What about Cuba at this time. Was Cuba playing any role in Jamaica or hovering over the horizon?

STEWART: No, but it's not very far away, of course. If you climb Blue Mountain Peak in Jamaica, you can see Cuba, and there were always some stories about Cuban-sponsored guerrilla bands in the hills and other such nonsense.

Q: What about crime? As DCM, you're responsible for the Embassy community there and also, through your consular section, for private Americans. And I've heard that crime is a major problem.

STEWART: It's certainly no joke. It is a major problem. We had several attacks on Embassy houses when I was there, including one rape. No deaths, thank God. We finally moved to a solution of establishing small compounds, groups of townhouses to which we'd assign a security service. The Ambassador's and DCM's houses had their own guards. And virtually every house in the Embassy housing pool had a so-called "rape gate" that allowed you to cordon off the bedroom area from the rest of the house when you went to bed at night. It was not a particularly pleasant situation in that regard, but it was not the kind of politically motivated violence that would target me because I was the American DCM. Despite the crime problem we didn't have any particular qualms about going up to the North Coast and renting a house for the weekend. But most of those places were located in compounds where there was some security.

Q: Was there almost a double life? I mean there was Kingston and then there was the North Coast, which has rather protected hotels, etc.?

STEWART: Certainly the hotel compounds were rather well guarded, there is no question about that. Once you got outside the hotel compound, you had to be concerned about street crime, and tourists were looked upon as easy marks. I was never really hassled, although we often drove around by ourselves. If you knew your way around, you were much less likely to be bothered.

Q: At one time bauxite was a very important thing. How was it during this '84 to '86 period?

STEWART: Still very important. One of the fiascos during Manley's first period in office was to try and set up an international bauxite cartel, which never really got off the ground. The price of bauxite had fallen, largely as a result of recycling aluminum cans and other end products in the United States and other developed countries.

Q: How about immigration, both legal and illegal? I've heard people who've served in the consular section there say they were getting telephone calls from yuppie couples, asking, "Where the hell is our maid?" They had to wash their own dishes.

STEWART: The visa problem there was dreadful, as it is in so many Caribbean countries. There was an enormous line leading into the consular section every day, people trying to get visitor visas. Sad to say, very few of them were eligible.

Q: Did you find that you were getting a lot of pressure from Congress or from Jamaican officials?

STEWART: I didn't get much pressure from the U.S. We referred Congressional letters to the Consul General and told him, "Good luck." We'd get calls from Jamaican political

figures, and I avoided virtually all of them, unless Manley or Seaga called me personally to take a look at a visitor visa case. But by and large their referrals were pretty good cases as they didn't recommend anyone they thought was likely to skip. That was important. The other major activity there was drugs. Primarily marijuana.

Q: This is part of the Rastafarian thing?

STEWART: Well, that's a part of it. Marijuana is called ganja locally, which is an East Indian word. East Indian laborers brought it from the subcontinent at the turn of the 20th century. It grew wild in all parts of the island, and virtually every Jamaican has tried it at one time or another. But the real problem was, of course, cultivation for shipment to the U.S. We were pretty successful during the time I was there in helping the Jamaicans begin a serious eradication campaign. Seaga was opposed at the beginning but then gradually gave way because of serious U.S. pressure. Eradication was not an impossible task in Jamaica because the island is pretty small when you get right down to it. If you can get a plane to do some serious mapping, you can get enough helicopters to land eradication workers at the ganja fields, and you can conduct spot-checks on a periodic basis, then you can have a pretty good eradication campaign that really cuts the guts out of the industry. We had a program budgeted at $40,000 a year when I came and $2,000,000 a year when I left. Seaga was not enthusiastic about chemical spraying although he was starting to give way on that issue toward the end of my time, but spraying was really not necessary there. You could just cut the ganja down and burn it. The fields were not huge—just a hectare here, a couple of hectares there. It was just a matter of getting the chopper to the field with a crew who could cut it down, pile it up and burn it. There were few people who were dependent on ganja because they could easily switch to another crop.

Q: How about Sotirhos as Ambassador? How did he operate?

STEWART: I think it's fair to say that my relationship with Sotirhos wasn't a marriage made in heaven. This was largely due to the fact that I was brought in to do a certain kind of job for Bill Hewitt while Sotirhos was a very hands-on, my-way-or-the-highway sort of guy. We parted quite amicably, I think, at the end of one year, and then I went off to the Senior Seminar.

Q: Why don't we leave it at this point in 1986 when you are going to the Senior Seminar?

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Today is the 23rd of March, 2000. Todd, Senior Seminar. You were in the '86-'87 Senior Seminar?

STEWART: I was.

Q: How did that go?

STEWART: I found it slightly disappointing, truth be told. I thought that particularly after a while the format became a little too predictable and we were doing too much the same kind of thing over and over. I also didn't feel that our travel schedule was as interesting as it might be. However, my impressions may be influenced by the fact that I was pulled out a month before the end of the seminar to take an assignment on an urgent basis. I didn't go on one of the featured trips, which was to an Air Force base near Las Vegas.

Q: Edwards, I think?

STEWART: Yes, I think so. Perhaps the most interesting part of the seminar for me was the opportunity to write a paper. We were given six weeks to work on a project we selected and a moderate budget to do a little bit of traveling to talk to people. I did mine on one aspect--nuclear weapons--of the influence of religion and the religious community on American foreign policy. This was a very hot topic at the time, for the Catholic bishops and other Christian denominations had issued statements on the issues involved. I found a lot of people who were interested in talking to me about it. My paper was called "Christian Soldiers in the Nuclear Age." The issue, of course, has faded in importance, but the underlying ethical question, the application of just war theory to modern international relations, certainly has not.

Q: While these oral histories are focused on you, we are trying to pick up as much social history as we can in addition. Before you started your paper, what were the Catholic bishops doing, what were the other denominations doing vis-à-vis nuclear weapons?

STEWART: There was a great deal of discussion in the religious communities of the U.S. about the morality of nuclear weapons. Jonathan Shell had published his book *The Fate of the Earth,* and the Catholic bishops came out with their statement which found that there was no way that nuclear weapons could be morally employed. A number of the mainline Protestant denominations also produced reports on this subject which reached the same conclusion. Interesting counterpoints were provided by Evangelical Christian groups, some of which tended to be quite right wing in political terms. Others, interestingly enough, tended to be rather left wing. But there was a certain element on the right wing that said that it really didn't make too much difference whether nuclear weapons were banned or whether we had a nuclear war since we are approaching "end times," the arrival of the Christian Millennium culminating in the Second Coming of Christ. The goal for this group was to get as many people saved as possible in advance of the Rapture and the Second Coming. And this wasn't completely a fringe notion. Reagan's Secretary of the Interior, James Watt, said something along these lines publicly.

Q: To me, when you look at the nuclear weapons question, it seems that it's better to have them than not to have them. In a way the U.S. and Soviet arsenals mutually canceled each other out, and at that time the American churches did not have any great influence on what the Soviet Union did. Did they wrestle with that dilemma?

STEWART: A good deal of time was spent on the moral use of nuclear weapons,

especially in the area of targeting--whether nuclear weapons should be aimed at population centers as opposed to the launching sites of the other side's nuclear weapons. The Strategic Defense Initiative, the so-called "Star Wars" initiative, entered this debate also. But there was a growing feeling, not only within the religious circles but also in the military, that indeed we would be better off switching to a non-nuclear strategy, that a nuclear response to a conventional attack, even if it were unmet by a nuclear counter-response, would get us nowhere, and that we should plan to fight a non-nuclear war rather than rely on nuclear weapons. The arguments were really too complicated to go into here, but I was really interested in the degree of consensus which did emerge in that debate. And the obvious influence it had on public policy, albeit after some intermediate stages. There wasn't automatic acceptance of the bishops' statement as public policy. Instead, the bishops influenced people who influenced other people who influenced still other people. The debate certainly had an effect on targeting policy and also encouraged more and more effort to be put into the START negotiations.

It's a fascinating subject, certainly for me, and I have been interested in it ever since I was in college and had nuclear disarmament as a debate topic. Every so often some things become pretty clear, and back in those days, in the '50s, it became obvious that testing nuclear weapons in the atmosphere was not good for living things. Although it was originally a left-wing issue, a consensus grew that couldn't be denied, and of course the up-shot was the Nuclear Test Ban Treaty in 1963. I think something similar occurred this time around, as more and more people came to doubt the morality and efficacy of nuclear weapons. The weapons really had no useful role in warfare, and even when it came to deterrence, their efficacy was doubtful.

Q: In working on this paper, I take it you did some traveling and talking to people?

STEWART: I talked to a lot of theologians. Obviously some organizations with religious connections were located here, but there were theologians in New York who had written on this issue, and so I went there as well as to Jerry Falwell's and Pat Robertson's' universities in Virginia. Actually, my visit to Liberty University, Falwell's institution, was particularly interesting as I didn't know what I was going to find. I met with members of the ethics department and found that the person who was primarily interested in this issue described himself as Thomist. In terms of theological background he was a Protestant who got his doctorate from USC, but he said that St. Thomas Aquinas was a major force in his theological development. What I heard on the subject from him was not significantly different from what I was getting from Catholic theologians or mainline Protestant theologians. The issue cut in a lot of strange ways.

Q: I think your choice of subject was an excellent one for a Foreign Service Officer, in order to know what is going on in the United States. Because normally we think we know what Christianity is, but millennialism and other fundamentalist doctrines just don't mix with the Foreign Service. It's really a very powerful culture in the U.S., but it's one that only few of us come out of.

STEWART: Precisely.

Q: I was just wondering, how did you find the Robertsons, the Falwells, and the other millennialists?

STEWART: I had great deal of difficulty in finding somebody, an individual, to talk to about this. There is plenty written, for example, *The Late Great Planet Earth*, which goes into millennialism in great detail. I certainly read that and I quoted it extensively in my paper. But I couldn't find anyone to talk to who was an exponent of this doctrine. A number of them live in Southern California, logically enough. There was not one available at Robertson's institution in Virginia Beach. At Liberty, as I mentioned, the ethics professors didn't share the millennialist doctrine.

Q: So, in '87 you were hauled out of the Seminar early. Whither?

STEWART: It was fairly complicated. I was originally slated to go to London to be the Economic Minister there. I was recruited for the job by the Assistant Secretary for Economic and Business Affairs, an old friend and colleague, and I was enthusiastic about the prospect.

Q: Who was this?

STEWART: This was Doug McMinn, who had been at STR for a long stretch. He wanted to resuscitate the London job and give it renewed importance in the formation and execution of economic policy. It all sounded quite good. And then I got the word that the Bureau of European Affairs, as a part of a cost-cutting exercise, had decided to eliminate the Official Residence Expense Allowance, called ORE, that went with the job to pay for household help. In most embassies the ambassador and DCM get it, and in a few places in those days the Economic Minister would get it also. When they decided to cut ORE for the economic position in London, I thought that it was a pretty good sign of just how much priority the Embassy was putting on the job. I also saw that I would be losing approximately $25,000 of after-tax income. As a result, I told Personnel that this was not what I'd signed on for. I then had a very animated session with George Vest, the Director General, who suggested I was an ingrate while I suggested he was running a bait-and-switch operation. Things were a little tense for a while, but my erstwhile colleagues in ARA heard that I was loose and told me that there was a very urgent opening in San José, Costa Rica. This was right after the Iran/Contra scandal broke.

Q: Could you quickly explain what the Iran/Contra scandal was?

STEWART: Yes. It was revealed that a small secret group in the White House, led by LTC Oliver North, was selling arms to the Iranians for use in the Iran-Iraq hostilities and using the proceeds to support the Contras, the resistance movement in Nicaragua. All without Congressional authorization. A number of people were implicated in this, including senior officials in Costa Rica, most of whom had just gone out of office following a recent election. They had provided secret facilities in Costa Rica, which, of course, was a neutral country, to support these assistance operations for the Contras. The

ambassador, who ran the operation with the station chief, had left Costa Rica about six months earlier.

Q: Who was the ambassador?

STEWART: This was Lew Tambs.

Q: He came out of some Arizona school of…?

STEWART: He was either at the University of Arizona or Arizona State. I can't remember which. But he was a Republican very active in the foreign affairs loop.

Q: From the right wing?

STEWART: Yes. He was Ambassador to Colombia and then moved from Colombia to Costa Rica. He was one of the stars of the Iran/Contra hearings, the one who kept quoting, "If you take the king's schilling, you do the king's bidding." In any case, he was out of there, and the DCM left shortly after him. There was nobody left with any seniority. One of the deputy assistant secretaries from ARA was shipped down to be temporary chargé. He had been in San José for about three months and was dying to get home. And the Bureau wanted to get either an ambassador or a chargé down there as soon as possible. Deane Hinton, who was in Pakistan at that time, had been tapped for the ambassadorial job. He had served in El Salvador in the early 1980's and knew the Central American scene very well indeed, a perfectly logical person for the post. He and I had known each other for some time as I had worked for him in EB. So he signed off on my assignment as DCM, and then there was a great rush to get me down there. Bilateral relations were in miserable shape, the temporary chargé wanted to get back home to his family, and the ARA bureau wanted me on the next plane. There were a few slight problems, however. First of all, I hadn't spoken any Spanish in 20 years. I had served two years in Venezuela and spoke it pretty well when I left, but rusty wasn't even the word for my Spanish at that point. In addition, I didn't know beans about what had been going on in Central America. From the standpoint of the State Department, however, this was a great advantage.

Q: Untouched by muddied hands.

STEWART: They couldn't find any more virgin an officer than I was as far as Central American policy went. A new station chief was sent down at that time with the same lack of qualifications, and we used to kid each other that ignorance is bliss. However, I went into an intensive three-week training period, where I was taking Spanish in the morning and receiving substantive briefings in the afternoon.

The final problem in getting down was a typical Foreign Service sort of thing. My wife was going to pack up the house and follow me after taking some Spanish beforehand as she had not lived in Venezuela. But I was going to take our dog "Adam," a large Doberman pinscher, because the DCM residence had a fenced yard and the staff, oddly

enough, were used to Dobermans since George Jones, my predecessor's predecessor, had owned one. The only catch was that we were having a heat wave in Washington in June of '87. The airline rules were that if you were having a heat wave, you couldn't ship an animal because there was no air-conditioning in the hangers. I waited for the heat wave to abate, but there was no relief. The isobars were locked in place all over North America. The days passed, the cries of anguish from San José were getting louder, and people in ARA kept urging me to be on my way.

So I finally said, "I'll have to drive to Miami." It was actually cooler in Miami than it was in Washington so I could put Adam on the plane there. The problem was getting down there with the dog and his crate, which was very large. I couldn't get it into a regular car, and nobody would rent a station wagon to go to Miami. South Florida is apparently the Sargasso Sea of rental cars. Finally, I had to rent a pick-up truck and put the crate in the back and the dog in the cab with me. Off we went, but not very comfortably and not very fast. The pick-up truck was not air-conditioned and the temperature was still up in the 90s. Moreover, the truck's engine came complete with a governor which prevented me from exceeding 55 miles an hour. I drove all the way from Washington to Miami on I-95, stopping periodically to give the dog some water. We found a motel that accepted pets in Jacksonville, got into the air-conditioning and fell quickly asleep. I passed exactly one vehicle on the trip, and that driver was having serious engine problems. Everybody else was whizzing by me. Adam rode with his chin in my lap, drooling and shedding. When I reached the Miami airport, my shorts and t-shirt were covered with saliva and short black hairs.

When I entered the cargo terminal to get the dog checked in, I realized I'd forgotten his papers. Somebody standing in line offered to hold his leash while I ran back to the truck. When I reentered, I found everyone in the waiting room, some 30 people, in a circle around the dog and applauding. Adam was in a sitting position, looking pleased with himself. Apparently somebody told him to sit, and when he did so, the whole room felt it advisable to show appreciation.

After leaving Adam with Eastern Airlines, I dropped off the truck at the rental agency. In the washroom I attempted with paper towels to wipe off the worst of the saliva and hair, put on a suit over what remained, got on the plane, and flew off to take over the Embassy in Costa Rica.

