

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

AMBASSADOR JOHN W. McDONALD

*Interviewed by: Don Kienzle
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[Note: this interview was not edited by Ambassador McDonald]

Q: Today is Thursday, February 20 1997, I'm Don Kienzle and I have the pleasure of interviewing Ambassador John W. McDonald for Labor Diplomacy Oral History Project. Mr. Ambassador, thank you very much for agreeing to participate in our project. Can we begin with something about your background, where you came from, your education and how you got interested in Foreign Affairs?

McDONALD: With pleasure. I am delighted to be a part of this program; this is the first time that I had been interviewed in my 40 years as a diplomat. My first assignment was in Berlin, Germany where I arrived on January 15, 1947. I retired in March of 1987. That's where the 40 years come from. Let me start back at the very beginning or the early days. My parents were in the military, so I moved all my life while I was a young person and then later when I was in the Foreign Service. I have been moving ever since I was born basically. I think that it's probably a useful thing to have that background when you join the Foreign Service. I got my undergraduate degree at the University of Illinois, because that's where my Father was posted, as a professor of Military Science and Tactics. I was supposed to go to Dartmouth, but he got this assignment and he said, "Boy, you are going to Illinois, because it's free tuition." And that settled that.

Q: Convincing argument.

McDONALD: That's how my college was selected. Then I was out for a couple of years, and then I went back and got a law degree. I was admitted to practice law in the State of Illinois in December of 1946, in the special session of the National Supreme Court in order to make my date with diplomacy the following month. I served eight years in Western Europe at that time, in Berlin and then with Allied Control Force. It was the first assignment of a multilateral nature. Much of my career was actually multi-lateral diplomacy. I was assigned to Law Committee and on the committee were French, a British, a Soviet and an American. So it was very good education to start out in that fashion. Then I was the District Attorney in the city of Frankfurt, Germany for three years, which happened in rather unusual fashion. The U.S. decided to set up a court system in the U.S. zone and they looked around, and everybody with any experience wanted to be a judge. They made all these lawyers judges, and then they found that they

had to find some District Attorneys to do the work. So the likes of me were around, I was 25 years old and I became part of the State Department and District Attorney for Frankfurt and I was there for three years.

Q: Going back to Berlin, did you have any contact with our Labor Attaché there, Louis Wiesner, who was very active?

McDONALD: Yes, I knew Louis. Actually, General Lucius Clay was our boss. It was a very exciting time to be there. In fact all of my eight years in France and Germany were exciting, because this was the time of rebuilding Western Europe. After my three years in Frankfurt I was assigned as the Secretary of the Law Committee of the Allied High Commission. By this time it was three powers, so it was broken off. I flew the Berlin airlift by the way, just to do it. So I was the 15th American in Bad Godesberg, or Bonn, from '50-'52, and I worked at the Petersburg, at the Allied High Commission headquarters, under John McCloy. I was there for two and a half years, and then I was sent to Paris where I worked for Bill Draper who was then head of USROE (U.S. Representative for Europe), as his personal secretary. Draper was the most powerful person outside of Washington in the whole world. Because he was Ambassador to the Organization for European Economic Cooperation, for development and to NATO and he had two ambassadors working for him, Livy Merchant and Ed Martin. He was responsible for all of the Marshall Plan assistance in Europe. That position lasted only for about three years, because he had too much power for the bureaucracy in Washington and for Ambassadors and the Mission Directors in the field. No money was dispersed under the Marshall Plan without his approval. It was all centered in Paris under his office and then it was dispersed, with two career ambassadors working for him, and all that money... Just to put it into perspective, in 1952, when I was still there, the U.S. allocated 3.25% of its Gross National Product to the Marshall Plan. Today worldwide we allocate 0.16% of our GNP, to give you an idea of what treasure was moving to Western Europe through USROE. That's why it only lasted a few years. Fortunately, I was there during the heyday, from '52-'54.

Q: Could you describe some of the activities you were personally involved in?

McDONALD: I was in Bill Draper's front office, in his secretariat, so we did all the briefings, handled all the papers going in to him, all the papers coming out, to be sure that they were followed through on. It was sort of at the center and I thoroughly enjoyed that process. Based on that experience I was asked to come back to S/S (Secretariat staff) in Washington and work for Mr. Dulles, and I worked in his secretariat for a year. My boss then was invited to be the Chief of Administration for AID (Agency for International Development) or it was called ICA in those days, International Cooperation Administration. And he took me along with him, so I ended up as his Executive Secretary. It was Kenny Scott, and I ended up as the Executive Secretary of the ICA for three and a half years. It was a GS-17 position and I was an FSS-4 or something. There was an enormous discrepancy. I finally got temporary rating of GS-17 which was kind of fun, and then I was there until January of 1959 when I went to the Middle East for eight

years. I was based in Ankara, Turkey, and accredited to Turkey, Iran and Pakistan, for four years as the US Economic Coordinator for Central Treaty Organization affairs. That was exciting because I did something very few, if any, Foreign Service Officers do. I built a railroad, a 300-mile railroad linking Turkey and Iran, I built a 3,000- mile microwave line-of-sight system, 103 line-of-sight of towers from Ankara to Teheran to Karachi, I built highways and navigation systems and did all kind of things. And I was a contract officer in the field, the first time AID had ever done that. I had signing authority over U.S. government funds, many millions of dollars worth actually, which was also a first. I was accredited to three Embassies and three Mission Directors. General Riley, a three-star Marine General who was then the Head of Mission in Ankara, Turkey, could never accept the fact that I was in his country and that he didn't have any control over me. He never forgave me for that, but we got along. Secretary Dulles, who had created the Baghdad package, wanted to link those three countries through communications. They had been neighbors for thousands of years but there were no links between them, hence the railroad and the microwave system and the highways and so forth. I started out in January '59 with two people; I had an assistant and a secretary. In my four years I had branch offices in Tehran and Karachi, and a U.S. State Department staff of about 35 people, I had contract authority, and working with me to build the microwave system were about 250 Americans. I had three airplanes assigned to me as well. By the end of it I had 10,000 Turks, Iranians and Pakistanis working on my project. That was a dramatic bureaucratic growth, from two to 10,000. I enjoyed it very much actually.

