

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

RICHARD MORFORD

*Interviewed by Robin Matthewman
Initial Interview date: June 27, 2022
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INTERVIEW

Q: Good morning, it is June 27, 2022. I am Robin Mathewman, and today we are starting our initial interview with Richard Morford. Dick, we are going to start from the beginning. Where and when were you born?

MORFORD: I was born in Indianapolis, Indiana in November 1948,

Q: Tell me a little about your parents and their families. Were they from Indianapolis for a long time? Were they an immigrant family?

MORFORD: I did some genealogy research, and it turns out that both sides of my family go back pretty far in America. There is a lot of English there. Which means a lot of English and Northwest European with some Scottish and Irish and a bit of Viking. Ancestry found one percent or so American Indian and a similar amount of Eastern European Jew, but everything else was pretty English. My parents both grew up in Indianapolis.

Q: Your father's name was Morford?

MORFORD: Morford, right. My mother's maiden name was Hogue. Both of their parents had moved to Indianapolis off the farm at some point before the Depression. It turns out that although they grew up only a mile or so from each other and both went to the same high school, my parents only met after high school when they were both working at Capital Dairies, the Indianapolis milk company. They got engaged in August 1940 and married in September 1941. At some point, my father volunteered for the Air Force. I think he wanted to be a pilot. But he had a heart murmur so that didn't work. Then he got drafted. So, only a month after getting married, he was off to basic training. Pearl Harbor must have happened while he was there. He ended up in the infantry and that next spring was going through commando school in Scotland, which I understand soon became the birth of the modern Army Rangers. I guess the heart murmur wasn't so bad.

I have a pile of letters between my mom and dad during the war which never say where he was of course because that was secret at the time. The records say he landed in Africa

in November 1942. He went from Morocco into Algeria and then was taken prisoner in a battle that he liked to call Eisenhower's Folly.

Q: What is that?

MORFORD: That was in Tunisia. I think it was the battle of Kasserine Pass. He never talked much about the war, but it seems his unit was decimated. He became a German prisoner of war in Italy. Of course, my mother didn't know for a while. He was just MIA. He was liberated when the Allies pushed past Naples - saved by a group of nuns who ran a hospital. My dad said the prison camp near Naples was being bombed by the allies. The nuns took in two or three sick prisoners including my father who had developed jaundice. The Germans decided to move further north and came to get the sick men. The chief nun refused to let them go. So, he was liberated.

Q: Was this in 1943 or 1944?

MORFORD: It would have been October 1943. After recovery he returned home on furlough in April 1944.

Q: And with a lot of indebtedness to Italians.

MORFORD: Well, he was not particularly in love with all Italians. He said the ones that were around the German prisoner of war camps were probably not the finest but I'm certain he liked the nuns. Interestingly, he didn't say anything bad about the German officers. Apparently one of the Italian guards had wanted his wedding ring and a German officer stepped in. There are all kinds of little stories. I don't even know if my kids know these.

Back in Indianapolis after the war, my dad took advantage of the GI bill and majored in accounting at Butler University. My parents had me about that time. He graduated and got his CPA. After working for an accounting firm, he joined an Indianapolis-based company called P.R. Mallory, which had a whole bunch of divisions but the one that was famous, produced the Duracell battery which they had invented. Perhaps as a result, they were eventually purchased by a conglomerate. My dad was at retirement age by then and stayed on, becoming one of the last two employees. On the final day, he and his secretary closed the books, locked the doors, went out to lunch and that was the end of P.R. Mallory.

Q: Did you have any brothers or sisters?

MORFORD: I had none when I was growing up in the city, but I didn't lack playmates. We lived on a two-block street with post WWII Cape Cods right next to each other. There were well over 100 kids in those two blocks. I wasn't the only "only child" on the street, but certainly one of the few. The neighbor across the street had five kids; the McNally's had 8! Everybody had a lot of kids. I was never lonely. I had an idyllic childhood in that sense. I walked to elementary school and home twice a day since lunch was only served

for those living more than a mile from school and our house was a half block shy. Fortunately, my stay-at-home mom had lunch waiting and I was in and out in 20 minutes so I could get back to school in time. We moved when I was 12 from the east side of Indianapolis to the suburbs. My sister was born after that so there was almost a 13-year gap between my sister and me.

Q: All right, tell me a little bit about your school time. You were starting school in what year? 1954?

MORFORD: Around then. Let me do the math. Since my birthday was in late November, I started school in January instead of September. They called us mid-termers. So, it would have been the beginning of 1955. I, of course, had already gone to kindergarten but I started the first grade at PS 68 in 1955.

Q: And then you started high school when?

MORFORD: Either 1963 or 1964 depending on how you count it. After half of fifth grade, we moved that summer from the city to the suburb of Warren Township which didn't have mid-termers. I had to choose whether to go forward or back. Academics were no problem, but I wanted to make sure I'd make the basketball team, so I repeated the first half of fifth grade. I attended Woodview Junior High grades 7-9 and started high school in my sophomore year. I graduated from Warren Central High School in 1967.

Q: OK, were you very aware of the Vietnam War and some of the things that were starting then.

MORFORD: Pretty much so. I still very much remember freshman year, when the announcement came over the loudspeaker that JFK had been assassinated. That was a shock. In high school I was active in speech and debate which made sure I kept up on current events.

Q: So I was never in the debate club but I understand that you pick a topic and you compete on that topic taking different sides for different occasions for different tournaments or whatever all year long. Is that right?

MORFORD: That is correct.

Q: So, were there some interesting topics?

MORFORD: Yes, but they were limited. Debate required going pretty deep into one topic each year. I've still got a box of old handwritten and typed debate cards in the basement. You would use those to quote a source to support your argument. One topic was whether there should be compulsory arbitration of labor disputes in basic industries. I think the other topics dealt with control of nuclear weapons and limiting foreign aid to non-military aid. We got pretty good at debating and understanding those topics.

Q: And how to persuade people, right?