Q: This man is traveling in style. I remember arriving in Athens, and I swore it wouldn't happen, but I had a huge, dirty bunny rabbit, a violin, and small children with me. I had said, "I am not going to go that way," but I of course ended up with a bunny rabbit and a violin.

STEWART: You could have played in the airport and made a little extra money.

Q: I don't play. It wasn't mine.

STEWART: Those were the circumstances of my arrival.

Q: Now tell me about the political situation when you arrived.

STEWART: The situation in Costa Rica when I arrived was challenging. In the spring of 1986 Alberto Monge was succeeded by Oscar Arias Sanchez as President of Costa Rica. Although they were of the same party, Arias and Monge had rather different views on a number of things, particularly a strategy for dealing with the civil wars in Costa Rica's Central American neighbors.

Arias's objective was to effect a just settlement of all the conflicts in Central America, starting with the Nicaraguan conflict and then working north to Salvador and to Guatemala. His watchword was "Ballots, not bullets," which he repeated many, many times in my hearing. Don Oscar, as you know, won the Nobel Peace Prize for his efforts. I don't think he really deserved it when he got it, but he certainly deserved it by the time his term of office was over. I think his was without a doubt the most brilliant diplomacy I ever watched up close. Arias is an extraordinary person. He's vain, but with considerable reason. And he is one of those vain people who doesn't hesitate to surround himself with the best people he can find, because he is absolutely convinced that he is better then any of them. Why not get the best you can get? They may not be up to your standard, but, hey, no one is.

Arias recognized that he had two problems to deal with--first, the other presidents in Central America and, second, the U.S. He saw, moreover, that U.S. policy was complicated by a Democratic Congress and Republican Presidency. He understood that it was necessary to deal with both these branches in the U.S. to pursue his objectives. He had up here as his ambassador Guido Fernandez, who's an extraordinary diplomat. Guido did a masterful job of shuttling back between the Congress and the Administration to push forward Arias's objectives.

You will recall at this time there was no hotter issue between the Congress and the Administration than Central America. Central America was in the spotlight, for the Reagan Administration had put a tremendous emphasis on the region as a foreign policy priority. The Democrats reacted to the Republican's support of the Nicaraguan resistance, the Contras, by espousing Arias's proposals for settlement of the Central America conflicts. The fulcrum for this battle was funding for the Contras. The money provided by Congress - and this is, of course, all after the Iran/Contra scandal—was always short term. Money was provided for a matter of months, if not weeks, and then there would have to be another vote. Appropriations were used by Congress as leverage to try to move the Administration into a position of supporting Arias's strategy, which they finally did.

Arias's first big success, which came several months after I arrived, was the so-called Esquipulas II Agreement, under which the Central American presidents essentially endorsed the strategy of moving toward an electoral solution. The details were many and complicated, and of course they evolved as time went on. However, the electoral strategy drew increasing support, even from the United States.

The Administration had, before I arrived on the scene, appointed a special negotiator for Central America. Phil Habib had come out of retirement to take this job, but a few months into my tenure Phil finally said, "Nuts to this." I suspect he felt the Administration was not all that serious about a negotiated solution and therefore returned to his retirement. He was replaced by Morris Busby, a career officer. Equipped with a U.S. Air Force plane, he flew around the Isthmus, talking to one president after another and sometimes with guerilla leaders as well. In addition to Busby, we also had Senator Chris Dodd, Chairman of the Latin American Subcommittee of the Senate Foreign Relations Committee, who traveled through Central America in his Air Force plane, sometimes in the company of his Republican counterpart, Senator John McCain.

Q: We are talking about Chris Dodd, who was a Democratic Senator from Connecticut?

STEWART: Yes. Dodd's Spanish was exceptionally good. He'd done a stint with the Peace Corps in the Dominican Republic and had all sorts of personal contacts throughout the region. He was really conducting his own round of diplomacy at the same time Busby was conducting his. There was always some doubt, frankly, as to whether the Administration wholeheartedly endorsed Busby's efforts or whether this "negotiating track" only served to keep the money coming from Congress for the Contras. Then we had Arias who was on the telephone all the time talking to people—plus his Washington ambassador who was shuttling between the Administration and the Congress. There were many players in this drama.

To make things even more interesting, Central America was such a key political issue that many members of Congress found time to come down and have a look for themselves. This was encouraged by the Administration. In the fall of '87, we had a tremendous influx of members of Congress. The usual pattern was to fly in from Washington Friday night on an Air Force plane and stay in San José, the safest location on the Isthmus. They saw Arias on Saturday morning--he would see anybody in Congress. Then they would pop off to a couple of countries, return to San José Saturday night, and visit the others on Sunday before returning to Washington. The care and feeding of these folks was certainly one of the major activities at the embassy. Some of the Congressmen were not getting per diem. The Administration was flying them down, but there was no money to feed and house them, so we were putting them up in our homes. The more senior people I invited to stay at the DCM residence. Others were farmed out to second secretaries and even more junior members of the staff. The demand was sufficiently great.

Q: Shows you how things change. Some time ago I interviewed Curt Windsor, who was Ambassador in the '70s to Costa Rica, and he said the highest-ranking American to come there was the Lieutenant Governor of Mississippi.

STEWART: I was chargé for five months after I arrived there. Deane Hinton had some problem with his background investigation, which he finally got resolved but only after a lengthy hassle. It wasn't until the late fall that he actually appeared on the scene.

Q: Was there the feeling on the ground that both sides in the civil wars realized that neither was going to win? I am talking particularly about El Salvador. Neither side felt that it was on the cusp of victory, and that is why an election-based solution made sense?

STEWART: The story was different, I think it's fair to say, in each country. The attention focused on Nicaragua. And it was key because whatever happened there was going to have a big influence on what happened in Salvador and Guatemala even though the issues and the personalities were different. Arias's interest, and certainly American interest, focused initially and principally on the Nicaraguan situation, which was extraordinarily complicated. You had the Sandinista government in Managua. Then you had the Resistance, the Contras, operating out of Honduras with the permission of the government there. That was the Northern Front. You also had the Southern Front, which could not operate militarily out of Costa Rica as Arias did not permit the continuation of military assistance. But Southern Front figures did come across the border for R&R on a regular basis.

Q: The people coming across were Contras?

STEWART: Yes. We also had resident in San Jose three *comandantes,* three directors, if you will, of the Resistance. And the three we had were the most liberal ones. The harder line, more objectionable *comandantes* were all in Honduras. Again, this is a reflection of the politics of the two countries. Arias would countenance the folks that we had, but not the harder line types in Honduras who were accused of civil rights abuses, atrocities, and what have you. The fighters that would pop up in Costa Rica periodically were either Indians or blacks from the southeastern part of the country. My impression of these guys was that they were all genuine freedom fighters. First of all, none of them had served in the National Guard.

Q: Somoza types?

STEWART: No, these were people who for *campesino* reasons did not like the Sandinistas. They were not numerous, but they did appear periodically in San José. Finally, we got permission from the Costa Ricans to establish a hospital for Southern Front fighters who had been badly wounded and needed medical attention. AID had the money to set up the hospital, which was obviously going to be controversial, and there were all sorts of rumors about it. At one point the local press came bounding through the front door expecting to find, I guess, an arms cache and instead found a bunch of very sick-looking people. The hospital was controversial, not only in Costa Rica but also in Washington. The Inspector General's Office of AID assigned not one but two inspectors to do a simultaneous audit of the operation, so we had myself, who was in charge of the whole program, an AID officer who was really running the show and two inspectors who were looking over his shoulder. This was not a very expensive program, but it was certainly the most intensely audited one that I every heard of in the U.S. government.

The politics of Central America were complicated in Washington. The Administration was arguing to Congress that we had to keep the Resistance going to bring about fair

elections in Nicaragua. Otherwise Sandinistas would just rig the outcome, it was argued. A lot of people on the right, however, maintained that there was no way that we were could have fair elections in Nicaragua and that we shouldn't even try. There was some question, therefore, as to whether the Administration believed what it was saying to Congress. And whether Busby's negotiations really had the support of the Administration. In any case, nothing definitive was done in moving toward an election-based solution until after the 1988 elections in the U.S.

Q: That's when Bush won.

STEWART: Exactly.

Q: Did Bush come down, by the way, at all while you were there?

STEWART: Yes, indeed he did. We had visits by the President, the Vice President, and the Secretary of State. It was quite a spot. The embassy staff was superb, and they could backstop a visit in their sleep. Everybody knew the drill and did it.

Through the U.S. elections and even a little later, there was very little apparent movement, but I think it is fair to say that Arias's plans were going forward. In Central America he had more and more of a consensus as to how to proceed, along what lines and schedules. But in Washington there really was no movement because of the split in the Reagan Administration. This was a problem that required some very definitive decisions coming out of the White House, and that was simply not going to happen under Reagan. So came the elections, and George Bush took office with Jim Baker as his Secretary of State. I believe that Baker concluded even before the inauguration that Central America was an albatross. The problem was going to cause nothing but grief if it continued, he calculated, and it was going to block progress that might be made in other areas of foreign policy.

Q: '89 being probably one of the most critical years of the millennium.

STEWART: Exactly. Having determined that the Bush Administration would not continue Reagan's obsession with Central America, Baker did something that I think was brilliant although it had a rather odd outcome. He installed Bernard Aronson as Assistant Secretary of State for Inter-American Affairs. Bernie is a Democrat. His background is really in labor affairs and social issues. He's a liberal Democrat on those issues, but he'd supported the Administration publicly on Central America. This was not unheard of, I guess, in the labor movement, but it certainly didn't reflect positions in the mainstream Democratic Party. In any case, Bernie was given this job. And Baker, I am told, talked to Dodd and other key Democrats before the Administration took office and said, "We want to cut this one loose. If you will give us some slack, we will allow elections to take place in Nicaragua." As that's what the Democrats had been calling for, some sort of understanding was reached. I suspect Aronson was put into office to take the hit after the Sandinistas won the election. The Republican right would demand blood, and so you had this Democrat scapegoat already tethered by the altar. You'd just slash its throat, toss it

on the fire and move on.

Nicaragua moved forward to elections in 1990 and we financed technical assistance for voter registration and balloting; it was all clean, overt assistance. Everybody in Washington knew that Daniel Ortega and his Sandinistas were going to be elected. We got U.S. television in Costa Rica via satellite so I could watch Peter Jennings announce the results of an ABC-financed poll showing that a Sandinista victory was a foregone conclusion. This is what all the polling people from Honduras were reporting, too.

There was only one exception, and that was the Gallup-affiliated polling firm we hired in San José. The firm was owned and managed by an American resident in Costa Rica who had an excellent record for accuracy. He conducted his polling in Nicaragua and told us Violeta Chamorro, and not Daniel Ortega, was going to win. We reported this to Washington's incredulity, but of course that's exactly what happened. The Sandinistas were just devastated. Jimmy Carter was in Managua for election night.

Q: This is President Carter who had sort of a human rights, democracy-type organization, the Carter Center, down in Atlanta.

STEWART: Exactly. Carter encouraged, in fact almost walked Ortega up to the microphone, to concede defeat before Ortega really understood what had hit him. The upshot was that we did have ballots, not bullets, and that the good guys won. And Aronson became a hero, not a scapegoat, and continued on in his job for the rest of the Administration. Of course this outcome provided the impetus for settlements to be reached in Salvador and Guatemala.

Q: What were you getting from your contacts in Costa Rica? Did they think the Sandinistas were going to win, too?

STEWART: No. Most of the people that I knew that were closely involved figured that Violeta would win.

Q: When did Deane Hinton arrive in Costa Rica?

STEWART: At the start of November.

Q: Of '89?

STEWART: Of '87. And he remained there until January '90, right after the Panamanian invasion. Then Bush moved him to Panama.

Q: He is sort of a troubleshooter.
STEWART: He took charge of the embassy there. There was a conflict between John Bushnell, the chargé, and Embassy staff members who felt that John had left them in an exposed position during the invasion. Hinton moved in to assume charge and handle the liaison with the government that was being formed.

Q: While Hinton was there and you were the DCM, how did Hinton operate? What was your impression of him?

STEWART: When Deane arrived in Costa Rica, he was over 65 and close to completing 50 years of government service. He had started working for the government in the Canal Zone on summer vacations from college when his father was an Army officer there. He said that he figured that he could do the San José job on sort of a half-time basis. He would be coming in mornings and spending the afternoons at home. He managed to do that part of the time. That's not to say that he didn't do anything at home, but he wasn't sitting in the office the whole time. We had an extraordinarily good staff, and he could just give some general directions and we would take it from there. If there was heavy lifting to be done, particularly with Arias, he would go over and do it. But he wasn't into what you might call the day-to-day stuff.

Our AID mission was just outstanding, and there was close cooperation between the mission and the Embassy. First of all, Hinton had an AID background as he had been an AID director at one stage in his career, and I had been involved in the AID program in Jamaica. We had a huge program, around $120 million per year. It even went over that in one year because every time Congress would grant the Administration's request for another $10 million to the Contras, they would give another $10 million to Arias through the AID program just to poke the Administration in the eye. So we were awash with money. By the same token, it was used very well. This was a government that wanted to do things and indeed was doing them. Nonetheless, I was amused that Hinton, shortly before he took off to Panama for good, was asked to give a speech to the San José AmCham, which is a very important institution in Costa Rica.

Q: That's the American Chamber of Commerce.

STEWART: Yes. He told everybody that within three or four years there would be no USAID program there. That was a drop from $120 million a year for a country of about 3 million people to zilch, and his prediction was bang-on.

Q: Once the spotlight moved away…

STEWART: The bottom dropped out. The program had begun with an enormous influx of money during the Monge period, inspired in large measure by Monge's cooperation with our Contra assistance activities. And by a very activist AID director, who did a number of things which, although not to his personal benefit, were nonetheless beyond the bounds of propriety. It was an odd situation because he actually had grown up in Costa Rica, knew a lot of people there, and spoke superb Spanish. The details of the AID program would be worked out--this was before my time, of course--over a bottle of Scotch in somebody's house late at night between the director and key government leaders. There were all sorts of side deals, all very carefully balanced in Costa Rican terms, to take care of this faction and that faction and so forth. But, by American terms, it was quite improper. He'd left the same day that I came.

The mission was taken over temporarily by the deputy director who came to my office my first day on the job and said, “Look, we have a big problem.” The biggest single project we had down there was the so-called Earth School, which was to be financed by AID counterpart funds, the *colones* that were generated by our ESF contributions. With the Costa Ricans’ concurrence, we used a good chunk of those funds to buy enormous sections of real estate in Costa Rica as the campus for a school of humid zone tropical agriculture, not just for Costa Rica, but for all the countries in the area. The project made a good deal of sense. It had support not only from AID but from foundations in the U.S., including the Kellogg Foundation. The catch was that there was a custom in Costa Rica, that the notary, the lawyer who draws up papers for real estate transactions, is paid a percentage of the transaction value. And this was the biggest transaction in the history of Costa Rica. So the former AID director, in the spirit of cutting everybody in on the action, had passed this prize to two lawyers who were members of Congress from the opposition party. After explaining all this, the acting AID director said, “I just can’t do it. I am going to cancel the deal.” I replied, “Okay, I understand where you are coming from. Do what you have to do.”

Two days later, the head of the opposition party appeared on my doorstep to protest the cancellation. The son of a former president, he himself would be elected president before I left. I said, “I’m sorry, but by our standards this thing simply can’t go forward.” Everybody’s nose was bent out of shape because it appeared that we were accusing the lawyers of taking a bribe in exchange for approval of the deal by congress. Finally, after some consultations between the acting AID director and myself, we got hold of the head of the Kellogg Foundation, who was also the chairman of the board of trustees of the school. We said, “Would you please come on down here and apologize for what has happened?” He came to San José, and we set up a luncheon at my place, invited the two congressmen, and apologized backwards, forwards, and sideways. Finally, they accepted the apology, and we were actually on pretty good terms after that.