Then I went to Cairo for four years. I did everything in Cairo. On the economic side I was Commercial Officer, I was Agricultural Attaché, I was Science Attaché, I was there for four years and they kept running in and out and they had a few problems. Whenever it seemed to me they had something to do they would ask me to do it.

Q: How large was the Embassy at that time?

McDONALD: It was pretty good size. That was under Nasser, and it was before the '67 war. I actually negotiated about a billion dollars of PL-480 (USAID Food for Peace program) while I was there, which was in those days a lot of money. We had regular relations with the Egyptians, in spite of Mr. Nasser. That was a fascinating assignment, I learned a lot at that point. Then I went back to the National War College, class of '67, and I wrote my paper on Mr. Dulles and our policies in the Middle East. The irony of this all, Dulles who was the greatest anti-communist of that particular time, was the single individual who had in a sense invited the Soviets in the Middle East.

Q: With the Aswan affair?

McDONALD: Exactly. He didn't believe Nasser, and when Nasser asked four times for U.S. military equipment, four times Dulles rebuffed him. The Aswan Dam had been designed by American engineers and approved by the World Bank and they were prepared to start this dam. The estimated cost at that point was four hundred millions dollars, and it was going to be a U.S. project funded by the World Bank. After the fourth

rejection, Nasser said, “I’m going to Soviets.” Dulles thought he was bluffing. He went to Soviets and the Soviets came in into Egypt, Syria, Iraq and Libya, because Dulles thought that Nasser was bluffing. It’s really one of the great ironies of history.

Q: Why did Dulles turn down the project?

McDONALD: He thought this was an up-start fellow, he didn’t know what he was talking about, and Nasser was not that impressed with Mr. Dulles. This was terrible for Mr. Dulles’s ego. So Dulles really brought the Soviets into the Middle East, which not very many people recognize. So what happened with the Aswan Dam was that it was junked. We then reversed the votes. The World Bank was not allowed to put the money in. The Soviets came along and did a Soviet design, an earth dam, which was all they knew how to build, whereas ours allowed spill-ways and boats to go through and the whole bit. So the silting problem Egypt has today would not have existed. Water hits the dam and silt drops, and then goes around, which is terrible design in construction which Egypt still has. Anyway, that’s a diversion.

Back to the War College and then I was asked to come into IO, the Bureau of International Organization Affairs. I did and spent eight years there, first as Deputy Office Director and then Office Director, after a year. I was responsible for all of the economical and social interaction between the U.S. government and the UN system. I was responsible for all of the specialized agencies in the UN, voluntary agencies like the UNDP (United Nations Development Program), UNHCR (UN High Commission for Refugees), UNICEF (UN Children’s Fund) and so forth. That was very exciting; in those days an Office Director really had a clout. Unfortunately things have changed since then. In my days I had 35 officers working for me, covering this whole system. That was my first eight years. Then I became Deputy Director General of the International Labor Organization (ILO), from the end of ‘74 to mid ‘78, which is where you want to focus your interest. Then I came back from the ILO, went back to IO, as was required by law, and shortly thereafter was appointed I guess I would call it a rowing U.S. Ambassador to the UN, for about six years. I was appointed Ambassador twice by Carter and twice by Reagan, heading U.S. delegations to UN conferences. Then in ‘83 I went to help create the Center for the Study of Foreign Affairs at the Foreign Service Institute and retired in ‘87. So that’s my 40 years in brief.

Q: After that you were professor, should we just bring this up to the present?

McDONALD: Sure. I then became an adjunct professor of law at George Washington University, teaching a course on international negotiations. I went back as a part time consultant at the Center for Foreign Affairs, and finished up some work that I had been doing. At the end of ‘88 I was invited to become the first president of the Iowa Peace Institute, which was a small not-for-profit organization in Grinnell, Iowa, where I continued my interest in the field of citizen diplomacy. I’d written several books on that earlier. In early ‘92 I came back to Washington, and did a book on what we called multi-track diplomacy. I created the Institute for Multi-track Diplomacy in 1992 and am

still active in that, five years later. That Institute takes what we call a system approach to peace and focuses on non-violent resolution of international ethnic conflict. That brings you up to date.

Q: You mentioned that law required that you return to the same position you were in before? How does that work?

McDONALD: There is a federal law that encourages people to be seconded to international organizations in order to try to maintain a high level of U.S. presence in international organizations. The law says that at the end of the secondment, you return to your office, and they are required to take you at the level at which you left. In this case it was a senior position. What happened in reality was that when I returned they didn't know what to do with me. I began to get these very exciting special assignments that had to be done, but they didn't have extra man-power that could do them. That's when I began to head delegations to all kinds of different organizations.

Q: Do you want to list times when you were assigned Ambassadorial status?

McDONALD: The first time was in 1978, shortly after my return from the ILO, when I headed the delegation to the UN World Conference on Technical Cooperation among Developing Countries. It took place in Buenos Aires in 1978. Then I was elected Secretary General of the 27th Colombo Plan Administrative meeting later that year. I headed the U.S. delegation which negotiated UN Treaty Against the Taking of Hostages, which is now part of international law, and which came into power two years after we negotiated that. I became the U.S. Coordinator for UN Decade on Drinking Water and Sanitation. I launched the decade and then became its coordinator. I headed the U.S. delegation as the Ambassador to UN Industrial Development Conference III, in 1980, in New Delhi. Then I was asked by President Carter to head up the U.S. effort for the UN International Year for Disabled Persons in 1981. I headed the U.S. delegation for the UN Conference on World Assembly and Aging in Vienna in 1982, so it was during those times that these things came along.

Q: Can we turn to your experience at the International Labor Organization? What were your primary duties as the Deputy Director General?

McDONALD: First let me tell you about how I got the job, because that's an unusual story. I actually was invited by my Assistant Secretary, who in early 1974 called me in to his office and asked if I would be interested in being considered for the post of Deputy Director General for the ILO. The U.S. had historically held the number one spot with David Morris for 22 years. At this time a Frenchman, Mr. Blanchard had been elected Director General and they wanted a senior post for the U.S., sort of to keep things balanced out, so it was basically an American position. I had not thought about that. I knew about the existence of this post but I hadn't thought about going to Geneva. He talked me into it and I said, "OK, that sounds great to me." Things were moving along when Ned Persons in the Department of Labor, who had worked for me for five or six

years, as the ILO desk man in the Bureau, and then transferred to the Department of Labor, and had heard about this opening and decided that he didn't like me in that job. I never quite figured it out. I think he thought I was a communist, I think that was basically his idea. I certainly was to the left of his position, which had been one of the problems that we had when he was working for me at the State Department.