MORFORD: Right. You and your partner are trying to win the debate against another team. Judges decide. The other activity was extemporaneous speaking, which I really enjoyed. Essentially, they would give you a topic and you would have half an hour or so to prepare before you gave a speech. The topics focused on current events, so the Vietnam war and inflation were big. It helped to always have a structure to work from – find some kind of lead in, state the topic and what you are going to say, say it in two or three points so it doesn't get too long, and then wrap it up by repeating your conclusion and possibly linking back to your opening. I would bring the last couple of years of U.S. News and World Report with me so I could find information on the topic. It had the best index. I learned a lot about the issues and presenting myself in public. Warren Central had a pretty competitive speech and debate program. One of my teammates was Jane Pauley.

Q: Did you get to travel a bit or was it just in Indianapolis?

MORFORD: We traveled all around Indiana, spending most weekends during the winter at tournaments.

Q: Did you get to play basketball in high school?

MORFORD: No. I did get to play in elementary school though. By the time I got to junior high I wasn't good enough to make the team. However, we had intramurals. I played intramural basketball in junior high and all the way through high school.

We had a ping pong table in the basement, and I got fairly good at table tennis. In junior high we had a school wide tournament. I won one of the brackets and my friend won the other. We played the final in the middle of the gym in front of the entire school. Unfortunately, he was really good and in fact went on to win national tournaments, so the result was preordained. He suggested we push the ball back and forth for an hour or two which would aggravate the administration. I said I couldn't do that, so 21-7 followed by 21-7. I'm not sure how many of those sevens he gave me, but the end was quick.

I was active in church and boy scouts, where I ended up an Eagle. I played organized baseball until I was 15 (and continued to play slow pitch softball off and on through my 30s) and picked up tennis one summer, which I then played in high school and college. I enjoyed school both in and out of the classroom.

Q: It sounds like a lot of fun growing up. Then it comes the time that you have to think about college.

MORFORD: In high school, I was always planning on going to college. In junior high they had a strange system where they divided us up based on test results. So, the classes were numbered 7-1 to 7-15. Of course, the really smart kids were in band and orchestra which were at the high end, but I was always in the number one class, so I figured I was smart enough to go to college.

Q: So did you have a sense then of what you wanted to do.

MORFORD: No. I knew I was good at math. I enjoyed science; I wasn't very good at shop. I was in the German club and the math club and all kinds of clubs. I also did Junior Achievement, which was a wonderful thing. With high school students from all over the city we formed and ran our own company. We ended up being company of the year for the Indianapolis JA and I was Treasurer of the year for Indiana.

Q: What did the company do?

MORFORD: We called ourselves Memco and we made the Memco Memo. It was a memo pad on a plexiglass base held down by another strip of plexiglass with a pen on top. You could replace the paper by loosening the screws and putting in another pad. It was meant to sit next to your telephone. We cut and polished the plexiglass, assembled the memo pad, and sold them. We did pretty well.

Q: Did you apply to several colleges? Did you know where you wanted to go?

MORFORD: I only applied to colleges in Indiana. I decided I wanted to go to a liberal arts college because I didn't know what I wanted to do.

Q: This is very common, right? At that time liberal arts was very common.

MORFORD: I guess so, particularly, if like me, you had no idea what direction you wanted to go. I ended up going to Wabash College in Crawfordsville, Indiana. Wabash is relatively competitive, but its main distinguishing factor was it was all male. That wasn't why I chose it.

Q: Why did you choose it?

MORFORD: I chose it because I thought it was the best of the colleges I looked at. I visited Hanover, Earlham, and several other liberal arts colleges of which Indiana has an abundance. I decided to major in economics. That took advantage of my interest in math, business and public policy. Unfortunately, I didn't take calculus my senior year in high school. Instead, I took an elective course on international relations! So, I had to take calculus my freshman year in college. You can get into trouble with a course like calculus if you don't study. And I didn't. Just before Christmas break, my professor told me "Mr. Morford you have a D- bordering on less. I suggest you study over the holidays." Fortunately, I found an upperclassman who was really good in math and lived in Indianapolis. He agreed to tutor me. Except for Christmas, we reviewed every day for two weeks. I took my exam when I got back and got an A, giving me a C for the course.

Q: And the course was the calculus class?

MORFORD: A calculus course and that was a requirement for my economics degree. I

squeezed by on what used to be my strength. It was a good lesson.

Q: Very good. So you did in fact get a degree in economics. And you went overseas for some time junior year.

MORFORD: Everyone was required to talk to the Dean toward the end of their sophomore year to decide their major among other things. I was in a bit of a quandary. I was wondering if I wanted to stay at Wabash for two more years or transfer to a coed school. While I was waiting in the Dean's anteroom, I saw a flier from Central College in Pella, Iowa touting its junior year in Europe programs. "Study abroad" it said, "we have programs in Italy, Spain and Austria." I had studied German in high school and had continued with German my first two years at Wabash. I picked up the brochure, took it into the Dean's office, and said I'd like to study abroad my junior year. He said, "great idea" and that was that.

Q: You ended up staying at Wabash?

MORFORD: I came back for my senior year.

Q: Where did you go? You went somewhere in Germany?

MORFORD: I went for a whole year, the first four months in Germany studying at Goethe Institutes. I was first in a small town in Westphalia in northern Germany and then in Bad Reichenhall in Bavaria. I then spent an academic year at the University of Vienna. It was a program for foreigners, but the courses were taught by university professors in German. In addition to German, I studied philosophy, psychology, history, literature – all very liberal arts.

Q: I am sorry for backing up but why did you end up studying German instead of Spanish or French?

MORFORD: That decision was made in high school. I think it probably came from looking at what made the most sense. In the mid to late 1960s, German looked like the most economically relevant language. Their economy was doing really well after the war. Besides everybody else was taking Spanish and I wanted to do something different.

Q: In Germany did you live with families or in dorms?

MORFORD: In Westphalia I lived in a family's spare room. It had a separate entrance from the rest of the house. I went to their house to do laundry but generally didn't have much to do with the family except for the day when the Americans landed on the moon. That day, they invited me to watch TV with them. In the other Goethe Institute, I roomed with a friend in the same program. In Vienna, I lived in an interesting place called Europa House. It was an old manor house on the outskirts of Vienna at the end of the 49th streetcar line. They had built student dorms to encourage student exchange. I had an affable Austrian roommate.

Q: It must have been a lot of fun. Did you travel much?