However, this was just the tip of the AID iceberg. Shortly afterwards, a team of AID inspectors arrived and spent the next year going through all the stuff that had been done there. Nothing the former director did was to his personal benefit, but he had given grants to his old high school, for example. Much was just beyond the pale from an American standpoint. However, the money was well used, for the economic slump that occurred in Costa Rica was reversed, the economy was quite substantially transformed, and a lot of the institutions which were owned by the state were privatized.
Q: Were you getting pressure around that time to develop a Costa Rican army? From what I gather, they don’t have a standing army; it’s just a gendarmerie. Were you up against proposals in this regard from right-wing forces in the United States?

STEWART: No, there was never any pressure from Washington on that subject. We actually had a defense attaché in San José, which was rather amusing--a defense attaché in a country without an army. The attaché used to say that it wasn’t true that Costa Rica had no army. It was called the 82nd Airborne. And that was more than a joke. Anytime the Nicaraguans or the Panamanians made threatening noises, the Costa Ricans would

ring up Washington, and we would make threatening noises in return. That generally solved the problem.

Q: You were in Costa Rica from '87 to?

STEWART: To '90.

Q: How about the church, particularly the Catholic Church, but maybe some Protestant groups there. How did they fit in?

STEWART: Catholicism was the semi-official religion, but it was not really a political force. It was much more like a church in the U.S. than the church in many Catholic countries. Condoms were on sale at the checkout booths at supermarkets, and the Costa Ricans had a wide range of population programs that we were financing. The church was interested in social causes, and attendance was reasonably good. There were a lot of Protestant evangelical missionary groups there who were free to do their thing. There were also two Mormon churches in San José. It was a situation that didn't much differ from what we have here.

Q: What was their any indigenous or extra-national guerilla movement going on there? Was there a spillover from Nicaragua?

STEWART: Fighters would come across the borders, as I mentioned, but that was about it. There were some refugees, but not very many, in refugee camps of sorts. But the camps weren't closed. The refugees could get a job if they felt like it, or go to school or college.

Q: From what you're saying it sounds like everything I've heard about Costa Rica is true, that it really was different.

STEWART: I think it is. You have quite a different history there than you have in other parts of Latin America. First of all, it was one of the few Spanish colonies to which large numbers of women colonists came. You didn't have very many Indians there in the first place, for it was a buffer zone between the Mayas and the Incas. The colony was composed of Spanish farmers, almost Jeffersonian, who occupied the area around San José where there were four towns back in the 18th century. Just an agricultural existence. There was never any independence movement. Somebody showed up one day and said, "The Spanish Empire is over. You are now independent." So they cobbled together some sort of government.

This situation changed in the 19th century, with the advent of two things. One was the railroad. An American by the name of Minor Keith, who had been a Union officer in the Civil War, built a railroad from San José down to the Atlantic coast. Previously, virtually everything came up from the Pacific coast. Then, second of all, coffee was introduced, and with it came a concentration of wealth, for the coffee planters were able to make real money. Yet, the democratic traditions of Costa Rica are traced back to the era of

Jeffersonian yeoman farmers.

The army was abolished after World War II, but it never amounted to much before that time. There was never the militaristic tradition that you find elsewhere in Central America. By the same token, the police force was reconstituted after every election to prevent the establishment of an independent power base. It's a patronage operation in a sense, with all the weaknesses that you can imagine coming out of such an arrangement. The lack of professionalism causes problems as seen in the recent murder of the two Antioch college students. There is not very much effective policing to prevent crimes. The investigation after a crime has occurred is the responsibility of another police force, which is professional and really quite good. It is subject to the courts. The FBI cooperates closely with this force, which has competent investigators and good labs. But there are no police skilled in keeping somebody from bopping you over the head when you walk down the street.

Q: During this time, particularly before the election in Nicaragua, I've heard that U.S. liberals - the glitterati, the Hollywood stars and other people who come out for every cause and all--came down in support of the Sandinistas, and they loved to hate our policy in Central America. Did you run across these people? Were they coming down to Costa Rica for R & R?

STEWART: Some of this. In addition to the Congressmen I mentioned, we had other folk that would come through, and if they had any sort of official connection, then we of course got involved. I remember that Jack Kemp brought in a planeload of leading conservatives on a tour of Central America. They were just supposed to come for half a day, but then the airport got socked in, and only thanks to divine intervention did the fog lift for the few minutes necessary to get the plane in the air. Otherwise, we would have had to find hotel rooms for the entire party.

But the funniest group arrived with Edward Koch, the mayor of New York. Ed was a little bit on the eccentric side, shall we say. He was making his isthmian tour with the Administration's encouragement because he was supporting our Central American policy.

Q: He was a Democrat.

STEWART: Yes. He arrived with a group that was out of this world. Nobody seemed to be fully clothed. The plane pulled up to the gate (we were down on the tarmac), the ramp was pulled up, the hatch opened, and immediately two guys in shower clogs and, I guess, shorts but nothing else came running down the steps with television cameras on their shoulders to film Ed walking down the steps. Ed was wearing a suit but no tie, and the interesting part of his ensemble was that he didn't have any socks. Just shoes and bare feet. This was another short visit, and we were just taking him over to see Arias. He and I were chatting on the bus, and he suddenly said, "Yes, I don't like socks." I hadn't mentioned the subject, but maybe my eyes had strayed down to his feet. The delegation went to see Arias, heard Don Oscar's standard speech, and left. The visit got a fair amount of play in the local press, including a commentary by one journalist who wrote

that the Embassy should have advised Koch that Costa Rican protocol required socks.

Q: Let's talk just a bit about Arias. You've already talked about his being a superb diplomat. How did he deal with the Embassy?

STEWART: He did everything very directly. When I was Chargé, he would call me up on the telephone. Sometimes I would go over and see him at his request. The interchange was frequent. He had a good foreign minister, Rodrigo Madrigal, whom I liked a lot, but he was frequently somewhat out of the loop. I remember that during one visit by Morris Busby we went to see the Foreign Minister rather than the President, and he told us something rather important about the next step in the peace process. Something in the nature of a--concession is too strong a word--but something we wanted to hear. Busby got on the plane, and I went back to my house as the visit, like many, had occurred on a weekend. I then got a call from the Foreign Minister saying, "I am terribly sorry, but Arias has just reversed all I said." So I called Busby and said, "Oops, cancel all that, and we went back to the *status quo ante*."
Ours was very much of an around-the-clock, 24-7 type of operation. Part of the pattern was the call the Political Counselor and I would make Sunday afternoon at Foreign Minister Madrigal's home. Saturday night the Department would send out a cable, which would arrive, of course, NIACT on Sunday morning. The instruction invariably was to stop everything, hunt down Madrigal, and give him a message. We'd call up Madrigal, who, fortunately, was a hell of a nice guy and understood where everybody was coming from. Then the two of us would go trooping over, sit in his parlor, give him the message, hear what he had to say in response, return to the Embassy, and write a cable back to the Department.

Q: How about Arias? Was he aware that the largesse would disappear once what he was trying to accomplish was accomplished? In another words, when peace was restored to the region?

STEWART: I think that he was aware. I would have been amazed, had he not understood that. He was very shrewd, a wonderful politician.

Q: Did you feel that he was working to get as much as he could out of us during this time?

STEWART: Certainly it was all very welcome. As I said, our aid was used very well. The policy conditionality was pretty stiff, but again, both Arias and his predecessor understood that some fundamental changes had to take place in the economy of Costa Rica. And a lot of these changes were made.

Q: Did the Soviet Union, or more probably Cuba play, any role? Were they any concern of ours in Costa Rica?

STEWART: No.
Q: Did Washington more or less accept this? Because early on, particularly in the

Reagan Administration, it was charged that the Soviet Union, through its surrogate Cuba, was going to be within striking distance of Brownsville, Texas.

STEWART: It certainly was not a feature of what was going on in Costa Rica. I will not speak for Honduras or Nicaragua even though there was an enormous amount of cable traffic among the Central American posts. Sitting where I did, I knew almost as much about what was going on in Managua as I knew about what was going on in San José. We read everything that came out of Managua, and we read a fair amount of what was coming out of Salvador too. We had to stay up to date because Costa Rica was used as the venue for a lot of meetings. One evening I had couple of Salvadoran guerilla leaders sitting in my parlor waiting to meet some other Salvadorans under our auspices. Nice folks.

Q: When you were doing this, did Mexico play any role?

STEWART: Not really.

Q: From your point of view, nobody was saying, "The Mexicans feel this or that"?

STEWART: It was not a big thing.

The other country of importance was, of course, Panama. The Panamanians had nothing to do with Nicaragua, but the southern border was important. And at the time of the invasion…

Q: Did the invasion happen during your time there?

STEWART: Yes.
Q: What was the reaction in Costa Rica? Were you braced for it?

STEWART: Not really. I certainly understood the possibility, but we had no advance knowledge. I remember that after Deane and I were at a Christmas party the night before the invasion, somebody told me two days later, "My God, you guys were cool at that party knowing that…" I just smiled as modestly as I could.

Q: Did Costa Rica respond? Were there Costa Rican mobs in front of the Embassy?

STEWART: Oh, my, no. We had a few demonstrators on some issue during the time I was there, but I can't even remember what the issue was. I never saw anything that constituted a mob.

Q: Was there any feeling of your representing the Colossus of the North in Costa Rica, or was the relationship much healthier?

STEWART: It was a fully healthy relationship. The Costa Ricans constituted kind of a Latinized version of North American civilization, for want of a better word. During

Arias's presidency, he could have held cabinet meetings in English. Members of the upper crust sent their kids to the English-language high schools in San José so they would be bilingual before going to the University of Costa Rica and then on to graduate school in the U.S. So you had all sorts of people that spoke both languages fluently. There were an enormous number of American retirees, some 20,000, who were scattered around the country. Once some officers flew in from SOUTHCOM to talk about evacuation plans for U.S. citizens. "Very interesting," I said. "Under what circumstances do you think we are going to have to evacuate people?" "I don't know," they replied, "maybe if Sandinistas invade." "Well," I continued, "I don't think that's very likely; moreover, if the Sandinistas do invade, I think that the airports will be used to get the troops in, rather than to ferry American citizens out. And finally, I think that the Americans would feel safer if they just stayed at home." You couldn't really tell a Gringo from a Tico, and if the Americans tried to drive to a Caribbean evacuation port, the road over the *cordillera* is so bad that many of them would be killed in accidents. So, I said, evacuation would just not be worth the risks.

Q: You left there in '90. Whither?

STEWART: To Canada. I guess I filled out a bid list, as one was required to do, and I listed Ottawa, where there was a DCM job, as one of my bids. The system then gave my name to Ed Ney, who was the ambassador, a political appointee who had been in the advertising business before. He picked me sight unseen, although he was going to be there for another year and a half.

Q: We were looking at the elections in the U.S.?

STEWART: Not even that. This was in the middle of Bush's term, and Ney left well before Bush left. So it worked out. I had no particular Canadian experience, but very few people do anyhow. I was transferred via home leave to Ottawa.

Q: You were in Ottawa from 1990 to?

STEWART: To '93.

Q: In the first place, let's talk about Ed Ney. What was he like as an ambassador?

STEWART: This was a time in our relations with Canada when very little was going on. The free trade agreement had been negotiated, and Tom Niles, his predecessor, had played a very active role in those negotiations. That was behind us. The Mulroney government really had no interest in doing anything further to deepen U.S.-Canadian relations. They had shot their wad in getting the FTA ratified. NAFTA was negotiated during my time, but the only reason the Canadians were involved was to make sure that the Americans and Mexicans didn't do something to their disadvantage. There were really no issues coming to the fore. One thing that I tried to do, expending considerable effort to no good end, was to get a bilateral aviation agreement negotiated in order to open up airline travel between the two countries.

Q: It was a ridiculous situation when you really didn't have good airlines connections between Canada and the U.S.

STEWART: Oh, it was absolutely nutty. And everybody realized that it was absurd. Because of my transportation background, I knew a good deal about the issues. The DAS for transportation in the State Department was somebody I knew, and we had confidence in each other. I thought, "Golly, here is a good job for me." At the beginning of my tour, the Minister of Transportation announced with some fanfare that we were going to negotiate an "open skies" agreement. That was actually the high water mark of the whole exercise, for the issue suddenly sank to the bottom of the Canadian priority list, and despite an enormous amount of back and forth with Washington and meetings with the Deputy Minister and conversations with this person and that person, nothing ever happened. Finally, at the end of the Mulroney government, I said to the chief of staff of the Secretary of State for External affairs, "Tell me, what was going on here?" And he said, "Frankly, we took a decision that we just couldn't handle this one." So the negotiations were in actuality suspended although the delegations continued to meet. Mulroney was already carrying the cross of the FTA, which was abysmally unpopular. So this agreement, which everyone understood made perfect sense, so simple that a 10-year-old could have negotiated it, just hung there. And of course then, when the Liberals came to power with Chrétien in late 1993, the agreement was negotiated in six months.

Q: What was the opposition to the agreement? Why would it have been unpopular?

STEWART: Regardless of what was agreed, the Liberals would have accused the Tories of selling out to the U.S. The substance wouldn't have made any difference at all if Mulroney's government did the negotiating. Half the country wouldn't have believed it was a good deal. More than half, probably two-thirds.

Q: Was there a strong lobby, a subsidized airline lobby, or was it just a purely political thing?

STEWART: Purely political.

Q: Just "somebody is going to give away the store?"

STEWART: Yes. The outlines of the deal were perfectly clear. You allow U.S. and Canadian airlines to serve any airport they want in either country that has immigration and customs facilities. But, you stagger the number of landing slots that American lines can have in Vancouver, Toronto and Montreal for a certain number of years in each case. Negotiate the number of years and how many slots they would get, and the whole negotiation is done. There was one other aspect too, but even this was a no-brainer. Canadian airlines wanted permission to fly directly to and from LaGuardia in New York and National in Washington, D.C., where there were no immigration and customs facilities, just on the basis of the pre-clearance that existed in Canada. Customs was huffing and puffing about that proposal, but everybody knew that this was something that

every self-respecting bureaucrat in the U.S. government wanted because of the necessity of going out to Dulles or traveling further to Baltimore for a little puddle jump flight to Ottawa. It's an hour flight, and you should be able to get on a plane at National, go up to Ottawa, and return the same day because back-and-forth bureaucratic traffic between the two capitals is, of course, significant. And it was perfectly clear that whatever objections Customs had on that score were going to be blown away. So there was virtually nothing to negotiate about except the speed with which Toronto, Vancouver and Montreal would be opened up to U.S. carriers. That was all there was.

Q: What about the issue that came up again and again about media dominance?

STEWART: We had a few rounds on that. It was an issue when I got there and it was an issue when I left. There was some movement, but whether it was forward, backward or sideways, I can't say.

Q: Did you find that this is one of the things that makes you a Canadian? You have to have something to differentiate you from an American, and this is a cause that doesn't cost too much. So you complain about American TV, too many U.S. magazines in Canada, and that sort of thing.

STEWART: If you are on the left wing, such as it is, of the Liberal Party, this is something that you bitch about. The truth of the matter is the following: when it comes to television, there is far more cable coverage in Canada than there is in the U.S., and the cable companies serve the 90% of Canadians who live within 100 miles of the U.S. border. And every one of those cable companies carries all the U.S. networks. My favorite station was the Public Broadcasting System station in Watertown, New York. Watertown is in upstate New York, close to Lake Ontario, and close to the border. That station would broadcast into Canada, and the cable system there would pick it up. The station identification screen for the station had an American flag and an only slightly smaller Canadian flag right behind it. Fund drives were conducted in both countries, and "we will take either currency, thank you." It was widely watched - and supported - in Ontario.

Q: The irony is that some of the major shows were British productions.
STEWART: There was that, but, truth be told, the North American entertainment industry is exactly that because many Hollywood actors are Canadian.

Q: Also a lot of U.S. movies are filmed in Canada because it's a little cheaper.

STEWART: Absolutely. And depending on what effect you are trying to get, it may be easier to go north of the border. I was visiting the president of a forest products company in Vancouver, somebody I'd called on before, and I remembered what his office looked like. I walked in this time, and everything was sports posters, all through the suite. I said, "What in the world is going on?" And he said, "We rented the office to PDQ Productions out of Hollywood." PDQ was going to be filming a movie there the next weekend, something with a sports business theme, and they had already made over the décor.