He decided that I really wasn't the right man for the job, so he began to lobby for other people, he didn't want the job, but he wanted other people to throw their hat into the ring. It's a very good job. It was one of the most senior positions you could have. In fact, once I got the job I was the most senior American working in Geneva, Switzerland for international organizations at that level. Suddenly, there were 13 candidates, including me for that job. He made a big deal out of setting up an interagency committee to interview the candidates for the job, and trying to figure out all different ways that I wouldn't get the job. But it turned out that I was the most qualified for the job. Because I had been running the U.S. interest for the ILO for the previous eight years, and I had the languages, French and German, I knew more about the UN than anybody else that was a candidate and he kept holding these meetings, and having people interviewed. This went on for months. Finally, they narrowed the field down to three people, of which I was one, but nobody was taking any decision. In the meantime, ILO was getting very antsy, because they wanted me there, or wanted someone there to fill the job. There was a lot of back and forth, and finally George Meany wrote to Kissinger, he was then the Secretary of State, a three line letter, which said "McDonald is the only man qualified to do the job of Deputy Director General. He is my candidate." Henry Kissinger replied within 24 hours. That was that. And I went to Geneva.

Q: Did you know George Meany at this time?

McDONALD: I was lobbying by this time; I was kind of offended I had to do all this. What had happened earlier in my life, I was member of two unions. Between my undergraduate school and law school I moved to Chicago and became a member of the Machinist Union, because I was making bullets in a defense plant. Then they shut the plant down, just before the Battle of the Bulge, as they thought they had enough bullets. So I got a job as a truck driver, driving a laundry truck on the west side and south side of Chicago. Turned out, much to my innocence and surprise, that it was the only non-union laundry in Chicago, and the Teamsters decided to change that while I was there. So I said to my friends, "Everything bad you've heard about the Teamsters is true." Because I know, I went through it, I was unionized, but they never touched me. I became a Teamster and kept my dues and a lot of other things. When this job came along and I wrote to Mr. Meany and asked for his support, in a tri-partied way of course, I wrote to businesses as well as -- and I mentioned in my background and so forth that I had been a member of two trade unions. I am sure I was the only candidate who's been a member of a trade union. In fact I know that. That, I'm sure, tipped the scale. Here's this guy who's got all the qualification, and my God he is a labor man!

Q: Did you ever serve as a labor leader?

McDONALD: No, I was just down in the ranks. But it was a good education. I'm still convinced to this day that when George Meany found this out he said, "Let's just cut down the stuff and do it, here is my man."

Q: Was your family union oriented in any way?

McDONALD: No, I had no connection. Except that I did it at tender age.

Q: And you paid your dues.

McDONALD: And I never figured that this would come around the way it came around. So I got the job, much to Ned Person's happiness.

Q: What was Ned Person's position in the Department of Labor?

McDONALD: He was in International Affairs, in ILAB (Bureau of International Labor Affairs) from that side. So, rather bizarre, but that's what happened.

Q: So you arrived in Geneva in 1974?

McDONALD: Yes, I was responsible for six departments. I had personnel administration, publications, program, budget, about 800 people that I was directly responsible for. And I was the manager of the institution. Basically I thought that the job was to modernize the very ancient secretariat. I set about doing that. I worked vigorously at the task. I have a few stories that are rather amusing.

Q: Go right ahead and tell them.

McDONALD: It was about the third week that I was there; I got a pile of letters, addressed to Finance Ministers of all out Member States, asking for payment of dues. It was a fine letter and I was about to sign it, when I suddenly saw the closing sentence said "Your obedient servant, George McDonald". "Oh my God, I am not anybody's obedient servant!" The last time I saw that was when Benjamin Franklin was reporting 200 years earlier to Washington from Paris. I said, "I will use this as a symbol of my impact on the bureaucracy, show them that I am the change agent."

So I called in the head of administration, who was British, a very nice man. His name was Danby, and I said "Mr. Danby, I would like very much to change this closing line, because it is little old-fashioned." He almost had a stroke on the spot. He said, "You can't do that," And I asked "Why not?" He replied "Because it's never been done before." I said, "I know, that's why I want to change it."

Q: It's been that way since 1919.

McDONALD: You are absolutely right. And he was absolutely adamant. Now I did his efficiency rating, and all that sort of thing, that didn't matter at all. He wouldn't change it. He just said "You can't do that." Well, I'm a pretty persistent fellow. I tried all kinds of things within the bureaucracy to see if I could get anything done, and he controlled them all, I had no luck. So I decided to go outside the perimeters, outside the box, and I wrote to a friend of mine, in a Foreign Office in London. Then I called him up on the phone and told him that I have this problem. He started to laugh and said, "McDonald, we sent you down there on a serious business. Now this is ridiculous for you to worry about, changing this." I said, "No, this is symbolic and I want to do it, and I want your help." So he said, "OK, what do you want me to do?" I said, "I want you to write a letter, on a Foreign Office stationery, complementing me on my job or whatever. That's all I want you to do." He said, "OK, I can do that." So, a week later I got a letter back on Foreign Office stationery and I was only interested in how they ended, signed the letters in the British Foreign Office in 1975. And it said, "Faithfully yours." I could live with that. I called in the Head of Administration, who was British. Now, we are international civil servants, we all take an oath of office and we defend the Constitution of the ILO, we don't take any instruction from any nation state. But after all, he was British. So I said, "Mr. Danby, I just got a letter from your Foreign Office. Here's a copy. Well, I'd like to change the closure of the ILO to the way the British Foreign Office is doing it today, 'Faithfully yours'". He said, "Yes sir." It happened that afternoon.