MORFORD: It was. Every weekend I would try to go someplace. And in the winter, of course, I went skiing. One of the guys in our group had a car. In those days if you bought a car in Europe and then drove it before bringing it back you didn't have to pay import taxes. So, his parents bought a Volvo. I couldn't ski before I got there, but by the end of that winter, we had tried almost all the ski resorts in Austria. We got a couple extra days' vacation in St. Anton, I remember, after an avalanche closed the road. We would sometimes cram five or six guys and girls into a room to save money. We were a pretty happy, friendly bunch. We came from all over the U.S.- New York to California - and all through this little college in Iowa.

Q: You studied economics in German?

MORFORD: I studied a little economics in German, but since everyone in our program took the same classes, I mostly studied other things. It was a very broad exposure to Germanic culture and learning. So, we studied German literature and, as I said, psychology. When you are in the city of Freud how could you not?

Q: Was anything interesting going on in the politics of Germany and Austria?

MORFORD: Well, a lot of things were going on. First of all, the Germans revalued the mark. All of our exchange rates were tied in those days. That system was breaking down. I think that was the only time I ever made money from currency exchange. I kept my money in Marks after we moved to Vienna. The Germans revalued before I had changed it to Austrian shillings.

There were a good number of Iranian students in Vienna. Many were protesting against the shah. They got attention but not much sympathy when they painted some of the old Viennese statues red. It was an age of protest. We had a lot of students from Czechoslovakia in Vienna. They had escaped after the Prague Spring and couldn't go back home. I got a personal taste of life behind the Iron Curtain when one of the girls in our program went back home to Hungary to visit family. It turns out she was without US papers and traveling on UN documents. We got to the border on a dark winter night. The border guards looked at her papers and escorted her inside for an interview. The rest of us stood outside the car for two hours in the cold. The Hungarian guards wouldn't let us back in the car. They finally let her go and we drove into Hungary, but she had to report every day to the nearest police station for a lengthy session the rest of our stay. And, of course, the Vietnam War was going on and it was not popular in Austria. After the Cambodia bombings several of our group took part in candlelight vigils.

So that was what was going on in the world. One night I met a girl at a party. She was a little older than me and I asked what she was doing in Vienna. She worked for the U.S. Information Service at the embassy. "Wow," I said, "how did you get that gig?" She said she took a test. I thought then, maybe I will do something like that.

Q: Once you start living overseas it becomes a little tempting, right?

MORFORD: It was an eye-opening experience. One day this girl from our group and I went out to hitchhike to Scandinavia. (We found hitchhiking worked better with a mixed pair.) We were at the entrance to the Autobahn right outside of Vienna, hoping for a ride all the way to Denmark. This guy in a fancy car stopped. He wasn't going to Scandinavia but said he was going all the way to Naples if we wanted a ride. So, we went to Italy instead. That was kind of the way it was.

Q: Nice time. So you went home and took the foreign service exam back home?

MORFORD: I went back to Wabash College and had my return interview with the dean. One of my first questions was, who should I talk to about the foreign service? He sent me to the head of the Political Science department who advised that I just needed to take the test in Indianapolis in December. So, I did.

Q: That would have been in 1970?

MORFORD: December 1970, right. In those days the test was divided into two parts. The morning session dealt with general knowledge and the afternoon session dealt with your area of specialization, in my case economics. I had already taken the GMAT for business school and done quite well but after the morning's general knowledge exam, I was much less confident. There were too many answers that were just guesses. I retreated to a very good deli nearby, ordered a reuben sandwich and a beer, and regrouped for the afternoon. Later, much to my surprise, I found out that I passed. I got a call in February, while still in my senior year at Wabash, to go to Washington DC for an interview.

Q: Was that the oral exam?

MORFORD: That was the oral exam, but it was preceded by a short essay and then a group discussion.

Q: Was that a group negotiation on what projects to fund a certain amount of money?

MORFORD: No this was really strange. I don't think they do this anymore. They gave us a topic, in our case the role of the Catholic church in the social and economic development of Latin America and asked us to discuss. I was thinking, oh, I'm not catholic; and I have never been to nor know much about Latin America. This is not going to go well.

Q: You had something other people didn't have. You had practiced speaking extemporaneously.

MORFORD: I just sat back and listened and took notes. They asked us to talk about the issue for a specified time – I can't remember whether it was a half hour or an hour – and

then draw conclusions. I was anxious but didn't really have anything to say. So, I listened to everyone else and with about five minutes to go, made my only intervention. I complimented everyone on the discussion, said I had learned much, and then tried to summarize the points of agreement and disagreement. That's how I got into the foreign service. The doctoral candidate in Latin American economics or politics, who dominated the conversation, I don't know about him.

Q: I had something similar happen to me. Okay, so you passed December - February. And then?

MORFORD: College went on. It was a crazy time with the Vietnam War and our reactions to it. When I look at my fraternity's yearbook picture, you can see the change. My freshman year, everyone was in a tie and jacket. My senior year we had a group picture outside the Crawfordsville police station with one fellow on skis dressed only in boxers. It was a crazy time.

I had no idea what was going to happen with the foreign service. I went about getting my medical and filling out security clearance forms. Things were chugging along but there was no assurance there would be a place for me. In the background was the Vietnam War. I was eligible for call up the year after graduation. I got my number in the first lottery. It was right in the middle: 182. I asked my local draft board if it was likely they would go that high and they said "unlikely," so I didn't worry too much about it, but it was still a possibility. In the end the board went to 178!

Not really knowing what was happening with the foreign service, I applied to get an MBA in finance at the University of Michigan. I even rented an apartment for the fall with a Wabash classmate who was on the same trajectory. I was all set to go.

Then, at the beginning of August I got a call at my place of summer employment – the garage of a 55 and older apartment complex where I cut the grass and changed the air conditioner filters. They asked if I would join the foreign service class starting on September 15, 1971. I turned to the other maintenance workers and said, "Here is the deal guys. They are offering me a job to go to Washington and join the foreign service. I also have lined up graduate school. What should I do?" They said, "Take the job, man." I thought that was very wise advice. So, I did.

Q: And there wasn't a girlfriend to think about at that time?

MORFORD: No, I was dating but there was no one girl.

Q: Your parents were excited?