Q: During this '90-'93 period, what were we seeing about the Quebec question, the possibility of independence?

STEWART: First of all, the Meech Lake agreement, which was supposed to provide a universally agreed constitutional arrangement for Canada, finally foundered during my time because it had not been ratified by all the provinces. So Mulroney decided to "roll the dice" again. More meetings were held with the provincial premiers, and they came up with yet another agreement, the so-called "Charlottetown Accord," which was submitted to a plebiscite across Canada. And that was defeated too, not only in Quebec, but in other provinces as well.

Lucien Bouchard, who had been a member of the Tory Party and friend, from back in law school days, of Mulroney, had split with Mulroney and formed the Bloc Québécois in Parliament. I remember going to visit Bouchard in his office in Parliament, which reflected the consequences of apostasy in a parliamentary democracy. The Bloc didn't have enough members to qualify as a party in Parliament and get the perks that went with that status. These guys had nothing. Bouchard's office was in the back of the Parliament building on the ground floor. When he looked out his window, he saw headlights of a car about one foot away from the window in the Parliamentary parking lot. It must have been the least appealing office in the entire House of Commons. He was biding his time until the next elections, and the joke was that in those elections, which were held after I left, the Bloc won enough seats to become Her Majesty's Loyal Opposition--and give Bouchard a much better office. Then, of course, he left Parliament to be elected Premier of Quebec.

Q: Were we looking at the Mulroney government and seeing that it was on its last legs?

STEWART: Yes, it was pretty clear.

Q: Was this of concern to us?

STEWART: No, we figured the Liberals would come into office and leave intact the Free Trade Agreement, Mulroney's primary achievement. That is indeed what happened.

The real question was what was going to happen with Quebec. The U.S. government certainly preferred the constitutional status quo in Canada, but an independent Quebec probably wouldn't have made much difference. The people in North America are going to continue doing what they have been doing.

Q: Did you find after the rather heavy wine of Central America that Canadian concern about constitutional arrangements was sort of a lukewarm tea?

STEWART: There was that. The other thing was that my work in Canada was akin to conducting an orchestra while in Central America I played more solos. First of all, the Embassy had a superb staff, and the consuls general across Canada--there were six of

them, on whom we relied heavily for reporting and representation--were all just outstanding people. I saw my job as trying to keep everybody on the same page. For those issues where there were both a provincial aspect and national aspect, we'd try to coordinate approaches. So many of the problems we had with Canada were essentially regional or local, particularly with British Columbia. We used to say that the Rockies are high and what goes on out there often had very little relationship to Ottawa.

We had some wonderful environmental problems in B.C. There was what I affectionately called the Abbotsford chicken shit problem. Abbotsford is a Canadian town on the border, the site of chicken farms that supply the Vancouver area. Unfortunately, the chicken droppings tended to degrade into the soil and enter the aquifer, which flows south at that point and ends up in Bellingham, Washington, to the distress of the Bellingham residents.

Then there was the Victoria sewage problem, which was caused by the fact that the City of Victoria did not treat its sewage. Instead, the city pumped it into a long tube that emptied out on the floor of the Strait of Juan de Fuca. The theory was that the current would then carry it off to Hawaii or someplace. But the sewage had a distressing tendency to pop up off Port Angeles, Washington, on the other side of the Strait. That was another good one.

Finally, a B.C. company proposed to build a copper mine in the north of the province but dump the tailings into streams which flow into Alaska. We actually got that one quashed before it got off the ground. With our CG in Vancouver, I made a pitch to the premier myself right after Clinton was elected, pointing to vocal opposition to the project from environmentalists in the Clinton-Gore camp.

Q: How about the chicken shit problem and the equivalent thereof in Victoria? Were you able to make any headway on those during your time there?

STEWART: The problem was to get the people in Victoria to vote the funds to build a sewage treatment plant. If they didn't do so, Ottawa would come down on their heads, but it was not clear that the feds could force them to appropriate the money. However, a certain amount of moral suasion entered into the picture, and my favorite piece was an editorial cartoon in the Port Angeles paper that pictured Victoria, the city's namesake, sipping tea and talking to a young girl in shorts, a t-shirt and a baseball hat, who represented Port Angeles. Victoria was saying, "*Sewage*, my dear? We don't discuss such things."

Q: This will probably be a good place to stop. Where to? In 1993, the Clinton Administration comes in.

STEWART: The Clinton Administration comes in, and I end up at the American Foreign Service Association.

Q: So, we'll pick it up at that point.

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Today is the 4th of April, 2000. Todd, we were talking about 1993. The Clinton Administration is in. You went where?

STEWART: I left Canada with no real assignment. I was formally assigned as Senior Advisor in the Secretariat, one of the parking slots the Department has for senior officers that are coming back from abroad who have to be put someplace, perhaps to do odd jobs, perhaps to wait until something opens up. So that was my assignment.

However, when I was out in California on home leave, I got a call from Tex Harris, who had just been elected President of the Foreign Service Association, AFSA, and he asked if I would be willing to take the job of Vice President of AFSA for the State Department. The person who was elected to the job declined in favor of an overseas assignment and hence there was a vacancy. I thought it over. I'd known Tex ever since the 1960's. We served together in Venezuela, and I had great deal of respect for him. He is certainly a person of utmost integrity, tremendous energy, and considerable knowledge of many, many aspects of this profession. I finally said, "Sure, if the Board will elect me, I will do it," and they did.

So I became Vice President of AFSA for the State Department. That was a full-time job. I was seconded by the State Department to AFSA with full salary under the terms of an agreement that AFSA had with the State Department as the exclusive bargaining agent for Foreign Service employees. As a result I had a Washington assignment but was not really working for the State Department. My job was to represent the employees in dealings with the Department under the terms of the labor relations provisions of the Foreign Service Act.

Q: You were doing this from '93 to when?

STEWART: '95.

Q: Okay. I would like to dwell some time on this. In the first place, how did you find Tex as a manager?

STEWART: Management really wasn't the name of the game here. AFSA is an employee association with a full-time executive director who runs the staff. Tex's job was to provide political leadership for the Foreign Service community. Not only at State but at all the foreign affairs agencies.

Q: When you came on, I assume you and Tex sat down and figured out what you were going to do in this '93-'95 period, what your major problems were, what were the things you would try to accomplish?

STEWART: Certainly the overwhelming problem that the Foreign Service and we were facing was diminishing resources. Congress was hell bent on reducing everyone's budget.

And this meant that there was less and less money for the conduct of foreign policy. The Administration had gone along with this budget cutting crusade so the senior managers at the State Department were caught between the Administration's position and the obvious needs that the Department had. Computerization is the obvious example. We were suffering then--and are still suffering now--from lamentably outmoded information technology. This meant that we couldn't get our job done properly.

Q: Can we talk a bit about where you lobbied on this issue--Congress, the White House, OMB, and the seventh floor of the Department of State? How did you approach these various entities?

STEWART: We went from one to the next. Obviously, we had a regular working relationship with the management of the Department. There was a formal channel for labor-management relations in the strict sense of the word as defined by the labor-management chapter in the Foreign Service Act, and certain procedures were used for dealing with those issues. But the most important issues, resources being at the top of the list, did not fall into that category. They were not negotiable under the Act but were politically determined. So we had to go from the management of the Department to the Hill and to the media, in an attempt to build support for our position. It was no easy thing. When the Republicans took control of the Congress in the election of 1994, a bad situation became even worse.

Q: Let's talk a bit about personalities. Warren Christopher was Secretary of State. I participated in a round table discussion with him after he left the State Department, and he was talking about what he had done right and what he had done wrong. One of this regrets was not having fought harder for financial support. Did you find you were getting strong support there or was he otherwise occupied?

STEWART: I have a great deal of respect for Warren Christopher in certain areas, but bureaucratic infighting and dealing with Congress are not two of those areas. Yes, I think there were more things that a secretary of state could have done. Whether Christopher was the person to do it, whether he could have done it, I simply don't know. The bottom line is that he didn't do it, or at least he didn't do it very well.

Q: How was the connection between the State Department and the powers that be in the Congress? I am thinking more along the administrative support line. For example, William Crockett had a pretty good in with Congressman Rooney back in the '60s. Was there such a relationship in the mid-1990s?

STEWART: Really, no. My strong feeling coming out of this experience is that the whole relationship between Congress and at least the State Department and perhaps the entire executive branch should be rethought. I don't think there is another country in the OECD, except perhaps in the group of newest members, where the job of the Under Secretary of State for Management would be held by a political appointee. What you need in that position is a career person, probably a civil servant, somebody on the order of Wilbur Carr, who had the job before World War II.

Q: At the turn of the century, up through the '30s.

STEWART: And knew the whole State Department domain, domestic and Foreign Service, intimately and was able to manage it. This is the kind of person that you need. This is not a job for somebody to take for a couple of years on a Foreign Service assignment or a political assignment. You need somebody who's obviously a good manager but also has the time to devote to a project which is inevitably long term in nature. And also the chance to build up the relationships on the Hill which are required to get someplace.

Q: Particularly with congressional staffs.

STEWART: Absolutely with the staffs. But obviously with the members too. So many members are there for years and years so it is possible to build up some longer-term relationships which can pay off.

One of the key problems was Jesse Helms. Sen. Helms was somebody who didn't like the State Department, didn't like what it did, and had clearly no sympathy for the Foreign Service whatsoever. It was very unfortunate, but the seniority system operated in such a way that the chair of the Foreign Relations Committee would remain his as long as the Republicans controlled the Senate. The Committee operated in a very politically polarized way under his leadership. It wasn't always so, for I recall in the early stages of my career that the Committee operated with a joint staff so de-politicized that Senators from either party could call on any staff member to do whatever was required. But that, of course, all disappeared. Foreign policy became very politicized during the Central American civil wars, particularly the Sandinista-Contra conflict in Nicaragua, and much of that rancor continued on into the '90s. Add to that the enormous deflation in public interest in foreign affairs which carried over into the Congress to the point that many members considered it a badge of honor that they had not traveled beyond the shores of the U.S.

Q: Many members of Congress who came in with the '94 election boasted of never having held an American passport.

STEWART: That's a terrible commentary on both the Congress and the electorate, I'm afraid. But we have to deal with it. Both the Department and the Foreign Service have to explain more clearly and forcefully why foreign relations are important to the American people.

Q: The State Department has asked that State, like the Department of Defense and CIA, be considered a national security agency. Is that an issue that you faced?

STEWART: Certainly we tried to make the case that the State Department belongs in that spectrum. It's not treated in that way, of course, in the budgeting or appropriations process. Whether it would fare better if it were, I simply don't know.

Q: I've been told that there are always a few key people on Congressional staffs who either had been in the Foreign Service or tried to get in and never made it, who really had it in for the Foreign Service. Did you find yourself up against any of those people?

STEWART: I can't recall any staff member who had a particular animus toward the Foreign Service.

Q: How about Helms'staff? You are a veteran of Central American. Did this give you any entrée, or at least a feel for his staff?

STEWART: Helms had gone a long way not to de-politicize, but at least to de-ideologize the Foreign Relations committee staff by bringing on board as staff director a retired admiral who was a boyhood friend. This was certainly a step in the right direction as the more ideologically focused staffers left around that time. However, I can't say that there was anybody that really stood out as far as we were concerned, a person to whom we would attempt to make our case. One of the important things that we did was to hire a full-time legislative relations director at AFSA. He was a former Congressional staffer who spent a lot of time on the Hill picking up information, presenting our viewpoint and advising when the rest of us should weigh in.

Q: How did that work?

STEWART: It worked quite well. This gentleman is still on the AFSA payroll, still doing this job.

Q: Who was that?

STEWART: Ken Nakamura.

Q: What about the White House? When the Clinton Administration came in, the President brought the domestic expertise he had gained as Governor of Arkansas. However, Clinton didn't have any particular expertise in foreign relations. Did you feel that it was hard to interest the White House in the Department's concerns?

STEWART: I never detected any great concern for foreign affairs in the White House. But what you did get coming out of the Administration were initiatives bundled together rather loosely under the rubric of re-inventing government, and this was something that AFSA had to deal with rather often. The concept was that the employee unions and management, not only at State but throughout the Executive Branch, should get together in a spirit of partnership to decide how work could be done better and cheaper. We went though this exercise at State with, at one stage, all the assistant secretaries jammed into a room to reinvent the State Department. I found the whole thing almost farcical quite frankly. A number of ideas finally emerged, some sensible, others not, but then the Secretary put the kibosh on the entire exercise.

Q: A concept has been gaining momentum that diplomacy could be conducted by electronic communication - that with CNN, good telephone connections, faxes, and all that, you didn't need anybody abroad. It could all be managed from Washington. Did you run across this problem?

STEWART: This was thrown out every so often, and of course it's stupid.

Q: But Newt Gingrich for example ...

STEWART: As a sound bite response, I'd offer the following: When IBM disbands its sales staff, the State Department can disband its diplomatic staff.

Q: Did you have to contend with this?

STEWART: Yes, a tiny bit, but it was never really meant seriously. It was just another justification for making the preordained percentage cut in the Department's budget. It didn't make any difference if you whacked off so much money, because these activities really aren't important. That's how it went.

Q: Sticking to the financial side in '93- '95, how did things go?

STEWART: Badly. The budget kept going down in real terms. And the Department took the strongly unwise decision to cut the intake of Foreign Service Officers, which has had all sorts of terrible repercussions as seen right now in the scarcity of middle level officers and the number of poorly staffed posts. No question about it--you cut irresponsibly and you are going to cause all sorts of problems, not only at the time but later on down the road. This was a dreadfully difficult period, for the goals weren't redefined. If management or the Congress had been willing to say, "Let's do away with half of our missions," then we could have adapted intelligently. But that isn't what happened. The goals remained the same, and the resources to accomplish the goals just shrank.

Q: Going away from the budget, which obviously dominated your thinking, what were some of the other problems that you had to deal with?

STEWART: I spent an enormous amount of time on negotiations to settle the women's class action suit with the Department. Both the plaintiffs and the Department invited AFSA to send a representative to negotiations aimed at achieving a definitive resolution of the suit, which had been going on for many years. There had been semi-settlements at various times, but the numbers would get out of whack at some point and litigation would recommence. For example, an inadequate percentage of women would receive meritorious honor awards or would pass the Foreign Service exam in the economic cone. The attorneys for the plaintiffs would challenge the results, and the litigation would begin again. What Secretary Christopher was trying to do was to achieve some sort of long-term solution, and that's what these negotiations were all about.

My situation was very difficult indeed because AFSA was historically very wary of

taking sides in a situation where advantage to one group of employees meant disadvantage to another group. I think that my presence at the table probably moderated demands by the plaintiffs somewhat and probably stiffened the spine of the Department to resist terms that would be inequitable. But the inevitable consequence was that if you gave promotions to female employees, it was at the expense of male employees as the game, at least in the long run, was zero-sum. And it was perfectly legitimate to have a disproportionate, in some cases grossly disproportionate, number of women promoted because there was no corresponding suit on the part of the male employees. This indeed happened on one occasion during my term, but whether it was the suit that led to this result, I don't know. I made an attempt to find out, and I publicized the promotion figures, which probably reduced the chances of a future occurrence, but the whole business was totally unsatisfying.

Q: I've done an interview with David Pierce.

STEWART: He is the best person to talk to.

Q: And David made the point that he was selected to be DCM in Finland, but the ambassador said, "Pierce is fine, but I'd rather have a woman." It was in the telegram and all that. So a woman was taken out of an assignment as DCM to an African post and was sent to Finland instead of Pierce. Which is obviously blatant discrimination. I don't know how this will come out, but it seems the Department is trying to square the circle by compensating for discrimination with reverse discrimination. Could you ever square that circle?

STEWART: Well, I could not. My own feeling on this, having served in Personnel in the '80s, is that there was once genuine bias against women in DCM assignments. I think that was probably the last area where there was significant anti-female bias in the Foreign Service. The reason was not that male ambassadors disliked women, to put it blatantly, but that they were searching for DCMs who looked like them. A woman obviously couldn't fill that bill. The Department in its wisdom took some steps to correct this situation but then, in my view, went overboard.