Let me tell you a couple more. Now, the ILO in those days, the Secretariat had 3,200 people around the world. We had 102 nationalities in the Secretariat and we were operational in 120 countries around the world. It was a large institution, a large establishment, so this was a lot to deal with. My first large meeting, I convened the senior staff and 80 people showed up, about 79 men and 1 woman. This is early 1975, I couldn't believe my eyes. There was literally one woman at the senior levels, D1 or D2, at the entire Secretariat. Now the ILO is by its Constitution supposed to look after the workers of the world, 53% of them were women, and this one woman was representing the women of the world. That to me was unacceptable. So I announced that I was going to create a Women's Bureau, headed by an Assistant Director General, just one level below mine. So it was a very senior political appointee level, and that I was going to carry this out. Nobody in that room believed me.

For the next weeks, I was approached by all kinds of people telling me that that was not necessary and redundant and so forth. I remember I had eight years of working with the UN system, so I knew of what I spoke, and I had also been in development for decades, and I said, "Gentlemen, the only way that you are going to learn about women in development is because every project is going to go through this bureau, and they are going to look at the technical assistance impact on women in development, and institutionally we have to change to the way you think and the way this place operates." So there is no question about what my views were. I also knew that the governing body, 400 people, labor management government, would be totally shocked if they learned these statistics. And that the annual world conference would be totally shocked if they heard these figures, because they knew what the constitution said. So I was not concerned

about getting my ideas through those two hierarchies. What I wanted or had to do was to bring Blanchard on board. Here is a Frenchman who is a very strong leader and who didn't like opposition, that's for sure. How would I get him to agree with this? I decided to appeal to his ego, as a Frenchman. I got all my papers together, a resolution calling for the creation of the Bureau at the ADG (Assistant Director General) level, everything was done, I went in to see him about April. I said, "Mr. Director General, how would you like to be seen as a hero in the eyes of the women of the world?" I tell you, I got his attention. He said, "What are you talking about?" So I laid down my plan, and I told him all the things and why this was necessary, and I said, "After the governing body approves and the annual conference approves, in June of this year your representative will fly from Geneva to Mexico City. The day after our conference closes, the first world conference on women in development in history opens in Mexico City. Your representative, within the first hour and the world watching, will announce that the ILO has created the first bureau in the UN history on women." He bought it and that's what happened.

Q: So it worked?

McDONALD: Perfectly, every step of the way. . So that's another way you begin to change the way people think.

Another little story: My first meeting with the Office of Personnel was interesting. I had asked for files on picking a secretary. I didn't bring anyone with me; I just wanted to work within the force. I got a stack of 40 personnel folders. I went through them diligently. The problem was they were all identical. Every block for every person was outstanding, in every category. So they were worthless as a way to help me pick one or two people out of 40. And went to the Personnel and we had our meeting and all the people were there. During the course of that meeting I explained what I had been going through and searched all of the 40 files and I couldn't tell the difference between one person and another. So I said, "I know that you either have a secret file on everybody, or you have an old boys' network." There was a stunned silence in that room. No one had ever been that blunt before. After about one or two minutes of total silence, someone from the back of the room, in the small voice said, "We have both." So I announced at that meeting that I was going to change the annual report. That took me about a year. This was 1975, 1976 was when it came in operation. Mr. Wolfensohn, the new president of the World Bank is going through the same thing 20 years later. I did it 20 years earlier than anybody else. And with the staff union's approval, because they had a very strong union in the ILO as you can expect, we developed a new annual development form in which people themselves had an opportunity to lay out their view. There was a whole section, "Where do you want to be in five years?" No one had ever even asked anybody in the whole system what their plans, hopes or aspirations might be. It was an interactive thing, it had very powerful impact and people became a lot more honest, it was a major contribution.

As the leader of this effort, this leads to another story. I filed out the annual report forms for my six department chiefs and gave them out. They were very good people and it was

not difficult, except for one person. That was a Russian. He was the head of the publications unit, which made a lot of money for the ILO and was very important and he was a terrible manager. He was a professor from somewhere, rather, and he had great difficulty with any language that I knew. I could never tell how much he understood and how much he'd carry out for me. So he really was a weak read, shall we say. I was fairly honest about his annual report, gave it to him, and the next day the Soviet Ambassador called for an appointment. I knew exactly why she wanted to see me, because he had run down and shown it to her. Next day she came in, and I told her what I was doing and what I hoped to do. She blustered at first about, how could I do this to this wonderful person, and I said, "Madam Ambassador, let me tell you about some things that I did not put in this report, about his inefficiencies, and he bad he really is." I went over those in some detail with her. She nodded, took notes and left. The next day, that same Russian called and said he had a sick Mother and had to return to Moscow. I call it the "sick mother syndrome". Soviets only left their people at the ILO for two years at the time. That is all they could stand to be away from Moscow.

So he left, which was fine, and then I waited for the next phone call. And the lady Ambassador called and she said "By the way, I have a candidate for 'our' slot." I said "Oh really, who is it?" She said, "Well, it's my Political Counselor." So I checked, and of course, he was the head of KGB in Geneva. But I couldn't say no to him, that I knew that, and then I interview him and he was the most delightful and interesting human being. He spoke six languages, he was extraordinarily clear thinker, he was a very impressive man and he got the job. So for over two years I had a KGB Colonel working for me. That doesn't happen very often. He was terrific. I enjoyed him. About six months after I left someone in his cell broke his cover and he had a sick Mother also.

Q: What were the major challenges from the substantive side? This was about time there was Soviet involvement with due process issues and other things?

McDONALD: Let me do a separate commentary on this because I think this is rather important, and because I did dozens of things. I wrote up about six pages of changes that I brought about in the area of program and budget, by streamlining and reducing projects, creating a management audit. I reduced the number of forms in the office form 1028 to 546, control mission travel; on the financial side I had any number of suggestions of reduced overhead costs with our outside funding. I was able to reduce the staff of the financial and administrative sector by 15%, I did basic shifts that people said could not be done. Even on the personnel side I reduced staff which no one had ever done in the UN system before. I was able to bring about the staff reduction of about 51 positions, people with lifetime contracts. This took about a year. And I worked very carefully again with the staff union.