MORFORD: Yes, my parents were excited. When I told my aunt I was joining the foreign service, she asked, "Can I see your sword." I had to explain it wasn't the Foreign Legion.

Q: Sometimes they will ask you which national forest you are going to work in, right? So you went September 15 and started the A-100 orientation class.

MORFORD: Right, that September of 1971. Our class was the Fighting 99th.

Q: How many people were in the class? Did they have small classes then?

MORFORD: We had 40 in the class. Early on we learned that unlike all of the recent classes we were not all going to Vietnam. Almost all of the classes for the two years before us had gone immediately from the A-100 classes into Vietnam language training and then they were shipped off to Vietnam under the CORDS program.

Q: The CORDS program is like an assistance program.

MORFORD: The CORDS program, I can't remember what the acronym stood for, but it was a joint military/civilian effort to pacify and stabilize Vietnam. I don't know what all the young foreign service officers who were stationed all over the country did, but we ended up with a lot of officers who spoke very good Vietnamese.

Q: In your class were there women?

MORFORD: We had eight women, basically 20% were women.

Q: This was still the time when if you got married you had to resign.

MORFORD: Interestingly, that was about the time when it stopped. Another element of that ended about the same time, I remember my first evaluation was done in April 1972 right after I got to Singapore. They told me it was the first evaluation that didn't have a box that rates the spouse. In fact, two of my A-100 classmates got married, so I guess I came in right about the time that formal discrimination against women was ending.

I was the second youngest in my entry class and one of the few who had not gone on to get a master's degree. I came right out of college and was totally wet behind the ears.

Q: Were you hoping to go to Europe?

MORFORD: I thought that would probably be what would happen since we weren't all going to Vietnam. I tested out of German which took me off language probation. When it came to the big assignment day, however, I was assigned to Singapore.

Q: Is that because there was a requirement for all foreign service officers that in order to get tenure you...

MORFORD: You had to get off language probation to become tenured and if you didn't have a language, and I would say at least half did not have competency in a foreign language, the best way to do that would be to go directly from the A-100 into language

training and then on to a country that spoke the language. I didn't need that. One of my friends in the class was also off probation; she was assigned to Johannesburg. We agreed that we got lucky. And that turned out to be true; Singapore was a wonderful post.

Q: Singapore was only recently independent right in 1971?

MORFORD: Singapore got its independence from Britain in the early 1960s as a part of Malaysia; then they split in 1965.

Q: So, before we leave A-100 did you have some colleagues that you stayed in touch with for the rest of your career?

MORFORD: Off and on, yes, but after we left Washington, no one continually for the rest of my career. I just ran into someone at State who I hadn't seen for 30 years. We could reminisce about renting a house together in Virginia during training. I see others at State and DACOR occasionally.

After the A-100 course, which lasted about six weeks, I then took consular training and economic/commercial officer training. Since among other things I was going to be the labor officer in Singapore, I spent three weeks at the Labor Department. Next was Commerce along with another new FSO, Don McNally. We were assigned to the International Trade Administration office that dealt with promotion of exports to Asia. Aside from calls to enlist US companies to participate in a trade mission, we were pretty much left on our own. After reading all the material we could get our hands on (and deciding to use a new word a day at work - "I had a cacoethes to cachinnate when I saw you fremitus."), we learned how to requisition material from the supply office. With calculators, colored pencils, compasses for drawing arcs, and other supplies we began to look at the US trade statistics in Asia and developed a presentation of how US competitiveness had declined over time in Asian countries. We gave the presentation to our boss before we left. Remarkably, I saw part of the presentation again a year later in Singapore. The Singapore Trade Center Director was showing Commerce's 1973 budget presentation justifying its request for additional resources!

Q: Was there anybody notable in your class?

MORFORD: Of course, we were all notable! We had a few who became ambassadors and others who did this and that but no Career Ambassadors or Secretaries of State.

Q: Well I think we are a little close to noon so maybe we will cut off here and when we pick up we will start with your tour in Singapore.

MORFORD: That sounds great.

Q: Good afternoon. It is July 8, 2022. I am Robin Matthewman, and I am continuing my conversation with Richard Morford. So, Dick, I think that we were in the month of March, 1972, and you were off to Singapore on your first tour. What was your assignment?

MORFORD: I was assigned as the vice consul in Singapore. I knew that wasn't all because they not only gave me consular training but detailed me to Labor and then Commerce before going out to post. When I got there, I found I was the vice consul sitting in the economic and commercial section in charge of political reporting.

Q: Was Singapore a consulate or an embassy?

MORFORD: It was a full embassy, but it wasn't a big one. We had five officers in the economic and commercial section which became the economic and political section.

Q: So, vice consul was your title.

MORFORD: I was vice consul and third secretary.

Q: What was your political reporting portfolio?

MORFORD: Well, the year before there was an inspection, and as inspectors are wont to do, they made recommendations. One was that the embassy no longer needed a political officer. The DCM could handle it.

Q: Oh, that is odd, but sometimes that happens.

MORFORD: The DCM did not agree but nevertheless by the time I got there, the political officer had left. The DCM made me his political assistant. So, all the lower-level political reporting and representation got passed down to me. Labor reporting was already part of the job and labor played an important political and economic role in Singapore with a strong National Trades Union Congress. I got to know them pretty well. But the responsibility was basically anything political that the DCM didn't feel he needed to handle.

I also ended up with most of the mandatory economic reporting, including two economic trends reports a year. I did the relations with communist countries report. I also had trade promotion responsibilities with the lead on the environment. I helped the Agricultural Attaché who was resident in Kuala Lumpur and represented USAID, which was stationed in Bangkok, and I had responsibility for anything dealing with the UN.

So, I had my fingers in a little bit of everything. A lot of times when people are back in Washington, they think that foreign service officers represent the Department of State. But when we are overseas, we represent the U.S. government and the American people. I think I understood that early in my career because of all the responsibilities that weren't primary State responsibilities. I also knew that I was getting most of the accolades for my reporting from other agencies. I got the most comment on a report on Singapore's

approach to family planning. Somebody in the U.S. government liked it, but it wasn't the State Department.