In those areas where the White House controlled the selection, which were appointments of assistant secretaries, deputy assistant secretaries, and chiefs of mission, a genuine quota system was operating, and the White House was proud of making appointments that "looked like America." That was beyond the scope of the women's class action suit legal proceeding. If the President wants to appoint only one-armed people as ambassadors and the Senate is willing to confirm them, then that's it.

Q: Was there any concern about the decreasing number of Foreign Service professionals at the assistant secretary level?

STEWART: It was hard to say at that point because this was a new administration and generally speaking there is an increase in the number of political appointees at the start of an administration in assistant secretary positions. The percentage falls off as the administration ages so I don't think that we really had a basis to complain about the number at that point.

Q: What about the problems that unions have a tendency to be very protective of people who are in danger of losing their jobs, but often the people in danger of losing their jobs are substandard performers? These are the people who attract attention. Did you find yourself having to deal with somebody who probably shouldn't be in the Foreign Service?

STEWART: Frequently. The way we staff AFSA positions is interesting. You get somebody like myself who had had three management positions, then suddenly became a union official, and afterwards moved on to take another management position. I frequently thought about the potential conflict. The answer, I think, is fairly simple, and it's one we all came to. Our objective is not to keep old Joe from getting fired because he screwed up 43 times, but rather to insure that Joe has due process. At the end of the process, if he was kicked out, then bye-bye. It's the right outcome for all the AFSA members whom Joe had badly served at his last three posts.

Q: It does show in a way a certain difference in attitude between AFSA and the normal union. In other words, we are talking about a professional union where union officials come out of, and go into, management jobs and where there is a concern for the organization's mission in addition to the welfare of individual members.

STEWART: Well, that's exactly it. I am reminded of a Peter Seller's movie *I'm All Right, Jack* where Sellers plays a British shop steward who announces to management that the union will never accept the principle that incompetence is grounds for dismissal. That has never been AFSA's position.

Q: Is there anything else?

STEWART: Yes, there is one other aspect that I think needs to be discussed, and that's the organization of the personnel system in the Foreign Service Officer Corps. We in AFSA felt that it was time to undertake another study in the hope it would lead to some fundamental changes. We recognized that it was a miserable time to conduct such a study because of the cuts in resources which jeopardized everybody's job, promotion possibilities and quality of office life. Management was interested in doing something as well, and we agreed we would cooperate to see what might be possible. The upshot was that we put together a group of eight officers to take a look at the Foreign Service Officer Corps structure and see what changes might improve its performance taking into account all the other studies that had been done in the past on this topic. AFSA nominated two of the eight members. One of them was myself and the other person was from the State Standing Committee, who was chosen in consultation with Tex.

Q: Who was that?

STEWART: Jim Jeffrey. We were all 01s or senior officers. Each cone had two people in the group. We started off by going through all the old studies which had been done on the personnel system. We then tried to come up with a new scheme that made sense and

would have eliminated the backbiting which existed, and I expect still exists, among the cones. When I started my term in AFSA, I polled Foreign Service employees on a series of questions including, “Do you think that people in the x-cone are better or worse than the Foreign Service average?’’ The results were very interesting. There wasn’t any difference in scores when you asked about the political cone and the economic cone. The consular cone drew a slightly lower score. But you found an enormous drop-off when asked about the administrative cone.
Q: The administrative cone?

STEWART: Yes. There seemed to be a widespread perception that we were simply not getting the quality of administrative officers we needed to do the job. The response does not imply, of course, all administrative officers are considered to be substandard. We talked about this problem at considerable length in our eight-person group, which usually met for an hour twice a week. Our work went on for about a year. We had a very difficult set of discussions, which really focused on this question: “Should there be a separate career track outside the Foreign Service Officer Corps for administrative officers - in other words, like the specialist track security officers - or should they be kept integrated with economic, consular, and political officers? The way we defined the issue was: Could the Department attract quality people for administrative work without offering them the opportunity to become DCMs and ambassadors? And there was a difference of opinion on this. The two administrative officers that were in our group, Doug Laingen, now retired, and Jane Becker, still in the service, said, “No, that’s not possible. It is necessary to offer them this opportunity.” Pat Kennedy, who was Assistant Secretary for Administration at the time, thought quite differently. He said, “No, if we are going to have quality administration, the Department needs to set up a special career track for administrative officers.”

We opted for the former strategy and said, “Okay, if we are all going to be Foreign Service Officers, cross-fertilization is mandatory. You officers in the economic and political cones must take administrative or consular jobs so that you develop the administrative and managerial skills necessary to be a DCM. And by the same token, you folks in the consular and administrative cones will be expected to do two tours in political or economic jobs to become familiar with the substantive side of the work in preparation for assignment as a DCM or ambassador.” That was pretty much the theory behind our proposal.

When the proposal was published, the reactions were genuinely interesting. I think we knew from the start that any plan was going to be a tremendously hard sell, whatever we came up with. But there was a feeling on the part of consular and administrative people that they would be threatened by competition from economic and political officers. I don’t mean everybody, but a significant number. On the other hand, a significant number of economic and political officers felt they would be asked to dirty their hands by doing consular and administrative jobs that were clearly beneath them. These reactions were clearly reflected in a compendium of comments I sent out as an AFSA cable. There was little *esprit de corps* in the officer corps. It was certainly saddening and possibly frightening. In any case, the proposal never went anywhere, and to my way of thinking,

the situation only got worse during the remainder of my career.

Q: There is this division - us and them, nobody understands me and that type of thing. We keep talking about being a profession, but such fragmentation does not lend itself to creating a professional corps.

STEWART: It was certainly a very sad business, especially in view of the amount of time we put into it. As I said, we did not have unrealistic expectations, but my colleagues and I all experienced a letdown in the end.

The other stuff I was doing involved heading off one ill-considered management initiative or another which would have caused chaos in the Foreign Service. I felt like a goalie. Somebody was always taking a shot at the goal, and I was able to deflect some of the balls, but others went into the net. Because as I said, we didn't have bargaining rights on many of these proposals, and my only weapon was the power of persuasion.

One example was a restructuring of the hardship allowances during this period. The Department opened new embassies, especially out in Central Asia, which were first-class hell holes, less attractive to bidders than almost any of our existing posts. And yet you had a system of hardship differentials that was capped at 25%. What are you going to do? The answer from management was to restructure the post differentials and, to use Tex Harris's very apt phrase, "grade on the curve." So posts with a 25% differential were cut to 20% because the Department had opened even worse ones someplace else. We thought this was truly nuts. We thought that the Department should use its legislative authority, which has not been exercised, to grant super-differentials of up to 15% for certain positions. So if you couldn't get a good administrative officer for some garden spot north of Iran, offer 15% more money. Being an economic officer, I considered this a very logical solution, but it didn't fly. We also suggested, "Look, if you want to assign differentials on a rational basis, count the number of bidders on jobs at each post and assign higher differentials to posts with fewer bidders, rather than count the number of potholes in downtown Kuala Lumpur versus Ulaanbataar." We fought this one for about six months, but the Department then put it into effect without AFSA concurrence because it was an interagency regulation and therefore not subject to bargaining.

Sometimes I won, however. Dick Moose, the Under Secretary for Management, had been sold the idea that the Department should accelerate the retirement of employees who had ticked out.

Q: That's time in class. Subjected to mandatory retirement because he or she had not been promoted.

STEWART: In the past what the Department had done was to await the results of the last promotion board during an officer's period of eligibility. If Joe and Suzie were not promoted at that point, they would be allowed to continue on until the end of that fiscal year, which is September 30 of the following calendar year. They would be mandatorily retired at that point, or they could voluntarily retire beforehand. People who had ticked

out abroad would go sailing on until the following summer, when they would leave the post, enter a transition seminar at the Foreign Service Institute, and pick up their retirement. This was fine. It allowed the vacancy to be advertised with plenty of time so that a replacement was available in the summer when the person was going to leave. To save money, the Department proposed to kick them out immediately after the promotion board results were announced. They'd be handed their plane tickets and shipped right back to the States that fall. We said, "Even leaving aside the devastating effect on the officer and his family, don't you think that it's going to be a little hard on the post, which will have to live with a vacancy for nine months?" The idea died, thank God.

Looking back at my tenure in AFSA, I feel like the lifeboat captain from the *Titanic* who told the victims' next of kin that things would have been a lot worse if he hadn't been in charge.

Q: '95. What?

STEWART: '95. I was off to the Republic of Moldova. I had served in Moscow in the '70s, and I still had a lot of contacts in the Department from my time there. I hadn't done anything in that area since Moscow, but I was certainly interested in a chief of mission assignment. So I went to see one of the deputies in the pseudo-bureau S/NIS, which was responsible for the newly independent states. The head of S/NIS is a special assistant to the Secretary, and he had a small office with a couple of deputies. The line offices are theoretically part of European Bureau but actually report to this person. The idea was to make it a formal bureau, but both Jesse Helms and Joe Biden, agreeing on something for once, opposed that concept.

Q: Two Senators.

STEWART: Yes, and both were opposed so I don't think that S/NIS is going to survive the change of administration. In any case, S/NIS wanted me for an ambassadorship and Dick Moose and Genta Hawkins, the Director General of the Foreign Service, said they would support me also, so I was able to get nominated by the President as Ambassador to Moldova.

Q: Were there any political candidates or was this a job for the professionals?

STEWART: There was no political interest as my predecessor had been doing her dishes in the bathtub. She had operated under difficult circumstances.

Q: Who was it?

STEWART: Mary Pendleton. An administrative officer by cone, she'd done a very good job in getting the post in shape. She had rented a nice house for us which wasn't fully furnished by the time we arrived, but it was at least functioning. It was a lot better than her accommodations, which consisted of a hotel suite without a kitchen.

Q: You were there from when to when?

STEWART: I was there from ’95 to ’98.

Q: What’s the capital of Moldova?

STEWART: Chisinau.

Q: Your Senate hearing. Any problems?

STEWART: None whatsoever. That all went quite smoothly. The fun began after the hearing, though, because the Administration and our good friend Mr. Helms got into it over the question of amalgamating the foreign affairs agencies. The administration was resisting this idea which, bizarrely enough, originated in the State Department. Christopher pushed it but was overruled by the White House. Helms then espoused the idea and took it into his head that he would hold up all ambassadorial nominees to put pressure on the White House. The logic of this escaped me as I was unaware of anyone in the White House who really cared about the nominees. In any case, about 30 of us were put on hold for several months. We were actually reduced to begging Senators and their staff members for help in getting released. I called up Diane Feinstein's office and importuned Nancy Kassebaum on a plane flight. It was that bad. I got released in the second tranche, which was comparatively fortunate.

Q: What was Moldova like when you got there? What were the American interests? Talk a little about the government and what it was doing. We can pick it up here next time.

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Today is the 19th of April, 2000. We are going to talk about Moldova. You were there from when to when?

STEWART: I arrived in November of 1995 and left in August of 1998.

Q: When you arrived there, what was the state of the government and the country? What were our interests at that point?

STEWART: Moldova had declared its independence on August 27, 1991, as the USSR was breaking up. At that time a problem was developing with a secessionist faction on the eastern bank of the Dnister River, a sliver of land along the Ukrainian border which is called Transnistria in Romanian. That dispute worsened into armed hostilities during 1992. By the time I got there, there was still an armed truce between the Transnistrian separatists and the government in Chisinau.
Q: What were they after?

STEWART: The situation is theoretically complicated but a good deal simpler in reality. Most Transnistrian residents are native speakers of Russian or Ukrainian--Slavic

speakers--while the majority of the population on the west bank of the Dnister are native Romanian speakers. The ostensible cause of the conflict was the fear, which was not beyond reason, that Moldova would merge with Romania. And these Slavic speakers in Transnistria did not want that to happen as they would become a minority in greater Romania. This was the ostensible cause of the conflict, which was exacerbated by the fact that there was a concentration of Russian troops in Transnistria that sided with the rebels and provided arms and manpower to resist the attempt by the central government to retake the area.

As a merger with Romania became less and less likely in succeeding years and no solution to the separatist problem was reached, it became clear that the real difficulty lay in the fact that Transnistria was being run by a small clique which was making a good deal of money from the area's unique status. Transnistria, where the ruling clique had formed an unrecognized government, served as a base for the supply of drugs, arms, and tax-free liquor and cigarettes to other parts of the region. In addition, the regime received free energy in the form of gas from the pipeline that ran from Russia to the Balkans. They were able to sell this energy to industries in Transnistria and pocket the income. They also received a percentage of the profits from the other illegal activities which were based in the area. In charge of what amounted to a robbers' nest, they were doing quite well financially from the unrecognized statehood that they had created.

Q: How about the Ukrainian government?

STEWART: The Ukrainian government officially was helping Chisinau find a solution to the problem of separatism. But the entire situation was complicated greatly by the strong probability that the Transnistrian regime was making pay-offs all through the region, to people in Kiev, Moscow, and probably Chisinau as well. Many people had a financial stake in the continuation of the impasse, therefore.

Q: This situation is just another instance of the general problem after the break-up of the Soviet Union where "entrepreneurs," who were basically equivalent to robber barons, were milking the whole situation for what they could.

STEWART: That is certainly true although these people went a step further. Boris Berezovsky may not be a Boy Scout, but he has not displayed pretensions to statehood as these characters did. And in addition to simply buying influence, they were able to play off the interests of some nationalists in Moscow in keeping a Russian force in Transnistria. Whether this really made any sort of geopolitical sense for Russia is something else again. But despite the best efforts of the OSCE membership in demanding the removal of these Russian troops and their arms and ammunition, they are still there. The Russians recently agreed to pull them out within the next year or two, but it remains to be seen whether that actually happens.

Q: Did we have any position on this, or was this just a local problem?

STEWART: No, we definitely did take a stand. Our position was coordinated through the

OSCE, and we, like the rest of the OSCE membership, including the Russians - it was a consensus decision - agreed that yes, these Russian troops had to be removed along with their arms and ammunition. The arms and ammunition are important because there was a very large dump of Soviet armaments in a town called Kolbasna in northern Transnistria that was supposed to supply the Red Army in the event of hostilities in the Balkans. This was a considerable problem because a lot of these armaments were quite old and unstable. Moving them would have been a dangerous proposition. The Transnistrian regime was putting up all sorts of objections to the evacuation or destruction of the Kolbasna materiel because they were almost certainly conniving in the sale of usable weapons and ammunition to one insurgent group or the other in the region. I would not be at all surprised if a number of them ended up in Chechnya or the former Yugoslavia. That's why the obvious strategy was to get rid of the arms and ammunition, then to get rid of the Russian troops, and then to put pressure on the Transnistrian regime to come to terms with the government in Chisinau. However, despite some very active efforts by the OSCE during the majority of my time there, very little progress was made in this direction.

Q: How about Moldova as a geographic unit when you arrived there? I am old enough to remember when Stalin grabbed Bessarabia. And this is essentially Bessarabia, is it not? Because there are oil fields there.

STEWART: No, not in Bessarabia. You are thinking of Romania, where the oil is.

Q: I thought Bessarabia had oil or something.

STEWART: No, no. Theoretically it has some, but there has never been any substantial commercial production. What you say is essentially correct, with two caveats. First of all, Bessarabia does not include Transnistria, the part of Moldova across the Dnister River. And second of all, Khrushchev redrew the map at one point, giving northern Bessarabia and southern Bessarabia to Ukraine and thereby cutting off the direct access of Moldova to the Black Sea and putting some traditional Romanian-speaking areas into Ukraine. Admittedly, borders are rather fluid in that part of the world. You have to remember that in northern Moldova you are a stone's throw away from Chernowitz, which was the eastern-most provincial capital of the Austro-Hungarian Empire. The influences in that area were Romanian, Russian, and Austrian, with lingering Turkish influences as well.

Q: Hungarian, too?

STEWART: Not Hungarian. The Magyars went through Moldova, and some of the place names are actually Magyar, but there is really no Magyar influence. There were some German towns there through World War II, in fact up until around 1990, but the population then came west.

Q: Before we get to what you were doing, at the time you arrived was it still possible that Moldova might become part of Romania?