What happened was that, in ILO regulations there was a statement that you could buy out a contract, a "golden handshake" they called it. Nobody since 1919 had ever done that. I thought this was an interesting process, and let's just do it. There weren't any ground rules, because no one had ever done it before. I sat down with the staff of the union,

identified these positions, and then I sent a letter to each of the people. They were from an Assistant Secretary General, all the way down. I said that we were going to abolish their positions. I didn't say that they were inefficient or terrible or whatever. Then I waited, just to put them on notice. Some weeks later we went to each person with a tailored proposal. We said, if you are willing to resign before we abolish your position, these are the moneys you will receive based on your time and grade and level and so forth. Some of them were very tidy sums. The staff union and I had agreed that every one of those posts was filled by someone who was worthless, who stopped working, because they had a lifetime contract. And they were bringing down the moral of the office. They were in the state of shock. Then we had another personal interaction with them and urged them to think about this. Then we gave them a deadline. They all resigned. We didn't have a single case on appeal, which would have dragged out for months and years. I estimated that the cost of their continuing in office until their retirement would come to about eight million dollars, and I think the buyout was about a million and a half. It was well worth the money. And it raised moral dramatically because no one had ever fired anyone in the history of the ILO, and here we'd done it. It worked. That was probably one of my most dramatic achievements. But they were all designed to make ILO more efficient. To do what I thought I had been hired to do. To take care of the U.S. criticism of the ILO, that it was badly managed. In spite of the fact that I had done all those things, it was not considered for one moment in the decision to withdraw from the ILO. That was the zero factor.

Q: One of the things often cited was inefficiency.

McDONALD: But I corrected all of that and it made no difference. All of those four reasons were a myth. I'll go into that now if you want.

Q: What were the reasons for that, and how did Washington develop those perceptions, and what was the reality?

McDONALD: First of all you have to remember that Mr. George Meany, the man in charge of running the ILO for the U.S. is tri-partied, but he was the key actor and the key player. He was one of the most anti-communist people in the U.S. In 1971, before I arrived, a very nice man was appointed in situ Director General, the number three level, by the Soviet Union and the ILO accepted it. It was the first time a Russian - he was from Ukraine, and they don't even acknowledge that he was a Russian. He was appointed at that level and the U.S. was furious, that a Russian would be up there. There were about eight DGS, and he was just one of eight. He was a nice little man, who had no power, no influence in the Secretariat whatsoever, everybody knew that he was appointed for geographical distribution reasons and he was put in a corner and forgotten about. Not a threat to anybody.

Q: Did he stay for more than two years?

McDONALD: Yes, he stayed throughout. In anger, we stopped paying our dues for a

while. And Meany was convinced that the Soviets were running the ILO. I had done all kinds of studies that we had 25% of the office and the Soviets had 2%, and things like that that proved that we were the leaders, we were putting in 25% of the budget and we had a high proportion of officers and the Soviets were not a threat and certainly not the power. Those studies were totally ignored by Mr. Meany.

Q: Were we paying our dues at the time you arrived in 1974?

McDONALD: We started up again in 1974, things were patched up and we paid all the back moneys. And Blanchard was elected. That's when I came in. But the Russian issues were always on Meany's mind. In 1974, before I arrived, the ILO Annual Conference passed a resolution criticizing Israel for mistreatment of its Arab workers. And Mr. Meany, very pro-Israel, got very angry and forced the US government to get very angry about that criticism. In June of 1975 the Annual Conference admitted the ILO as an observer, after the UN and other agencies had already admitted them. We took no leadership there, and they got even angrier. So, on November 6, 1975, Secretary Kissinger sent a formal letter to Blanchard, of U.S.'s intent to withdraw. He said in the letter, "but we don't want to withdraw." That was in the letter. There were four complaints listed in the letter, all very vaguely stated. They said that the organization was being politicized. They didn't explain that word. But I read PLO (Palestinian Liberation Organization). Any time you get labor management together, it gets politicized. You can't do anything without having politics involved. The second complaint was double standards. That means that with regards to criticisms conventions, we were easy on the East and tough on the West. The irony is that in 1974 there were 140 conventions and international treaties negotiated by the ILO. The U.S. had ratified seven, out of 140. We were complaining about the fact that the ILO was too tough on the West. The other irony is that under the ILO system, any member, trade union member, business member, government, can complain to the ILO about a violation by somebody else of any of the treaties, whether you sign it or not. The U.S. government never filed a complaint, the entire time from 1935 to 1975. What I'm suggesting is, if there was a double standard, they never tried it out; they never tested the waters, never complained about anybody. It's pretty hard to say if you don't complain that's the valid reason today or at that point in time.

Q: Was that also true for American trade unions or business communities?

McDONALD: Yes. They could file it separately or individually, or any one of the three units. Nobody ever filed a complaint. My argument of course was that if you don't like the system, you stay with the system and fight it from within. If you pull out, you lose your power to change the system. Then they talked about the violation of the due process. They didn't explain any of these things. These were the key words, "double standards, violation of due process, politicization". What they meant there was, they were objecting to the criticism of Israel by the Annual Conference. The irony is that Israelis never complained about this at all. They never withdrew, they never complained, in fact they were in a stronger position historically in the ILO than in any other agency in the UN system. Because they had a voice there and they were heard. Mr. Meany was complaining

about violation of due process, but Israelis never complained about violation of due process. The forth was erosion of tri-partied representation. No one could've ever figured that out, within the Secretariat or within the US Government, what Meany meant by the statement, because tri-partied was very active through the entire time, both business leader and trade union leaders. That was a puzzle. Of course there was another thing that was not in the letter, that he didn't like the fact that Soviets were hired by the ILO Secretariat. ILO took this letter very seriously. Most of the other members did as well. For a while some of them thought that the U.S. was bluffing. They couldn't understand how the AFL (American Federation of Labor), with Samuel Gompers as the chairman of the committee that established ILO in 1919, could suddenly turn on what they had helped create. But a lot of thought was done on this. The U.S. never provided a detailed check-list; there was that one letter with four generalities, and that was all we had to go on.

Q: Did you have any advanced notice or any back door channel?

McDONALD: I didn't at the time. But I spent an enormous amount of time lobbying the U.S. to change its mind and lobbying the world. I made many trips back to Washington; caucused with the Senate and the House leadership, with Mr. George Meany and anyone could find to talk to.

Q: So you were also surprised by the initial letter?