Q: I think that is particularly true for economic officers. There are just more agencies that are depending on the embassy. Who was your ambassador and your DCM? And how were they as leaders and mentors?

MORFORD: The ambassador was Ed Cronk, and the DCM was John O'Neill.

Q: Were they both career people?

MORFORD: They were both career, and they were both excellent leaders. The ambassador took an interest in all of the junior officers. In fact, he made me and one of the junior officers in USIS, the U.S. Information Service office, part of his three-person briefing team for visitors. So, Carman Suro, who later became Carman Suro Brady and an Assistant U.S. Trade Representative, and I would do the briefings with the ambassador. He would provide the welcome and an overview and then turn the briefing over to us. I also appreciated his once-a-month country team think sessions. They were part information and part brainstorming about issues of interest to all but ones that weren't always on the top of the to do list. I was designated to write up each of those. Even as a junior officer I could ask questions. I remember we had Patrick Moynihan there as a guest once.

Q: He was visiting Singapore.

MORFORD: He was our Ambassador to India visiting Singapore, so his visit in itself became a good reason to have one of our country team sessions. Things weren't going great in India at the time, and I asked if India is going down the drain. He replied, "there is no drain big enough."

Q: What did he mean?

MORFORD: I think he meant that India was too important, and neither the Indians nor we and the rest of the world could afford to have India go down the drain. So, it won't happen.

Q: Moynihan was a politician in New York. Was he also an economist?

MORFORD: No but he was quite a strategic thinker on all kinds of issues frankly.

Q: So, Singapore wasn't an economic powerhouse yet. I think I mentioned in our last interview that it really had only been independent for six or seven years when you got there.

MORFORD: And it achieved its independence and immediately combined with Malaya to become Malaysia. Lee Kuan Yew became prime minister in 1959 under the British and in 1963 they were granted independence together as Malaysia.

Q: And then Malaysia kicked them out, right?

MORFORD: From independence in 1963 until 1965, Singapore was a part of the new country of Malaysia. There were political and economic strains from the beginning, however. UMNO, the primary political party in Malaya, was Malay dominated and sought preferred status for Malays. Singapore was ruled by the People's Action Party, which did not. This is before my time, but there were race riots in 1964 and 1965 (and again in 1969) and the scars were still evident. The Malaysian Parliament voted to expel Singapore in 1965. So, Singapore became completely independent, though they didn't want to be.

Q: There were basically ethnic differences, the Malays.

MORFORD: The People's Action Party was not an ethnic party but the population of Singapore when I was there was 75% plus Chinese, 15% Malay, less than 10% Indian and a percentage or so of everything else.

Q: And that was very different from the rest of Malaysia.

MORFORD: Well, the rest of Malaysia had all those groups but not the proportion of Chinese and some of the major political parties in Malaysia were organized by race. Whereas in Singapore the People's action party was not organized that way.

Q: OK, so you were there in a relatively early period. What struck you when you got there as far as the politics and the Singapore government.

MORFORD: What struck me when I got there was the sign at the airport that said, "Males with long hair will be served last." The description of long hair was over your ears, over your collar or over your eyebrows. Now I didn't have any problem at the time, and I had a diplomatic passport. But I certainly would have been at the end of the line a year earlier.

Q: That is an indication that Singapore started off pretty early with all these rules.

MORFORD: When I got there it was working on the "clean and green." Not quite there but it had a lot of urban renewal going on. A lot of old Chinese neighborhoods were being renovated or demolished. They were often the sites of major opposition to the ruling PAP. The new shopping centers and new developments were perhaps highlighted by all of the public housing that was going up everywhere. People were moving out of what had been traditional housing, some of it pretty substandard, into the public flats. There was rapid transformation going on.

Q: Where did the money come for all of this infrastructure? It is such a small country, right?

MORFORD: It is a small country. The government had earlier established a Central Provident Fund (CPF) into which everyone who worked deposited a percentage of income. Before I got there, they had made it possible for people to use their CPF to help buy a public flat. So, there was considerable self-financing. Singapore had long been an entrepôt and had some major industries, such as shipbuilding and offshore oil refining. It was luring foreign manufacturing when I was there, including to a big new industrial estate in Jurong. It was inviting companies from all over the world. It wanted to become a banking center. All those things helped it financially.

Behind all of this was a theory of governance. There was a big focus on education and integration. Singapore had four official languages. They thought the way to get over racial divisions was through meritocracy and integration. They also had a hard-edged version of socialism. They built public flats, but people paid for them.

Q: So, tell me about labor. Was there a strong labor union? Was there influence from the Soviet Union or China?

MORFORD: The government would have been more concerned about China. The labor movement was an integral part of the PAP. There was a history here. In the early 1960s before independence there was friction between the Lee Kuan Yew wing of the PAP and the left wing of the PAP. The left wing split and formed another party, Barisan Socialis. One of the chief battlegrounds between the two was the labor vote. This all came to a head in 1963 when the Malaysian government (including the PAP) launched Operation Cold Storage which jailed a number of the leaders of the relatively new party. For this and several other reasons, the Barisans lost political influence. By the time I got to Singapore, organized labor was a strong supporter and integral part of the PAP. The government wanted workers to do well and increase their wealth, but they didn't want to scare away businesses. Having labor as a part of government helped in this.

Q: First and foremost, you did consular work. Was it mostly immigrant visas, non-immigrant visas, arrest cases?

MORFORD: I was the only vice consul and assisted the sole consul. John Coffey was a wonderful, old salt consular officer. He put me in charge of immigrant visas and each Friday I would go to the consular section and process all immigrant visas for the week. I also took over the section whenever he went on leave, so he had to show me the ropes not only on immigrant visas but also non-immigrant visas and American citizen services. He also gave me a peek into the old consular service. He would take me out to American ships in the harbor to sign seamen off and on, something that goes way back in American consular history but isn't done anymore. Some of my best stories are about consular work, particularly American citizen services. I'm sure that is something I share with every other foreign service officer.

Q: Then you worked with a commercial officer.

MORFORD: As you can see, I had a lot of bosses but the primary boss who wrote my evaluations was Hank Engelbrecht, the head of the economic and commercial section. Within the section, the commercial officer was John Penfold. He was a particularly helpful role model. It was probably only his second or third assignment, but he was a hard charging young Turk at the time and took me under his wing.