STEWART: By the time I arrived, there was really no prospect of Moldova's integration into Romania. There are a couple of reasons for this. First of all, a third of the population are native Slavic speakers, so you would have had immediate problem with that significant minority. Russian is not an official language but it is widely used, particularly in commercial circles. Integration into a greater Romania would have certainly been resisted for all sorts of reasons, some quite understandable, by the Russian-speaking minority.

However, the situation is complicated in that respect because there are really two kinds of Slavic speakers in Moldova. One group has lived in the area for generations, and these people by and large speak Romanian to some degree. There are towns that have some Russian speakers, some Ukrainian speakers and some Romanian speakers. The people tend to speak each other's language, and that is how they get on. I remember talking to Foreign Minister Popov about this. He explained that he had grown up in Transnistria in a town with native Russian speakers, native Ukrainian speakers, and native Romanian speakers like himself, where the lingua franca was Romanian. Thus, you have people who are not ethnically Romanian but nonetheless speak the language—that is one group, and their integration into a Romanian-speaking society would not represent a huge problem. However, you have another group of Russians speakers who came to Moldova from other parts of the U.S.S.R. and don't speak a word of Romanian, know nothing about Romanian traditions, and feel about Romanian culture as Russians living in Tashkent presumably feel about Uzbek culture.

Q: These were engineers and skilled workers who came?

STEWART: It was a combination of things. The people who control Transnistria are very much in this group. Smirnov, the president of the so-called Transnistrian Republic, came in the mid-1980s from another part of the Soviet Union to run a factory, and the head of the security forces there came after independence from Latvia, where there is reportedly still a warrant for his arrest. It was a wonderful place to come and take a piece of the action. But in addition to people like Smirnov, there are a great number of pensioners who came during Soviet days. All things are relative, of course, but Moldova was the Florida of the U.S.S.R., the republic with the most temperate climate, which was attractive to retirees. These people do not speak Romanian and have no connections with the area, period. With independence and the economic problems that followed, they suddenly became some of the most disadvantaged members of society because the ethnic Ukrainian and Russians from the area, like the ethnic Romanians, had village roots.

City dwellers with village roots can travel out to their villages and do a little informal barter, bringing some goodies from the markets in Chisinau and getting in return apples, eggs, and chickens. They are able to subsist in that way. The society is very heavily agrarian in that sense as most people have one foot in the village. Some still maintain houses there and visit them on weekends. These are not dachas but real houses in a village. This is where male Moldovans make wine, far and away the favorite hobby of the country. Everybody makes his own wine. If you go to a Moldovan's home, you often get the *vin de casa* that the head of household has made back in the village and aged in his

wine cellar there. We drank some remarkable wines there, some very good, others not so.
Q: I take it that the Russian pensioners, their pensions either devalued or non-existent, didn't have a support system?

STEWART: That's exactly it. They got hammered.

Q: I hear about this, and I've been to Bishkek and seen little old babushkas sitting there with a pack of cigarettes and three light bulbs on a board in front of them. You have to have food in order to live. How did they exist?

STEWART: There were many solutions. The connection to the countryside was the principal one. You may also have some relative who has immigrated and is sending money home, and you may have something you can rent or sell that gives you a little bit of income. A lot of Moldovans, the class I dealt with, still owned apartments in Moscow from the days when they were Soviet officials. Those could be rented out to produce income. You get a little bit here and a little bit there, including something from the factory where you work, for converting state property to your use wasn't considered stealing. Many factories hadn't been effectively privatized, and the assets were up for grabs. People grabbed.

Q: Let's talk about your going there. Can you talk about the Embassy itself, the staff, the building, and then we'll talk about dealing with the government, presenting credentials and so on?

STEWART: We were quite fortunate, my wife and I, because we succeeded an ambassador who was an administrative officer. She'd done a very good job of bringing along the embassy as an institution so that it was a functioning place when we arrived. As you'll recall, when we recognized the newly independent states after the break-up of the Soviet Union, James Baker, who was Secretary of State at the time, decided not to ask Congress for money to open embassies there. Consequently, halfway solutions were reached in constructing or renting chanceries in lots of places. The situation in Chisinau, while not ideal, was among the better outcomes. We took over a building which had been the Polish consulate between the wars, when Chisinau was part of Romania, and subsequently had several other incarnations. It was a delightful late Edwardian building which we gutted and carved up into office space in the cheapest possible way. However, that space was far superior to the consular section, which was located in a trailer out back. This turned out to be a considerable problem shortly after I arrived because Chisinau had a very cold winter and the trailer did not have adequate insulation in the floor. Our consular officer actually developed frostbite on the soles of her feet.

Q: As a consular professional, I consider this our normal life. I assume that as the ambassador, you had warm feet?

STEWART: I was quite warm although we had a close call. A new heating system had been installed, but the boiler, which had not been properly serviced, was about to shut down. Fortunately a new administrative officer with a facilities maintenance background

arrived shortly after we did, and he managed to fix the boiler by getting on our tie-line to Washington and calling up the 800 service number at the factory in Texas. He was down under the boiler holding the phone while somebody in Texas explained to him what to do. But he got it fixed. Fortunately, the following spring FBO, the Foreign Buildings Office, did snap into action and constructed in a very short period a consular annex. It was supposedly a rehabilitation of a building which existed next door, but for all intents and purposes we had an entirely new building with adequate heating. It was far and away the best constructed part of the whole complex.

Q: What was the size of your staff?

STEWART: When I arrived, we had about 10 Americans assigned from Washington, plus a contract facilities manager and about 30 Foreign Service Nationals. However, there were also some 30 American AID contractors and their Moldovan employees so the entire mission consisted of around 100 people. The AID contractors were very much integrated into mission operations. There was no division as far as I was concerned, and I looked on them as members of my staff.

Q: We'll come back to the various parts of the mission and what they were doing. What was the government of Moldova and how did you deal with it?

STEWART: The government of Moldova was formed under a constitution the country had adopted in the mid-1990s, and it was a most peculiar constitution indeed. It read as if someone had laid out the aspects of different constitutional forms--presidential, parliamentary, etc.--and then chose certain aspects from one form and other aspects from another. It didn't really hang together. The president's position was not very powerful on paper, but yet it was an elected presidency and the population probably believed the position to be much more influential than it actually was. This was a cause of considerable difficulty. The president had no real veto power over legislation, and the parliament was free under the Constitution to vote down proposals by the government with no threat of dissolution from either the president or the prime minister. The possibilities for gridlock were legion in the constitutional arrangements. It's strange that the constitution came out this way, for the Moldovans did have advice from the Council of Europe in drawing up its provisions. There would have been no difficulty if the president and the majority of parliament were on the same wavelength, but sad to say, that didn't happen very much during my tour. The upshot was that much time was wasted, and some serious problems of economic and political transition remained unaddressed. The disputes were all too often rooted in personal differences rather than policy differences.

Q: Who was the president?

STEWART: The first president was Mircea Snegur. Unfortunately, he had a falling out with the government a few months before I arrived, and there was no way that he could dismiss the government. In fact, he was actively working against the government in parliament for much of the time. The upshot was that there were many delays in passing

legislation that was quite necessary for the political and economic transformation of the country.

The second president was Petru Lucinschi, who ran on a very progressive platform. However, the old parliament was still in business when he came into office. Parliamentary elections were held during my last six months, and a group of parties that supported Lucinschi's policies won a majority in parliament and were able to form, after torturous negotiations, a coalition to support a government which espoused these reforms. Indeed, the president did appoint such a government, but personality clashes got worse and worse, and a few months after my departure and the economic collapse in Russia, the coalition fell apart. Regrettably, it has not been possible to form an effective government since that time.

Q: When you arrived there, you had a president who was on the outs with his parliament. When you had certain things you wanted to explain--American positions, votes in the U.N., the normal round of things—to whom would you go? How did you deal with the government?

STEWART: It depended on the issue. If it was routine delivery of mail, we went to the foreign ministry. That was usually adequate, for in the UN the Moldovans would vote with the U.S. as long as the issue did not involve a serious conflict between us and the European Union or the Russians. In those cases they would usually abstain. For more sensitive bilateral issues, especially in the area of defense, I would ordinarily go to the president, who called the shots in that area. Although the constitution is far from clear about this, the president is the commander in chief of the armed forces and that gave him authority in defense matters. I'll give you one example, the sale of the MIG 29s, which was certainly the most noteworthy event that occurred in Moldova during the time I was there.

Q: What was the context?

STEWART: Moldova had some 27 MIG 29s that they inherited from the USSR. These planes were the original wasting asset. The Moldovans didn't have enough money to buy the fuel to fly them, nor the airspace to fly them in.

Q: It was pretty much the Soviet top-of-the-line advanced fighter, was it not?

STEWART: Yes. The Moldovans ended up with their share of the booty, but the question was what they were going to do with them. They wanted to sell them, but there were a limited number of counties that would want to buy MIG 29's and could buy MIG 29's without the U.S. violently objecting. There were repeated rumors that the Moldovans were going to sell the planes to the Iranians, perhaps through some sort of cut-out.

Q: A cut-out meaning a third party who would resell them to the Iranians.

STEWART: Exactly. As a result, the Pentagon exercised its authority under legislation to

prevent the spread of weapons of mass destruction to buy almost all the MIGs from the Moldovans. The Moldovans eventually agreed to the terms in the fall of 1997. The planes were then picked up by U.S. freighter aircraft and hauled back to the U.S.

Q: Just take them out of the game, was that it?

STEWART: Yes, that was it. The idea was just to take them out of the game. Where they ended up, I am not sure. I think some of them may be on display somewhere, and others may be used for pilot training, but they ended up here.

Q: How did you do this? You went to the president to work out this deal?

STEWART: That's right, but the details were negotiated by the Ministry of Defense and a team from our Defense Department.

Q: Where they surprised, when you said we wanted to buy the planes?

STEWART: The sale was quite a happy solution, I think, as far as the Moldovans were concerned because they got money for the MIGs but did not incur the wrath of the U.S. The only problem was whether the price was adequate, and that was a sticky issue.

Q: I assume you had a military attaché or attachés there?

STEWART: We did not for the great majority of my time. We had a series of temporary attachés, who certainly were better than nothing, but the permanent attaché did not arrive until the last months of my tour.

Q: Were you running around airfields looking at MIG 29s, kicking the tires and slamming doors?

STEWART: I went up to watch a couple of the planes being shipped off, but in general, no. Our temporary attaché was doing that kind of thing, and then we had a team of specialists from Washington who understood something about MIG 29s.

Q: How about economic ties with Moldova? Did we have any interest other than to see that the country survived?

STEWART: Our goals in Moldova were, first of all, to facilitate the political and economic transformation of the country into a democratic, prosperous state, and then second of all, to solve the Transnistrian problem in a manner consistent with OSCE principles. The main tool that we had to achieve the first objective was our AID program, and that was sizable. During my last year, it was around $25 million, which for a country of 4.4 million is quite large these days. On per capita basis, it was second largest in the newly independent states after Armenia.

Our biggest program by far, which was developed during my tenure, was the so-called Land Program, which was responsible for breaking up and privatizing the former

collective and state farms. This was a huge program because it involved the surveying of the 1000-odd farms into individual plots, the deeding of those plots to members of the former collective, and the issuing of title documents. This required the expenditures of over ten million dollars over the course of several years because the U.S. government paid for the surveying and titling. The process was quite complicated because the former members of the collective farm had to decide which parcels they wanted to have. Then provisions were made for people who didn't intend to work their land to lease or sell it to aspiring agricultural entrepreneurs. Moldovan land is extremely fertile as it is largely a continuation of the black soil region which runs down from Ukraine. Horticulture is especially renowned, and grapes are certainly the most famous crop. But there were far too many people involved in agriculture in the past, and the productivity of labor was very low indeed. A fair migration to the cities occurred during the late communist days, so about half the beneficiaries of privatization were retired people who didn't want to work the land but wanted to sell or lease it. Thus, the Land Program was a first step in the complete reorganization of Moldovan agriculture, and with it the Moldovan economy, since primary and processed agriculture accounts for about half the country's GDP.

Q: Was there a solid agricultural class there that could get out and do the work or did they have to be trained?
STEWART: No, there was definitely an agricultural class. The country had a number of institutes at the university level which trained agronomists so there was no shortage of agricultural specialists. What was lacking, however, was the economic framework for agricultural production. And that is what we were attempting to establish. During the communist period collective farm workers did as little as possible, for there was no incentive to do more. With the fall of communism Moldovan agriculturalists found themselves in an incentive system, but one without the institutions and information of a properly functioning market. That's a tough adjustment to make.

Q: What about the infrastructure of farming? To run a productive farm is really quite complicated. You have to have spare parts and you have to have organizations to deliver the inputs that are needed to grow crops. The Soviet system, from what I gather, really didn't have much of this. Was this a problem?

STEWART: It was a tremendous problem. You had, by the time I arrived, a great amount of rusting machinery or machinery that was just being held together with the proverbial baling wire. One of the things that we concentrated on during my last year, which has gone forward, I gather, since my departure, was the development of more investment in agricultural inputs on the part of western businesses and Moldovan entrepreneurs. The model was a village farm service center that would sell seed, fertilizer and herbicide and rent tractors and other equipment in exchange for a part of the crop. This sort of institution had existed in a sense in the communist system, but the idea of making money at the end of the line was not a part of it, of course. Still the notion that had to be overcome in rural Moldova that all this should be provided free by somebody, and of course it doesn't work that way in a market economy. You have to pay for it.

Q: I assume that agriculture was probably the primary focus for Moldova, sitting on that

very good hunk of soil, its greatest resource.

STEWART: Absolutely, no question about it.

Q: Were other parts of Europe taking pieces of this action to help Moldova?

STEWART: The European Union did have an active technical assistance program called TACIS. There was some investment coming from Western Europe into Moldovan factories, into a rug factory, for example, that turned out quite good quality rugs for international markets. That factory was eventually bought out by a German firm. More and more of these kinds of investment were occurring during the time I was there, but still you didn't see any major breakthroughs. No one was constructing factories to employ 5,000 people. That was not happening.

Q: How about the neighbors on both sides, Romania and Ukraine? Ukraine was not going through a very positive development at that point, from what I gather?

STEWART: To put it mildly, and of course it still isn't.

Q: I don't know about Romania, but I would think Ukraine would have been a drag.

STEWART: That was a terrible problem, frankly. Many American companies had gone into Ukraine and had, by and large, awful experiences that soured the reputation of the area, including Moldova. A lot of those companies would have been able to operate quite successfully in a Moldovan context, but they were not going to take a shot at it because of their bad experience in Ukraine. An additional problem was the lack of clear leadership in the Moldovan government because of the trifurcated power division I mentioned earlier. The Moldovans lacked a coherent investment policy, and their negotiators didn't have the authority to offer something attractive to a foreign investor.

Q: Did you find yourself in an odd position, trying to attract American investors to Moldova?

STEWART: The position wasn't really odd, for promoting American investment is certainly high on the list of any ambassador's responsibilities. It was difficult, though. We worked primarily through the AID program, first in encouraging Moldovans to sell their major state assets to foreign investors with the help of U.S. merchant banks whose services were financed in part by AID. We also had quite a successful program, which continues today, through the Citizens' Network for Foreign Affairs, a non-profit organization here in Washington that encourages investment by U.S. agribusiness firms abroad. Indeed some small, but not insignificant, investments were made through that channel. Working through Citizens' Network, AID provided some backing in technical assistance for the investments. For example, a Minneapolis company with AID support bought controlling interest in two dairies and started producing milk with a long enough shelf life for sale in Chisinau markets; they also started producing yogurt, some of which was exported. This is stuff that would sell at western-style prices because it was a

western-style product. McDonald's opened their first restaurant on Chisinau's main drag during my tour and then opened two more after I left. Things were happening, but it was not on a scale that one could point to an investment and say, "My God, that is going to make a huge difference." Collectively, though, a good deal of difference was made. If you compared the main street in Chisinau when we arrived in '95 to the street when we left in '98, you would be amazed at the difference.

Q: How did your wife find living there?