Absolutely. This is what I was able to achieve as sort of Blanchard's representative, in trying to get the U.S. to stay. I got 60 governments to write to the Secretary of State, urging the U.S. to withdraw its letter. I got eight heads of state to write. I got the Pope to write a personal letter to George Meany, asking him to withdraw. I got the Israeli government to write George Meany and ask him to withdraw the letter. I got 18 senators, lead by Senator Humphrey, in writing. I got 40 Congressmen, in writing, to urge the President, Secretary of State, or Meany to withdraw. I got the presidents of four trade unions in the U.S. to write George Meany and others. I got 20 major news papers to write editorials. New York Times, The Washington Post, Christian Science Monitor, to write editorials saying the ILO should stay. That's a lot of work. I got any number of non-governmental organization, I got several corporations. I got the Secretary of State, the head of the National Security Council, and the U.S. Ambassador to the U.N. to ask Mr. Carter to withdraw the letter. Can you think of anybody else I could have gotten?

Q: What was the position of the Secretary of Labor?

McDONALD: Hold on. What happened was that we had it finally worked out, because Meany was astonished by all this stuff, that Meany was going to ask for withdrawal and Carter was going to say "no", with all this stuff coming up. What I finally learned after all that, was that the last person to see Carter, just before Meany came in for that meeting in early November was Hamilton Jordan. And Hamilton Jordan said, "Mr. Carter, Mr. Meany wants this and we owe him one." Mr. Meany walks into the room and Mr. Carter

said, "I understand you want us to withdraw from the ILO. I agree to do that." Meany didn't open his mouth. Carter never got a single thing in return for that. And the letter stood. The U.S. withdrew, I became the sacrificial lamb, as the senior American, my post was abolished by the Secretary General, and I returned to the U.S. in 1978. Three months after Mr. Meany died, the next year, the U.S. returned to the ILO. All because Lean Kirkland, he never agreed with Meany, he wanted the U.S. to stay, and to return. Suddenly all of the things that were wrong with the ILO were now right, because Mr. Meany had died. Literally three months after Mr. Meany died, the U.S. was back in. So Mr. Meany took us out, and Mr. Kirkland took us back in. That's the story of the U.S. withdrawal.

Q: Did you have any sense of the role of either Irving Brown or Jay Lovestone in the process?

McDONALD: I knew both, and it's hard to say. I thought they both loved the ILO. Meany was just in charge and no one could contradict Mr. Meany, especially in the last years when he had been around forever.

Q: Do you think the initiative was just Meany himself or you think he had advisors?

McDONALD: Well he probably had some who were passing up the stuff but all they could do was pass up the stuff they wanted to hear. You see, Meany also tried to create a new organization. He tried to create a new world labor organization, to replace the ILO.

Q: Could you expand on that at all?

McDONALD: I don't have much in writing. I forget even the name of it. He wanted to create a new international labor organization outside the UN system, he went to every country in Western Europe, I do know, and they all laughed at him and turned him down. He went that far to try and counter the ILO and it fell flatter than a pancake and nothing ever happened to it. The various international trade unions said, "That's just ridiculous." So he got zero support, and the thing died, but he tried.

When I got the Pope to write George Meany, I thought that would do it. And really, to get the Israelis, who didn't even agree with him. They wrote to him personally at the highest level and asked him to withdraw that letter. That's a fascinating chapter in history.

Q: Well, I didn't know about that.

McDONALD: Well, nobody really does, and I have never written anything about it, it's the first time I've ever even told the story.

Q: It's an important story.

McDONALD: Sometime maybe I will write something, but I haven't yet.

Q: In the meantime we have a record here.

McDONALD: I think the ILO was an outstanding institution, I think it's done a brilliant job over the decades, it is stronger now than ever before. The irony is that we lost half of our positions during the time that the U.S. was out. We've never recouped them. We're down to about 10 or 11%, instead of the 22%. So Mr. Meany ended up reduced the U.S. presence by half in the Secretariat.

Q: It's widely viewed that Irving Brown enjoyed himself immensely at the ILO, and held court and large meetings and all this. He must have had some mixed feelings about withdrawing. What were your views about that?

McDONALD: I know he had mixed feelings about me.

Q: You want to expand on that?

McDONALD: We just disagreed on various things. The sad part for me in connection with the withdrawal is the role of Jordan, who at the last moment was able to influence Jimmy Carter, because I had everybody in the world on my side, to get the U.S. to withdraw the letter. The irony is that the U.S. Congress did not have to act on either case. So when Lane Kirkland decided that the U.S. should go back in, all they had to do was get the President send in a letter, saying we'd like to rejoin. It didn't have to go back to the Congress and get the vote. We still had the treaty relationship, we didn't cancel the treaty.

Q: So once the letter was sent the clock started ticking?

McDONALD: Correct. But once the US had withdrawn, all that was needed was another letter to say we would like to return. In that negotiation about the return, they recreated my job, which had been abolished. So the U.S. has now filled that job ever since, but it has not been as influential as my job, because one of the things that happened was that Personnel was taken out from under the new man, and the Director General wanted that himself. And the present post is even weaker than that. It's held by a U.S. woman, and she has far less power than I had. I was literally the manager of the institution and Blanchard liked what I did.

There is another little story. Here I was, a newcomer to this ancient organization, trying to bring about all kinds of changes. Blanchard was very jealous of anybody who might have any power, because he thought that everybody was after his job. Now, there were several people in the institution that were, but I was not one of them. It took me about a year to figure out that he really had doubts about me, and he wasn't sure about what I was doing. So I came up with an idea that worked beautifully. I called it "feedback", and every Friday evening I dictated two pages, and it was never longer than two pages, of what I had done that week that I thought might interest him, and what I planned to do the next week.

And there it was, everything for him to read. No secrets. And it went just to him, nobody else. He loved it and this relationship was converted overnight, because he saw that I was holding nothing back, because he had his people who could say whether this was correct or not. And I was totally open and honest, it was a terrific decision that made his life and my life much more relaxed and we got along fabulously.

Q: Given the fact that David Morris had been there for 22 years, he may have thought that you thought that the Director Generalship was an American position, and this was a way for making it a non-threatening positions for him.

McDONALD: Exactly. It worked beautifully.

Q: I wonder if you could comment on the role that Dan Horowitz played in trying to promote change in the ILO, and get foreign countries to pressure the ILO to meeting some of the U.S. objections.