Q: I just want to pause there on commercial work for a second. In the 1980s, State had already been told to turn over the commercial work to Commerce and they formed the foreign commercial service. But at this time commercial work was done by State. Is that right?

MORFORD: That is correct. It was 1980 when the Foreign Service Act was rewritten and Commerce approached those of us who had done commercial work to ask if we would like to join Commerce. You had to make a choice.

Q: So, for John Penfold and you, what were the key objectives of commercial work? Is it the same as today, exports, exports, exports?

MORFORD: Pretty much. Unlike exporting, the U.S. position on investment has always been kind of half here and half there. We are never quite sure whether we want to encourage it or discourage it. That leaves us facilitating but not promoting investment. Nonetheless, with a good number of American companies already invested or considering investing in Singapore, working with American investors took up a large part of John's time.

What we can promote is exports. Everyone seems to agree that exporting more is a good thing. So, promoting exports was the main job. We handled Commerce Department sponsored trade missions. I handled one when we had a trade mission on the environment. There was also a steady stream of catalog shows and other commerce programs.

They weren't my chief focus, however. I would say my commercial responsibilities were about 10% of my job in Singapore. I spent much more time on the economic side, not just doing economic reporting but I also supported the textile negotiating team which visited twice during my tour. As I recall, the main concern with Singapore at the time was trans-shipment of textiles. If you can remember, this was a period of sharp decline for the US textile industry.

Q: Was it fabric or was it clothing?

MORFORD: It was mostly apparel in those days. Later on, I dealt with fabric but that was later on. At this time, it was mostly apparel.

Q: And Singapore was relatively big at the time.

MORFORD: It wasn't that big, but it was an entrepot. There was a lot of production throughout Asia with negotiations going on with many countries. So, the question of what shipped through Singapore and where it had been produced, was not one to be missed.

Q: So, at the time and into the 80's, we organized our textile and apparel trade through bilateral agreement with quotas and tariffs. And that was called the multi-fiber arrangement, I think. That was the umbrella under which we did that.

MORFORD: That was a long time ago.

Q: I remember working on that on my first economic tour but yours must have been much more heated.

MORFORD: This all goes back to the late '60s before I joined State. Wasn't it Nixon and Prime Minister Tanaka of Japan? Japan was the first country we put quotas on that I recall.

Q: So, we were looking at Asia as a threat. You worked with economic reporting. Is there anything else you want to talk about on Labor or elections or detainees?

MORFORD: The political news shortly after I got there was an election. They have one every five years or so and I was lucky to be there for one. I will say Singapore is one of those few places where you could predict the results fairly accurately which I was able to do. I said it looks like the PAP will win all of the seats. They did.

Q: No is that because no dissent was allowed, or just because he was popular.

MORFORD: I would say there are at least two parts to anything like that. As we look back, the PAP has now been in power for over 50 years, and they have had elections regularly. They haven't won all the seats each time, but they have remained in power. Part of their success is undoubtedly that they have provided pretty good governance. Their attention to the increased economic welfare of their citizens, their emphasis on education and training, and their strong aversion to corruption, have all helped keep them in power. Now just to make sure that they kept that power, they have used a number of legal tools, mostly left over from British colonial law. We talked about Operation Cold Storage back in 1963 but they have taken more targeted steps as well. They could hold prisoners without trial for example.

Q: Just for being political opposition?

MORFORD: Well for doing things that were criminal or damaging to national security. Another tool was defamation. You could be accused of defaming the prime minister and get a fine. So, in those days there were opposition leaders who were in jail. And those out of jail had to watch out for legal jeopardy. I interviewed the head of the Barisan Socialis.

They were not in power and had their troubles. I can't remember all that we discussed but do remember that he was not optimistic about the chances in that environment. So, it was a combination of good governance and targeted legal harassment. One other element was the skill and willingness of the PAP to co-opt potential opposition. When they identified challengers with potential, they would try to draw them in and not push them away.

Q: Were there terrorism threats?

MORFORD: We didn't feel particularly threatened. I lived in an apartment on the economy. I don't recall varying my route to work. But there was an event that showed that our complacency wasn't justified. I mentioned the oil refineries on some of the small islands off the coast. I heard the news of an attempted bombing of some of the oil tanks. The explosives went off but rather than ignite the oil, the flames were extinguished as the oil flowed out. But then the perpetrators hijacked a ferry with all the crew on board and held it for ransom in exchange for their escape from Singapore. I followed those events like everybody else. Eventually a deal was done, and they flew out of Singapore to the Mideast. The next day the legal attaché at the embassy asked if I had seen the two guys who lived in the apartment across the hall from me on the ninth floor of my apartment building. I said, "Yeah, I used to say hi to them. They were always playing catch with a softball out front." Turns out those two guys were with the Japanese Red Army and had tried to blow up the refinery. A year or so later the Red Army took American embassy staff hostage in Kuala Lumpur. So yeah, there was some terrorism. I am glad they had a different target.

Q: Before we move on, do you want to talk about the prime minister?

MORFORD: I think he was one of the more impressive public figures at the time frankly. Whether you agreed with how he did everything or his attitudes, and I wasn't a fan of the draconian punishments including caning and death sentences for drug dealing or the anti-democratic use of the law, but as far as his effectiveness, there were few of his stature. Of course, he had already been prime minister for 13 years when I got to Singapore and remained for another 15 plus. That's a long run in a democracy and his political tactics were hardball. But all in all, Lee Kuan Yew was an astute and effective public leader on both domestic and regional policy.

Q: Was ASEAN already formed when you got there in '71?

MORFORD: No, not yet. One of my jobs in representing USAID was to support regional economic development. It was a regional program run out of USAID Bangkok funding the development of regional centers in each of the potential ASEAN countries. For example, we funded an English language center in Singapore and an agriculture rice institute in Manila.

You have to understand that less than a decade before all of this, Malaysia and Indonesia were at war and Indonesia was skirmishing with the Philippines. In 1968 Singapore had hung two Indonesian marines for the earlier bombing of the building housing the HSBC

(Hong Kong and Shanghai Bank). This was not necessarily a group of friendly countries. The idea was to get them to deal with each other in positive ways. This USAID program was one of the efforts that helped encourage the formation of ASEAN. While I was in Singapore, Lee Kuan Yew went to Indonesia for the first time. This was the beginning of the leaders getting together and actually talking with each other again.