STEWART: I think she enjoyed herself tremendously. We both studied Romanian before going, and we were both able to operate in the language when we arrived. It was certainly a requirement, for you can't establish meaningful contact through interpreters. We had a residence that my predecessor was kind enough to find for us, which was, although it had its peculiarities, probably the finest home in Chisinau. We were able to entertain well and did a lot of entertaining. Certainly Moldovans appreciated invitations to the Ambassador's residence, for diplomatic life was previously not available to them.

Speaking Romanian, my wife served as a bridge between the Moldovan and English-speaking communities. She founded an international spouses club to involve foreign spouses in Moldovan life and took a special interest in the local medical community for whom she helped to organize significant charitable support.

Q: Were the Moldovans developing an interest in private organizations as they learned what was going on in the U.S. and Western Europe?

STEWART: Very much so. This is something that we encouraged through our own program of exchanges, which sent Moldovans to the U.S. for different periods of time, as long as a couple of years for graduate study, but mainly for shorter trips, a couple of weeks typically. We had one program called Community Connections, which took key people from a town in Moldova and sent them off to a community in the U.S. to spend three or four weeks. They would live with families there to see how the U.S. operated. There was a good deal of travel to Western Europe and to Central Europe as well. Hungary was an obvious destination since there was a flight a day each way between Chisinau and Budapest. The Hungarians had, of course, gone through the same sorts of transition that Moldovans were going through, and their experiences were thus relevant to the problems Moldova was facing at that time.

Q: Were you running into the problems that arose in Ukraine where Kuchma was suspected of human rights abuses? Was this a problem at all?

STEWART: No. The worst thing on the human rights front was the fact that the conditions in prisons were pretty bad, but conditions outside the prisons were pretty bad, too, so one couldn't assign the problem much priority. Of course, this judgment leaves aside Transnistria, where there were all sorts of human rights abuses.

Q: Was Transnistria almost outside the pale as far as you were concerned? Could you

operate there at all?

STEWART: Yes, we could. We had contacts with--"opposition groups" is too strong a word--groups that didn't see eye to eye with the regime. We were supporting a radio station there, for example, that provided an independent source of news. I did not have regular dealings with people in the regime there, but I designated an officer to act as a liaison because periodically there were things that we had to talk to them about. This officer would go over on a weekly basis to make his rounds, talking to both unofficial people in Transnistria and to the regime as well. I did make a couple of trips to the steel mill in northern Transnistria as it played down the fact it was in Transnistria and had some ties to Chisinau as well. I tremble to think who all was getting pay-offs from that operation in exchange for the virtually free energy it probably received. That certainly helps the bottom line if you're running an electric arc furnace. In any case, I would go into Transnistria if there was some good reason to go, such as to the Russian commander there, who was a fixture on the Moldovan scene. We had a regular relationship with him, and the military attaché would deal with his staff.

Q: Did you have any concern about implying official recognition of the regime by your presence there?

STEWART: That was a part of my concern, and I never put myself in a situation where I was subjecting myself to any "border controls." When I went to the steel mill, my car was simply whisked through the "border" because the head of the steel plant pretty well ran that part of Transnistria.

Q: Was the leadership in Moldova, including Transnistria, basically former Communists?

STEWART: With a very few exceptions, everybody had been a party member. There was no overt political activity in Moldova before the break-up of the USSR except during the last couple of years when a wave of Romanian nationalism swept the country. It was all tied up in the language question. This is complicated enough to write a book about it--in fact, Charles King of Georgetown University did just that in *The Moldovans.* Suffice it to say that the Romanian language in Moldova had been called Moldovan under communism, and it had been written with Cyrillic rather than Roman letters. With perestroika and the electoral success of non-communists in 1990, the republic's legislature changed the script back to Roman. This was one of the key events in the post-war history of the country.

Q: When you were there, was language a big divisive issue or were they sort of working things out?

STEWART: That's a good question and there is no easy answer. I maintained that any educated Moldovan would have to be able to speak Romanian, Russian and English. I think that observation is essentially becoming true. Kids who have gone through high school since 1990 are trained in all three languages and can operate in all three. This is

colossally important in terms of their understanding of the world because the domestic media are God awful. The newspapers had some Moldovan news, but there was no investigative reporting and only cryptic analysis. They also did not circulate outside the capital. As the radio is also weak, the main source of information for most people is television. Cable existed in Chisinau, and service was pretty ubiquitous. The cable offerings included not only Moldovan TV, one private and one public channel, but also Moscow channels, Bucharest channels, and then all the international channels--CNN, Spanish, Italian, German, British, etc.--so it was perfectly possible to get from the tube all sorts of international news in the strict sense and in a more general cultural sense if you could understand the language of transmission. In the countryside it was more difficult. In a lot of towns there was a cable network, formal or informal. In the villages you generally just had three broadcast channels, one from Moscow, one from Bucharest and the Moldovan station.

Q: In the television business, most of these networks, the international ones, have English programs so that English is sort of the lingua franca, to use the wrong term, for understanding what's going on.

STEWART: This is true, and the kids that are coming out of high school are able to understand it. Certainly one of the most successful programs that the U.S. government had in Moldova was the Peace Corps program in teaching English. We put a lot of volunteers into this work and some are still out in the regional high schools where they are having an enormous impact.

Q: I would have thought that this would have been a very positive experience for the Peace Corps people.

STEWART: I think it was. We had a lot of volunteers in the country, over a hundred, which again is a lot for that population. They certainly did very, very well.

Q: You mentioned that the AID program in Moldova was second only to Armenia on a per capita basis. Well, Armenia has a huge, or very powerful, lobby in the U.S., and that is why Armenia is getting so much assistance. Was there any equivalent Romanian or Moldovan group in the U.S.?

STEWART: No. There are, of course, Romanian groups, but by and large they have a pro-unionist agenda that doesn't really have much relevance. I should mention in that regard that there is also very little enthusiasm in Romania for unionism, in large measure because of the Slavic minority in Moldova. The Romanians already have enough problems with the Hungarians inside the borders. Taking in a bunch of Russians - or people they consider Russians - they need that like they need a hole in the head.

Q: What about Romania? Did it exert much influence while you were there?

STEWART: I would say surprisingly little. One thing the Romanians did have was an active program of scholarships. Moldovan kids were able to study in Bucharest, Iasi or

some other Romanian city on scholarship. And that was quite attractive.

Q: The role of the OSCE. Did it function almost as another foreign power? How did the OSCE fit into the Chisinau diplomatic scene?

STEWART: Let me give you a little more context. The main international organizations in Chisinau during my tenure were the International Monetary Fund, the World Bank, and the OSCE. Aside from the IMF for one year, the heads of these organizations were all Americans. By and large, I think we got along quite well. On the economic side, the Bank and Fund resreps and I were the big players. We met regularly to keep things well sorted out, and we brought in the European Union and the Germans, who had a bilateral program also, as the need arose. As far as the OSCE was concerned, the first head of mission and I overlapped for only about six months, and I really didn't have enough feeling for the situation to be critical or commendatory about what he was doing. The second head adopted a rather different policy, one that I applauded.

Q: Who was he?

STEWART: Don Johnson, Ambassador Johnson, who had been Ambassador to Mongolia. Don was pushing very, very hard for an agreement to get the Russian troops and materiel out. And then for a deal to end the Transnistrian secession which would be consistent with OSCE principles. That last part is important because the real question with a Transnistrian settlement was whether democratic principles would be respected in the area. The last thing the ruling clique wanted to have was a free election. I am sure they realized they would be voted out and that would end their sources of income. As a result, we had to be very careful about any solution that was proposed. The Moldovans were quite willing to grant considerable autonomy to the region, even in cultural affairs, for they had no problems in making Russian an official language in Transnistria. The real sticking point was the question of democratic rule. If Chisinau insisted on retaining authority for organizing elections, they would be free and fair, and that is what the Smirnov clique, which we called the kleptocracy, would not tolerate.

Q: Were the Russians - this would be Yeltsin's period, I guess - playing a game there at all?

STEWART: Not a very coherent game. Part of the problem resulted from the chaos in Moscow. There was no clear line on Transnistria or much else for that matter. Sometimes the Russians seemed to be promoting a reasonable settlement, and other times they appeared obdurate. There were plenty of good reasons, by my lights, for the Russians to want a settlement along the lines I described because the kleptocracy's involvement in arms trading only served the interests of internal instability in the Russian Federation. Even the idea of having a Russian base in the area struck me always as nonsensical. What good is a small force separated from the Russian Federation by 500-600 kilometers in this little sliver of land east of the Dnister? If the Ukrainians wanted to sweep in, they could mop up the 2,000 men without much difficulty. It made no earthly sense.

Q: More inertia than anything else?

STEWART: I think that's probably true. The idea was that this had been part of the old USSR and the Russian Empire, and therefore we will not pull back. We conquered this land, it's ours and we have an obligation to keep it.

Q: You are in a place where two thirds of the country is speaking a Romance language. I would think this would be a place where the French would want to launch a cultural offensive, pushing French and all that. Did you find much of that there?

STEWART: Not a great deal. The French ambassador had a rather odd position. He divided his time between Paris and Chisinau. He didn't even have a residence in Chisinau, but stayed in a hotel during his visits. Sure there were French language days and that sort of thing, but English was by far the predominant western language. During Soviet times, if you were studying in Romanian, you studied French as a second language. And if you were studying in Russian, you studied English as a second language. That all came to a screeching halt with independence, and almost everybody switched to English.

Q: Speaking of English, this was the beginning of the time of the Internet - in other words, the ability to connect distant locations with the rest of civilization via computers? Was this beginning to happen in Moldova?

STEWART: Sure it was. In fact, we put some money into building computer centers at universities and government offices so that people there could get on the net.

Q: What was your impression of the youth coming out of the universities? Are they a different cut than the old leaders, or will they be?

STEWART: Let me say one thing about the Internet before getting off the subject. I have bookmarked on my computer here a site that's run by the Independent Journalism Center in Chisinau. If I am interested in some news from Moldova, I just click on that bookmark and I get a daily summary in Romanian, Russian and English. The people there are Internet literate, and they have made that sort of progress.

There is a generational shift in Moldova. The person that became prime minister after I left--unfortunately he later lost his job as a result of the personality conflicts I was describing--is almost a perfect example of the new breed. He's turned 40 this year, he's been in charge of an agricultural processing company with several factories that turned apples into apple juice and exported the juice to Western Europe. A very interesting guy. He speaks enough English for cocktail parties, and he was interesting to talk to--immediately western. The current prime minister, although God knows he's got problems right now, is another representative of this breed. Again around 40, he was Moldova's chief negotiator for WTO accession. An even younger example is the number two WTO negotiator, who is about 30 and smart as a whip. I was talking about him to friends of mine at USTR who dealt with him, and their reaction was, "Wow!"

Q: I take it that Moldova can be included in the Balkans, but this is not an area riven by tribal disputes like the former Yugoslavia.

STEWART: No, the Moldovans do not get their jollies by carving their next door neighbors into small pieces - thank God.

Q: Before we end this segment, how did you find your relations with Washington? Was Moldova a place where you had to jump up and down and say, "Hey, remember us!"? I sense you got fairly good support.

STEWART: Certainly in terms of money for the AID program we did. And that's interesting in view of the lack of a Moldovan diaspora. So much of our policy in Eastern Europe and the former Soviet Union is driven by hyphenated Americans that came out of a particular area in the region. That is not true for Moldova. The only significant group of Americans that came out of my area was Bessarabian Jews, and they have no family connections at all to present-day Moldova. There is a not insignificant Jewish community of about 40,000 in Chisinau, but they came from other parts of USSR after the war.

Given this lack of domestic political support in the U.S., the relatively large AID program is a tribute to the successful use of previous AID allocations. I was bitching earlier about the Moldovans' failure to move faster in dealing with the problems of transition, and that's quite true. And yet compared to the other countries, they've done pretty well indeed. In terms of holding democratic elections, their performance has been almost flawless. There is also freedom of speech. The speech may not always be very sensible, but that happens in other places, too.

In terms of economic progress, the Land Program is a model for the rest of the newly independent states. I didn't go into other aspects of the economic assistance program although it staggers me how much had to be done and how much progress has been made.

One of the things that we and the World Bank were working on was the transformation of the accounting system. It sounds rather prosaic, but if you think for a moment, unless an accounting system is modeled on western standards, the economy can't function very well. The factory manager doesn't know what to produce because he doesn't know what lines are profitable. The government can't collect income taxes because the tax collectors don't know what a company's net income is. The country can't attract investment because nobody knows enough about a company to say whether it is profitable or it could be profitable. Nobody is going to loan money for the exact same reason.

The first thing a country has to do is to make the conversion to international accounting standards. We put a lot of resources into that program and achieved considerable success. Some companies had switched over on their own, just by hiring an international accounting firm to work with them. There are three or four such firms that have Chisinau offices now. But you have to go further and help the accountant in a small plant

someplace. We had programs to do this, and to help the Ministry of Finance and the accounting association to develop standards that were Moldova-specific but yet were based on international norms. Finally, a lot of tax legislation was passed during my time, but there is still a problem with how to enforce it.

Q: Much can depend on how effective the country's embassy in the U.S. is with Congress and the Executive Branch. My only experience in this area is with Kyrgyzstan, and they had a woman ambassador who was very effective. Did the Moldovan embassy carry its weight, do you think?

STEWART: Not during my time, but the new Moldovan ambassador is much better.

Q: Anything else we should mention?

STEWART: You'd asked about Washington. I certainly was getting financial support, which is in the end most important. However, I was chagrined during the time I was there by the lack of high-level visitors from Washington. The highest ranking was the Deputy Secretary of Defense, and he was there one week before he left office. A good guy, but this was…

Q: A farewell junket almost.

STEWART: Yes. It wasn't quite the right signal although the Deputy Secretary did important substantive work. We didn't see one member of Congress. We'd been trying, particularly in connection with the MIG sale, to get Lucinschi an appointment with the President. And that attempt failed utterly to my great disappointment.

Q: You left there in '98?

STEWART: In '98.

Q: What happened then?

STEWART: I came back to Washington, went up to New York for six weeks on the General Assembly delegation, returned for the career transition course, and retired.

Q: In the UN what were you dealing with?

STEWART: The newly independent states.

Q: Did we have much clout with them? We lumped them together, but I imagine they would be all over the place in terms of policy.

STEWART: What I was doing didn't make a whole heck of a lot of sense. It was one of those things that we had done in the past and therefore we continued doing it, but I did not really feel that I was making much of a contribution to American foreign policy.

However, it was very pleasant to live in New York for six weeks. My wife had spent 20 years there so we enjoyed ourselves.

I'm sorry, but I got sidetracked when we talked earlier about my wife. I said that she spoke Romanian and had all sorts of contacts in Moldova. She did a number of valuable things, one of which was to organize an international women's club that gave spouses in the international community a range of worthwhile activities. From the standpoint of mission morale, it was very valuable, especially for the spouses of the AID contractors, who were often older women without children who spoke neither Romanian nor Russian.

My wife was also one of the founders of the international charity association, which sponsored an annual ball to raise money for causes related to children's health. The proceeds one year bought equipment for the burn unit at a children's hospital. The next year the beneficiary was a juvenile diabetes program. This is the kind of event that really needed her involvement to get going, and the amounts of money raised were considerable. We are talking about $40-50,000 each year.

Q: As we have reached the end of your chronological account, I would like to ask you a question which spans your entire career. You moved from line work to supervisory jobs and then on to program management positions. How did you prepare yourself to move from one phase of your career to another?

STEWART: That's a good question, and the answer is far from simple. My first real supervisory job was my stint in the Trade Representative's Office as Director of GATT Affairs. I supervised no employees at STR, but I did exercise *de facto* supervision over the members of my interagency committee. I had received no formal management training before that time, other than a USDA Graduate School correspondence course I had taken to while away free time in Venezuela. So I fell back on my experience as a student government officer at Stanford and as staff assistant to the Assistant Secretary for Economic Affairs. These jobs were helpful, for they taught me more subtle techniques for getting people to do things than those often exercised by a boss over direct subordinates. This management style stayed with me for the rest of my career.

Toward the end of my tour at STR I enrolled in a one-week management course for first-time supervisors offered by FSI at an off-site location in West Virgina. Both the syllabus and instruction were excellent, with case studies and role playing. I found that the course provided a formal framework for ideas and techniques I had understood more or less intuitively before.