McDONALD: I think he tried really hard. I know he did a lot of traveling around the world to convince people. He didn't spend much time with me, because I didn't think there was much substance to him anyway. So he just figured that I was probably beyond pay, I came to try to convert things. I continued to do my job which was to modernize and make ILO more efficient. What I said earlier, that that counted for nothing, was true, because that was not included in four points, and the decision was a highly political one of domestic U.S. policy. It had nothing to do with international. When George Meany said he wanted to get out of the ILO, it was a domestic issue. Carter wanted to keep Meany happy, and that's what it boiled down to. That's in shorthand my point.

Q: Did you have any feel for the differences in opinion within the U.S. government? There was an advisory committee that was established?

McDONALD: That was afterward, to get the U.S. back in. They didn't have an advisory committee before the withdrawal. Basically it was designed to look at what the ILO was doing, to see if there was ever time to return. Everybody that I talked to in the Congress and the Senate, and that was a lot of doing, said this is a mistake, the U.S. should stay. I launched a whole campaign and none of it matched George Meany.

Q: Did you talk to Bill Mains who was the head of ILO?

McDONALD: Sure. When I came back in 1978 he was my boss, he was the Assistant Secretary. In fact I still see him, I saw him the other day, and he is a great guy. I say, the Secretary of State wanted to stay.

Q: That was Secretary Vance at that point.

McDONALD: That's right. Do you know Peter Bourne? Well, Peter Bourne, a close friend of President Carter, he had been with him in Georgia and had known him for a

long time, a medical doctor; he was responsible for the ILO among other things in the White House. I called on him first week he was in office in the White House and he agreed with me 100% that that was a mistake. I kept working with him all the way through. The opportunity was, you see, it was, who was the President before Carter?

Q: President Ford.

McDONALD: He was the one who had pulled out, Kissinger had sent the letter. So my argument was to Carter through Peter Bourne, "Look this is a Republican initiative, you don't have anything against the ILO, why don't you just withdraw the letter?" That was my whole tactic. I literally was in Bourne's office a week after he had been appointed. And he agreed with me, all the way. So I had a close personal friend and a member of Carter's staff saying, "Let's do it." It didn't work, because of Hamilton Jordan who was inside, domestic political guy. There was no negotiation, no discussion; Carter just gave it to him. And Meany, I heard later, was absolutely flabbergasted. He didn't open his mouth!

Q: What was his position going into the meeting, will we ever know?

McDONALD: Yes, I think he was going, from what I heard, he had four trade union presidents telling him to stay. Who has ever done that before? The scenario that we had hoped for, until Hamilton Jordan intervened, was that Carter was prepped to say, "George I would appreciate your not pushing me on the ILO and would you mind my withdrawing the letter?" And I am convinced that Meany would have said "Yes, I have no problem with that." Because he had internal pressure on him, he had the Pope, he had Israel, and he had four different trade union presidents. That's what I thought was going to happen, I thought I was going to win until that happened. Because we had set up the meeting, had the whole thing laid out, it was all prepped and so forth. And that's what I thought was going to happen. And as I say, Meany never opened his mouth.

Q: Must have been a real bombshell in Geneva, when that happened. How did the people react?

McDONALD: They couldn't believe it. Founding fathers of the ILO 1919, it was Samuel Gompers who was the chairman of the committee creating the ILO, he was a chapter in the Treaty of Versailles, it was AFO who did it. And for this to happen, they couldn't believe it, nobody thought it would happen, including me.

Q: You don't think there were objective complaints with management or policies, you think that was just a perception?

McDONALD: Absolutely not. Meany said he wanted to withdraw and the State Department had to figure out the reasons why. That's the way I saw it. So they got this whole artificial stuff. The same thing happened with UNESCO (United Nations Educational, Scientific and Cultural Organization). I followed UNESCO, and the lies and

the untruths that were told about UNESCO to justify U.S. withdrawal from UNESCO are incredible. And the U.S. is still out of UNESCO, ten years later. Because there is no George Meany that had died and someone else to take them back in. So I've been working on getting the U.S. back into UNESCO for some years now. I had a lunch last month with the Director General who really had reshaped that organization, which was in a worse shape than ILO ever was. The proof of the pudding is that Lane Kirkland never wanted the U.S. to withdraw, and as soon as Meany was dead, he started the process of getting back in. It seems to me you can't have a more clear proof of how trade union leaders thought about this.

Q: Any final observations you'd like to make about that unhappy chapter?

McDONALD: Those things happen I guess. It changed my life because I then came back and became Ambassador. I would have probably stayed forever in the ILO. Maybe that was a good turn.

Q: Do you think the ILO is a better organization for our withdrawal and reentry?

McDONALD: No, I don't. I think it's a better organization for my four years there. We lost 50% of our personnel, and because we've kept the ILO and all the UN agencies, on zero program growth, you don't hire people in an expanding program, you replace them and so we have not been able to struggle back up with that percentage.

Q: How do you feel about the zero-growth program?

McDONALD: I think it's very stupid, we're talking about pennies, relatively speaking. The annual budget of UNESCO for the U.S. for example is 15 million dollars a year. Maybe it's 70 for the U.S. for the ILO. But these are piddling sums and they get all upset about money things. I think it's terrible. One nation wants to keep the level, while all the rest of the world wants these things to expand because the need is there. And what is happening there, and this is weakening the ILO and other specialized agencies, is the bilateral aid donors, all the Scandinavian countries for example they give the money to the ILO outside the regular budget, outside the development program, and they then have a specific management role in how the money is being spent. So the concept of fungible money for global institution is being destroyed by this narrow mindedness on the part of the U.S. For example, Sweden would give ten million dollars to carry out a labor training program in Tanzania. And, of course, it just happens that the heads of those programs are Swedes. It's an ILO label, ILO channels the money, and it helps to manage the project. But we have a name for it, it's called multi-bi, multilateral-bilateral funding, which is a crazy word, but that's what it is. They give the money to the ILO and then they end up managing it, or supervising its management. So the ILO budget continues to grow in that fashion, whereas the regular budget, with our regular 25% is static.