Q: Getting past the history.

MORFORD: Yes, getting past the history. I was not involved so much in regional politics. I was going over to the foreign ministry to present demarches on all kinds of issues, such as save the blue whales or vote this way or that at the UN.

Q: So, you went, and you did UN demarches or asked them to support our causes or our votes, the things we wanted them to vote a certain way in the UN. Was this a country where they would listen and be responsive or would they say thank you for telling us and then set it on the shelf. How did that work?

MORFORD: They were very much driven by their own interests. We were considered an important country, so they listened to us. My foreign ministry contacts would go out for lunch. It was a cordial relationship, but they weighed their interests carefully. They were looking at not only the direct effect on Singapore but on relations with neighbors, the non-aligned movement, and, of course, us as well. On most issues, they saw things the way we did but certainly not everything. They had a more nuanced position on the Vietnam War, which was still going on then.

Q: And a lot of people were dying

MORFORD: Yes. We in Singapore were engaged only tangentially. All the marines at the Embassy were Vietnam veterans. Singapore still was an R&R destination for U.S. soldiers. Both of those caused some issues. There were also a few functions related to my USAID role. I got a call one weekend that we needed to sell surplus PL480 wheat which was stranded in Singapore harbor and not needed in Cambodia, for example.

Q: You had to sell U.S. wheat in Singapore in order to generate the revenue?

MORFORD: Well, it could not be delivered under the terms of the PL480 program, so it was either stranded and surplus or it had been damaged in some way and they just needed to get rid of it. Nothing to do with Vietnam. I also got a call one weekend to find eight tons of mung beans which were needed for a USAID program in Thailand.

Q: Did you find them?

MORFORD: I did not find them. I failed in my missions to find things in two areas, one was the eight tons of mung beans. I had to find them in a day, and I couldn't. The second was a shirt for Spiro Agnew. He was in town for a short stay and wanted a tailored shirt. I

gave his party the name of a tailor who wanted him to come in for a fitting. They wouldn't do that, so I failed that one too.

Q: So, the vice president was visiting?

MORFORD: Yes, we had a lot of visitors, particularly senators and congressmen. The Singaporeans would always throw a big official dinner. It would be Chinese cuisine, of course. You would probably not be amazed at how many senators and representatives in those days were not great at using chopsticks. I would always take them out to lunch beforehand and we would order something that had a good sauce to it and if they could reliably pick up a moistened peanut by the end of their meal, they were ready for the dinner.

Q: They would visit on their way to somewhere else.

MORFORD: Often. Singapore had a good airport at Changi and was serviced by most of the major airlines. Thus, it was a natural stopping point on the way to Vietnam, Indonesia or other places in Southeast Asia. But it was also an interesting place in its own right. It was a developing country that was truly developing. Everyone wanted to know the secret sauce.

We also had visitors of another kind. The 1960s were over but young people from the US were still traveling from the west coast of India across the sub-continent. They were seeking adventure and enlightenment. They would end up making their way to Burma and then into Thailand. After overstaying their visas, they would move onto the next country. By the time they got kicked out of Malaysia, they were in Singapore with really no place else to go. I visited the prisons to see Americans who had overstayed their visa and then arranged for them to be repatriated home. Some of them by that time had some interesting mental issues.

Q: It sounds like it was very busy. You had a lot to do. You got a taste of all the types of work that an embassy does. From Vietnam, were there issues that the ambassador would have to go in and talk to the prime minister about?

MORFORD: I am sure we made a lot of demarches on Vietnam, but it wasn't at the top of my remembrance and maybe that was above my pay grade at the time. I didn't make demarches that I recall on Vietnam.

Q: This is your first time to Asia I assume.

MORFORD: Yes, it was my first time in Asia.

Q: Did you take some interesting side trips, personal trips?

MORFORD: Oh yes. The U.S. government sent me twice to India for labor conferences. We still had surplus rupees in those days. I went to Thailand and a monk showed me all

around Bangkok. I visited Chiang Mai. The consulate was very interesting; the consul general had his horse tethered right in front of the entrance. This is 1972-1973 and a bit more of the old foreign service, I guess. I went here and there in Malaysia, a wonderful, beautiful country. I also visited Sarawak in East Malaysia. I went upriver with a former Peace Corps volunteer who had served there and stayed for a few nights in an Iban longhouse. They showed me shrunken heads. The Brits had allowed them to take heads again during the communist insurgency. My friend tricked me into going down to the river to bathe at the wrong time. I got there in my sarong only to find the river filled with all the ladies of the longhouse. I see them just as they see me and start to beat a hasty retreat. But the girls were all yelling “come on down.” So, I did. The way into the water was a treacherous, inclined log. It looked like it had soap on it too. I started my careful barefoot walk down the log and they all yelled “Tolong, Tuan” or “we’ll help you sir” in Malay. They reached up, grabbed my hands, and unceremoniously dunked me in the water. Great fun.

Q: It sounds like South Pacific.

MORFORD: It really was. We had a lot of fun.

Q: Then it sounds like you had a typical embassy experience as well. There were marines. The British did the hash.

MORFORD: I was young. I was very young. And I was very active, so I played softball and basketball with embassy teams. I coached a Pony League baseball team and sixth grade basketball. I organized the diplomatic tennis tournament on the Padang, the grass area right in front of all the old colonial, now government, buildings. Every Sunday morning, I would play squash with my Danish colleague. I ran the hash once a week with the Brits.

Q: So, the hash was a lot of jogging and then a lot of beer afterwards. Is that right?

MORFORD: You follow a trail set by a “hare” with breadcrumbs or paper depending on the rules and where you are. I guess it is no longer paper because that wouldn’t be environmentally friendly. The hare makes sure to leave some gaps in the trail so that the faster runners would occasionally have to find the way. This would allow the slower runners to catch up a bit. Then afterwards, we drank beer. That’s the hash.

Q: Was there anything else you wanted to talk about on this tour?