Shortly after my promotion into the Senior Foreign Service in 1982, the Department sent me for three weeks to the Federal Management Institute, an interagency school in Charlottesville, Virginia, operated by the Office of Personnel Management. The courses there were not uniformly excellent, but the program included considerable cross-fertilization with managers at my approximate level in other agencies. On balance, I found the experience worthwhile.

Perhaps my best formal management training came in the DCM course, which the Department rightly requires of new DCMs before they leave for post. By the time I took the course, which was also conducted off-site, the instructor had compiled a breathtaking array of case studies on different ways DCMs had screwed up. The goal was, of course, to take the air out of the inflated egos of us newly minted DCMs and lead us to think before acting. I can't say that I avoided all blunders because of the course, but my record was certainly a lot better than it would have been without it.

My formal ambassadorial training consisted of the fabled two-week "charm school" course, which was helpful but hardly life-altering. Certainly, my more important preparation was serving as Deane Hinton's DCM for two years in Costa Rica. Many management development experts claim that the best way to train an executive for higher responsibilities is to put her or him in a managerial position under a super-manager. That was my happy situation in San Jose, and many times in Chisinau I asked myself, "What would Deane do now?"

Q: When you retired, just to finish this off, could you explain what you are up to now?

STEWART: I'm deputy director of the Institute for International Economics, which is a think tank, almost 20 years old, that does policy-oriented research on international economic issues. The purpose of our work is to provide a rigorous grounding for public policy debates in this area. We publish the results of our research, including policy recommendations, and summarize these findings in articles, media interviews, and Congressional testimony.

Q: Great! Thank you very much.

ADDENDUM

LAUNCHING AGRICULTURAL LAND REFORM IN MOLDOVA

John Todd Stewart
United States Ambassador to Moldova
1995-1998

Agricultural land reform was the most important project undertaken in Moldova during my tenure as U.S. Ambassador. By the official end of National Land Program (*Pamânt)* in 2000, 836 former collective and state farms had been completely privatized and more than 900,000 Moldovans received land titles. The program was designed and executed by Moldovans, but the U.S. Government provided the necessary financing, some $100 million..

Background

In November 1990, ten months before Moldovan independence, the Moldavian SSR had 2.56 million ha of agricultural land, divided among arable fields (68 percent), orchards and vineyards (18 percent), and pastures (14 percent). Collective farms (*kolkhozuri*) worked some 57 percent of the total, state farms (*sovkhozuri*) 29 percent, and agroindustrial complexes 4 percent. The remaining 10 percent was farmed by individuals, either as household plots or rented land in roughly equal measure. There were approximately 1200 collective and state farms with an average of 2000 hectares and 1000 members. Agriculture represented more than 60 percent of the SSR's gross domestic product, and about 40 percent of the labor force was engaged directly in agriculture.

The Parliament of independent Moldova passed in late 1991 a land code envisioning that the 1.2 million collective and state farm members would be entitled to receive equal shares of the farms' land and other assets in private ownership. This meant, however, that each farm member would be entitled to an average of only 1.5 hectares, a parcel too small to be farmed economically. Opponents seized on this fact, and little decollectivization took place due to opposition from some farm managers, periodic legislative roadblocks, and the lack of a coordinated national strategy for the calculation and distribution of land shares. By the middle of the decade less than 10 percent of the rural population had broken away from the collective farm system, and the old collectives were stagnating, unable to compete with Western agriculture. Moldovan and American observers were concerned about this lack of progress because they recognized that economic growth could be spurred by increased productivity in agriculture and the movement of redundant workers into other sectors of the economy.

Origins of the "Land" Program

Shortly before my arrival in Chisinau in October 1995, a team headed by Vincent Morabito from the East-West Management Institute (EWMI), a U.S. non-profit and USAID contractor, came to Moldova to assist newly privatized firms in organizing to meet the demands of a market economy. The Center for Private Business Reform (CPBR), which the EWMI representatives founded, received applications from a number of businesses, including—to their surprise—the Maiac collective farm near the village of Nisporeni. The new leadership of Maiac was determined to decollectivize as they had determined that the old enterprise could not function well enough to meet the demands of the Moldovan and world economies. For this reason they sought the assistance of CPBR/EWMI in breaking up the farm into economically viable units.

The EWMI team welcomed the Maiac request because they were familiar with the privatization methodology developed by Dr. Vasile Uzun, a Moldovan-born academic then active in Russia. According to Dr. Uzun's "leader-entrepreneur" concept, members of a collective or state farm who didn't wish to physically farm their land could lease (or perhaps later sell) their parcels and their shares of the farm's other assets to a "leader-entrepreneur" who would put together an economically viable operation by obtaining land from inactive farm members. The pool of such persons was potentially large since almost half the members of the average farm were retirees, who would receive rent

payments to supplement whatever pensions they might receive from the government. Active workers uninterested in farming could use their rent payments or sales proceeds to launch careers in other sectors of the economy.

Moldovan legislation, both the Land Code and subsequent laws, permitted this approach, but there were complications to overcome. The first was that a farm member was legally entitled to receive his or her proportionate share of each type of the farm's land— cropland, orchards, and vineyards— totaling 1.5 ha on an average farm. Division on this formula would require a considerable amount of surveying—and discussion about what each parcel was worth compared to others, taking into account location and soil quality.

Fortunately, a team headed by Robert Cemovitch from the U.S. company Booz-Allen & Hamilton (BA&H) had already begun working at this time in Moldova to support land privatization under a USAID contract. The team's focus had been on urban land, primarily parcels attached to recently privatized firms. However, when offered the opportunity, they readily turned to agricultural land privatization, beginning with the Maiac farm.

When the EWMI and BA&H party chiefs explained this opportunity to me in late 1995, I was enthusiastic. For some time the U.S. Government had been looking for ways to decollectivize agriculture in the former Soviet Union, but no approach had attracted much support. A successful land privatization program in Moldova, a small scale but potentially significant testing ground, could offer a promising approach for the rest of the former USSR.

The Maiac farm seemed a perfect place to start. Its leadership, and apparently a great majority of its membership, were anxious to move forward. Another element, true in all Moldovan collective and state farms, was the fact that collectivization had only occurred in the late 1940's. Many farm families had positive memories of private farms in pre-Soviet times. I remember asking one Maiac farm leader if he knew the location of his family's farm before collectivization. He replied, "Yes, I know. It doesn't make any difference, of course, but I know."

Dr. Uzun's methodology appeared to work well at the Maiac farm. The land was surveyed and a consensus developed approving the division of land into parcels. Farm members were allocated an equal number of bidding points enabling them to bid, individually or collectively, on each parcel. Ten leader-entrepreneurs were able to attract farm members willing to assign their bidding points to these leaders in exchange for future rental payments or some other compensation. The leaders then negotiated among themselves a division of the farm, taking into account the type of land, its location, the soil quality, and their relative number of bidding points. I attended the auction on June 30, 1996, which formalized the agreement breaking up Maiac into 10 new enterprises.

Land Reform Gains Political Support

In a sign of support from the Moldovan Government, the June 30 auction was attended by Deputy Prime Minister Valeriu Bulgari, and Privatization Minister Ceslav Ciobanu, who were already discussing with us the replication of the Nisporeni model in 70-odd more collective or state farms throughout the country. Then on October 2, the Constitutional Court of Moldova declared unconstitutional the provisions of the existing law that suspended until 2001 the right of an individual owner to sell his or her land and restricted the allocation of land to individuals by collective and state farms to the period November 1 to March 1 of each year. The decision was only tacitly accepted by the ruling Democratic Agrarian Party, but Moldovan President Mircea Snegur campaigned for reelection that autumn on a platform firmly embracing the privatization of agricultural land.

Snegur's primary challenger, Speaker of Parliament Petru Lucinschi, also endorsed continued land privatization, albeit in somewhat equivocal terms. For example, he recognized that land is now a saleable commodity but warned that "we cannot permit the land to fall into the hands of the rich people of this country or those beyond our borders who are not known to us . . . ." Nevertheless, following his victory, President-elect Lucinschi traveled to the former Maiac farm in Nisporeni on December 10 to participate in the ceremonial presentation of the first batch of land titles to members of the former collective. Many of the recipients were in tears, and when one woman stood staring at her certificate, the President-elect told her in a stage whisper, "Put it behind the icon," the traditional place for valuables in a rural home.

At the ceremony, which received extensive television coverage, Lucinschi announced his full support for extending the Nisporeni model to some 70 farms in all regions of Moldova. This extension had been underway for some months with the farms selected from 150 applicants, based largely on their members' strong interest in decollectivization. In October EWMI and BA&H conducted an extensive training session attended by Deputy Prime Minister Bulgari for nine teams who would work with the farms in their regions of the country. It was hoped that these farms would serve in turn as models for the remainder of Moldova's remaining 1000-odd collective and state farms.

Land Privatization Moves Forward with New Government

Following his inauguration in January 1997, President Lucinschi reiterated his intention to move forward with agricultural land reform, including legislation establishing modalities for the sale of agricultural land. Parliament was slow to move legislation legitimizing land sales, but Deputy Prime Minister Bulgari ruled that registration and titling of newly privatized land would proceed on the basis of the decentralized—and much more rapid—procedures BA&H proposed. At a televised meeting July 17 with me and EWMI and BA&H representatives, Lucinschi expressed pleasure with the progress made in breaking up the 70 farms and repeated his determination to move forward rapidly. Eight days later Bulgari wrote me to praise the progress made at the 70 farms and requested that the project be expanded the following year to 500 or more farms, constituting some 70 percent of rural land. In August—spurred by presidential prodding, the previous year's ruling of the Constitutional Court, and a World Bank loan conditioned

on this step—Parliament finally passed legislation permitting the sale of land and ratifying the decentralized procedures for surveying, registering, and titling that had been adopted administratively.

Moldovan officials recognized, of course, that land privatization, while a necessary step, was hardly sufficient for the prosperity of the country's agricultural sector. The new agricultural enterprises would require credit at affordable rates, extension services to improve their productivity, and assistance in marketing their products abroad. In soliciting foreign assistance, the government envisioned that the United States would initially concentrate on privatization, including titling and enterprise formation, while the World Bank and the European Union would focus on the post-privatization challenges.

During 1997 I participated in a number of land-titling ceremonies at former collective farms. The most memorable occurred on November 7, the 80th anniversary of the Bolshevik Revolution, when I accompanied President Lucinschi to his home town, Radulenii Vechi, in Falesti Raion, where he distributed land titles to members of the former collective there. The President told his fellow townspeople, "We have started a new era, a new life, and there is no way back. Everything can be achieved if you work hard and willingly." With a nod to the date's significance, I responded in my remarks, "Mr. President, today you are really giving land to the people!" Applause erupted from the audience.

The National "Land" Program

With Parliamentary elections only weeks away, President Lucinschi presided over a four-hour seminar on February 14, 1998, to assess the results to date of land privatization. I joined Prime Minister Ion Ciubuc and other officials to hear detailed commentaries from some 500 leaders and local officials representing the 73 former collective and state farms broken up in the project's first two phases. Almost all speakers appeared pleased with the program, but many called on the government to provide more post-privatization assistance—better financing, farm equipment, seeds and fertilizer, marketing aid, etc. The Moldovan officials responded with surprising directness, given the proximity of the elections, telling farmers that they would have to arrange their own inputs, financing, and marketing in Moldova's new economy. However, a leading banker announced that her institution would reduce the interest rate on crop loans from 28 to 22 percent in view of the fall in the country's inflation rate to 11 percent in 1997.

On March 14, just before election day, President Lucinschi convoked a nationally televised meeting of some 1500 farm leaders, regional executives, mayors, and land surveyors in Chisinau's opera house to launch the decisive phase of land privatization, christened the National "Land" Program, which was intended to break up and privatize a further 550-odd farms over the next 15 months. The meeting was conducted by Prime Minister Ion Ciubuc under a banner reading "1998—Year of the Private Farmer" with the President, the Prime Minister, six other Moldovan officials, and myself arrayed across the stage. I was assured that all 35 raion chief executives were present, "even those who didn't want to be"—an allusion to some foot-dragging by a handful of executives. Over

400 farms were represented at the meeting, and 625 farms had applied to participate in the program, each receiving an information packet with detailed step-by-step instructions on the process and sample contracts to be signed by the farm leaders and the Ministry of Privatization. A succession of speakers from all parts of Moldova praised the program and thanked the U.S. Government for its support. Closing the meeting, President Lucinschi stressed the need to seize the moment and carry agricultural reform to its conclusion in 1998.

The parliamentary elections on March 22 resulted in the formation of pro-reform government, again headed by Prime Minister Ciubuc, that included in its work program measures "to finish the land reform program (i.e., privatize all agricultural land) and create a real estate market through laws governing the sale of land, etc." The way seemed clear for full implementation of the National "Land" Program.

"Land" Methodology

While relatively simple in concept, the "Land" methodology presented daunting challenges.

The first tasks were to explain the program to local officials (mayors, land commissioners, etc.) and the program's farmer beneficiaries and then to promote the emergence of leader-entrepreneurs in the former collectives who would induce their fellow members to join them in forming new enterprises. For this purpose EWMI/CPBR, which had only a few American team members, assembled a staff of roughly 220 Moldovan professionals—accountants, economists, agronomists, lawyers, communication specialists, etc.—located in Chisinau and 10 regional centers. At the farm level these professionals and additional temporary staff worked with the mayor, leader-entrepreneurs, and individuals to explain the program and help aspiring leader-entrepreneurs to attract other farm members to lease, sell or barter their land in order to create an economically viable enterprise that could be ratified in the auction breaking up the old collective.

The surveying and titling requirements were monumental. It was necessary to survey over 1.5 million ha of agricultural land, create more than 2.4 million land parcels, and issue titles to their owners. New laws and regulations had to be developed and approved by the government—and, in some cases, Parliament—and communicated effectively to regional and local officials. Operating with just a handful of American expatriates, BA&H engaged a staff of Moldovan professionals in their Chisinau headquarters to develop the new laws and regulations for consideration by the government. This staff then eventually helped to establish and train over 50 private firms to conduct the survey work throughout Moldova. A vital component of BA&H's work was public information: the preparation of written materials to farm members and local officials about the titling procedures and the rights of the new owners. This material was supplemented by visits to villages by public education teams. All this work, including payments to the surveyors, was financed by the U.S. Government.

A final complication resulted from the extensive debts of the old collectives, which posed a bar to their liquidation. Working with the government, EWMI/CPBR's Moldovan lawyers helped develop legislation that liquidated these debts by transferring the farms' social assets (schools, etc.) to the government and exchanging private debts for tax exemptions. No part of the debts was inherited by the new successor enterprises.

Conclusion

I departed Moldova in August 1998, well before the "Land" program formally ended in December 2000. By the conclusion of the program 836 collective and state farms had completed the privatization process and were liquidated. More than 900,000 persons received land titles, and some 588,000 new farming enterprises were registered. Forty-one percent of the new farms were over 500 ha in size, 28 percent between 100 and 500 ha, and 6 percent between 1 and 99 ha. The remaining 25 percent of farms were managed by persons farming individually, or with family and friends, in varying sizes. The great majority of the new farms were formed by leasing recently privatized land from its new owners, but land purchases also played a significant role in consolidation.

The U.S. Government was the principal financial backer of the "Land" program, contributing some 100 million dollars through EWMI/CPBR and BA&H over the course of the program. Washington made this commitment because of the strong support for land reform by the Moldovan Government, confidence in the USAID contractors to carry out the program, and the hope that success in Moldova would serve as a model for similar programs elsewhere in the former Soviet Union.

Neither the Moldovan authorities, the U.S. Embassy, the USAID contractors, nor Washington agencies were under any illusion that land reform would, by itself, create a prosperous agricultural economy in Moldova. Privatization was a necessary step, but the new farm leaders would face the daunting task of raising and marketing crops and livestock that would sell profitably on the demanding world market. Some would fail, but others would enjoy the rewards that successful entrepreneurship brings to their enterprises and the country.

Author's note: The above account reflects details contained in reports I sent from Chisinau during the period in question that were released by the Department of State in response to my Freedom of Information request.

End of interview