I think it's bad management, basically, to do it that way, and that's why I say this zero program growth doesn't make sense when the world is benefiting from this and we are

talking only about pennies. It's very sad. We get so tied down with budgetary issues forgetting why these institutions are created in the first place. To help people, and by keeping the budget we are static for a decade or more. This means less, because the world population is growing dramatically and we aren't keeping up with the population growth. So the net result is the budgetary decrease every year vis-a-vis the world population growth. Literally, we don't keep up with the population. I don't think that's what the UN was structured for. So I don't agree with the present philosophy. And then we have all those requirements and we don't pay our dues. We owe 1.4 billion dollars today to the UN system. The biggest debtor in the history of the world, and yet we are the ones who nitpick and talk about pennies when we are the biggest debtor. That, I'm sorry, is the wrong image for the U.S. as far as I am concerned. That is not my image of how our government should operate. I could go on for awhile on this one. I do want to end up by saying I had a great time in ILO, in spite of all these trials and tribulations, I achieved the goals that I had set out to achieve.

Let me give you one other little story on goals. Again, I'm reminded of it because the head of the World Bank is trying to do this now and it's what I achieved 20 years ago. Everybody loves Geneva and everybody wants to serve in Geneva. But we're a filed operation; we've got offices all over the world and project in 120 countries. So, there are a lot of people out there. But whenever someone gets assigned back to Geneva they want to stay. So I finally figured it out. I made the speeches and so forth about the need for rotation, but nobody listened. Again, I worked with the staff union, and again this took a lot of time because they don't want to feel threatened by this. I got it written into the staff regulations that in order to move beyond lower-mid level, P3 and above, you had to have headquarters and field service. It's the only organization in the UN system that I know of that has that mandatory in the personnel system. You have to have filed experience and you have to have headquarters experience, so that you can understand how the system works. That to me is another major accomplishment, to get that built into the system and the personnel to follow it and there is no way out of it.

Q: There are a number of offices around the world. I know there is one in Bangkok, Mexico City, and a few others?

McDONALD: Dozens of them, right. That's where the real action is, that's where you're working with the people.

Q: We did interview one person Geneva, who had a minority opinion on Geneva. He said that it wasn't quite same in November and December as it was in June. Had he known, he might have reconsidered taking an ILO position. Cordova, does that ring a bell?

McDONALD: That's certainly true. But people that served in Geneva didn't want to leave. What you may not know is that every single agency in the system has the same basic contract, and when you sign that contract you say that you are signing up for a worldwide service. And worldwide service means just that to me. Historically, it didn't mean that to a lot of people, and I was able to change that. So that's another basic shift. I

feel quite pleased with things I did accomplish, which are laid out in this attachment. I had a wonderful time there. Crystal, my wife, was of course with me. She had lived in Geneva for a dozen years before that, working with the Common Market, so she knew everybody and that was always helpful to have that kind of contact.

Q: Were there lessons learned at the ILO that have been helpful in your effort to establish Institute on multi-tract diplomacy?

McDONALD: I certainly learned something about management, and that has been helpful throughout my career. I had about 17 years working on UN affairs in my career and counting the ILO is part of that time. That is unique in the history of Foreign Service, and I know of no other FSO who ever came close to that.

Q: Seventeen years is a long time.

McDONALD: So I know what I'm talking about. I wrote a book on how to be a delegate to the UN, which became a bestseller. In fact I used it when I was in Jerusalem last week... Did I tell you why I went there?

I was invited by the ministry of Foreign Affairs to teach 18 senior Israeli diplomats, all ministers, councilors, a couple had been ambassadors, the art of multi-lateral negotiation. How do you deal with three or more countries at a time? They acknowledged when I got there two weeks ago, that for 50 years their Ministry had only thought in bilateral terms; Israel and Jordan, Israel and Egypt, Israel and the U.S. And that they finally realized the world was passing them by and they should learn more about the multi-lateral approach. I taught the first course they'd ever had in multilateral diplomacy. I was the only non-Israeli involved. I enjoyed that and I learned a great deal about the multilateral diplomacy during my time at the ILO.

Q: They probably were excluded from a number of organizations for many years, so they did have that handicap?

McDONALD: That's true. But they had literally, and they acknowledge this, they had their minds set on the fact that there were things going on globally that interested them and now they are finding that things like population and water and clean air and environmental issues of all kinds have an impact on them.

Q: Water and clean air are very important in Middle East.

McDONALD: And they cross borders without knowing that Israel stops here.

Q: And the problem is they have not been able to talk to anyone on the other side of some of those borders for a good portion of the last 50 years.

McDONALD: And Oslo is now demanding some multilateral issues. There are now

dozen different subcommittees with different nationals working on it. They've begun to learn and I think this was a useful experience for them. I enjoyed it.

Q: Do you have by any chance a list of the publications you've written over the years, that's another thing we would like to attach, if you have it.

McDONALD: Eight books, chapters in other books, and so forth. In fact my book on multi-tract diplomacy, its third edition, is now being used in a dozen universities, I just saw a publication. That's kind of fun.

Q: Let me ask you one question that I'm curious about. In your diagram of nine different factors of multi-tract diplomacy, there wasn't a special tract for labor. I was wondering, given your experience at the ILO and the tri-partied nature of the ILO and the importance of labor along with management and government, is there a reason why labor wasn't included?

McDONALD: Sure. The question was why we haven't included labor in one of our nine tracks. We have business as Track Three, research and training, and education as Track Five. I guess that we were looking for groups that we considered to be change agents in the world system. We did not include labor because it is not nearly as important a change agent as world religion, or world business or world press. I just would assume they were not involved in the peace business per se on the global scale and just didn't include them.

Q: In, say, Africa in this century, the unions along with the bureaucracies and the military were really the key change agents for African independence.

McDONALD: Certainly in South Africa, the unions played a major role, I agree with that. I never really focused on that. Maybe we should have tracked them!

Q: Any comments you would like to make about your current work?

McDONALD: That's a whole another section. I got a whole series of speeches on that side; I wouldn't want to go into that.

Q: OK. Is there anything else on labor that seems relevant to you?

McDONALD: No, I think we just about covered it.

Q: Well, on behalf of the Labor Diplomacy World History project, I want to thank you for your participation. It's been a lot of fun.

McDONALD: I admire your patience.

Q: I enjoyed it. Thank you very much.

End of interview