MORFORD: I don’t think so. I mean all I can say is I don’t think I could have had a better first tour. My eyes were so wide open, and everything was so new and different. I studied Mandarin when I got there and then realized language learning was not my strongest suit and Mandarin was not the easiest language. So, I switched to Malay which was considerably easier to get a little bit conversant in.

Q: Did they use Malay?

MORFORD: Yes, particularly going into Malaysia. But a lot of Singaporeans understood Malay as well, not just the 15% that were ethnically Malay. In those days there was a good proportion of the Chinese population that had been living there for several generations. So, they spoke Malay as a native language. Some even spoke it at home. Of course, that wasn't the majority but many of the others could speak Market Malay.

Q: So, we are now in the year of 1974. You have been there...

MORFORD: In '74 I had gotten over tenure in Singapore and I was looking at what to do next. I had put in an assignment wish list and told my career development officer that it would make sense to go someplace where I could use my German. To my surprise they actually assigned me to Frankfurt, which I thought was great. Then I got a letter from the consul general. It was one of those wonderful foreign service letters.

Q: What do you mean?

MORFORD: Because he said it was a fantastic post and the junior officers who served in my upcoming position had marvelous experiences. Between the lines, however, it was clear that my predecessors were mostly first tour officers, and none had had the type of experience I had in Singapore. He also let me know it was a rotational job, not the economic/commercial job I thought it was. I read it several times. While the welcome seemed genuine, the unstated question he asked was, "Do you really want to come here?"

Q: Do you think they sincerely cared about your career, or they had somebody else they wanted for the job?

MORFORD: I think the consul general was doing the right thing for the service. Robert Carlin, I remember his name from the letter, wanted to make sure I knew what I was signing up for.

Q: Now was it easy to break an assignment like that?

MORFORD: I really didn't have a clue. I sent a letter back to my Career Development Officer along with an application for Japanese language training, because fortunately in December a circular came out saying two jobs through Japanese language training had come available. I got the assignment.

I met the CDO many years later and he said, "I remember you. You wanted Germany and then you broke the assignment. You don't know how close you were to Khartoum." People who break assignments are pretty much at the mercy of the assignments process. So, I was lucky. Fortunately. There was a need to get somebody into Japanese language training and nobody else had bid on it, so I got it.

Q: So, you came back to Washington.

MORFORD: I came back to Washington.

Q: And you did Japanese for a year.

MORFORD: A year. This was a job where the requirement was only a 2-2, so basic not professional competence. Japanese language like Mandarin which I tried to tackle before is not an easy language. So generally, it takes 2 years to get up to professional competency at the 3 (of 5) in speaking and 3 in reading level. My job was designated at the 2-2 level. I went to Rosslyn, where the training was in those days. We didn't have the George Schultz Center yet. We had two remarkable Japanese ladies. Tanaka-San and Kawamura-San. Every workday for 10 months they coached us along. There were five in our class; all became pretty good buddies. I was not a great language student. My initial appraisal for language aptitude was a C+. But with support from my teachers and classmates and a little effort on my part, I tested at the required 2-2 level.

Q: He worked hard.

MORFORD: He worked hard enough despite not being very talented at it.

Q: Well Japanese has no cognates, right? And the structure of the language is so different.

MORFORD: It was and even the pronunciation of some words was difficult for a long time. Of course, at the end of my year, and then after all my eventual subsequent time in Japan, much of it became natural, but, in those days, no, it wasn't that easy.

Q: So, in the time you were there two jobs had opened up. Which one did you take?

MORFORD: One was political in Tokyo at the embassy and the other was economic commercial. I got the economic commercial job in Osaka/Kobe. I was the commercial officer responsible for the only Department of State trade center in existence. All the others were operated by the Commerce Department. To better understand how Commerce trade promotion programs work in the field, I spent a week with the Kansas City Commerce Field Office before shipping out. Never ate so much steak in a week!

Q: Why was there a State Department trade center in Osaka?

MORFORD: That is one of those vagaries of history that I don't know the answer to, but my guess is that State opened one when Commerce wasn't going to put more than one in Japan. Commerce had a trade center in Tokyo. Somebody at post felt there was a need for one; it is a big market. So, they established the American Merchandise Display Osaka or AMDO. I had a great boss, Ralph Stefan, who was an Arabist. His goal in Japan, aside from his job, was to visit all 47 prefectures on his Kawasaki 750 motorcycle.

Q: He was going to take this _____.

MORFORD: Yes, and so I quickly understood my responsibilities. We will get a few trade missions and catalog shows from Commerce, but my main task was using AMDO to promote U.S. exports.

Q: And a trade center as opposed to a trade promotion office. It was designed to hold trade shows, is that right?

MORFORD: It wasn't that big, but we could hold exhibitions of say six to ten companies each having a booth in our display area, or we could have trade missions where each of the members could have a place to do interviews with potential clients. Keeping the center busy was not Commerce's job; it was ours. So, getting the word out to American businesses became a priority and the question was how best to do it?

We set up a system which worked quite well. We realized that the Commerce Department would send any Trade Opportunity (TO) we produced to a wide swath of US businesses. We made the Trade Opportunity program our major source of advertising. We added a paragraph at the bottom of each TO about the "\$40 billion market in Western Japan." Then, and this was the kicker, we offered to do a desk survey to see if there was a potential market in Japan for their product. It couldn't be a full market survey because Commerce charged for that.

So far so good, but to get the message out, we needed to increase our TOs. We began to send 200 postcards each week to Japanese businesses, pulling from Chamber of Commerce and Trade Association lists. This was before email. We offered to help them find any products or supplies they might need or want from the US. Our four commercial FSNs (Foreign Service Nationals) would field the calls, identify the potential for US purchases, write it into a trade opportunity, and send it off to Commerce. Commerce would send it out to every relevant company in America along with our advertising paragraph.

We began to get letters back from US companies to take advantage of our desk survey offer. We'd do the desk survey and I'd send a reply, which if positive, would offer the services of AMDO. We ended up producing more TOs than any other post and having the highest utility rate.

Q: Meaning?

MORFORD: We had the highest occupancy rate of any trade facility of the U.S. government around the world.

Q: They would come one at a time or come in groups?

MORFORD: We would do it both ways. We ran our own schedule and were flexible.

Q: You guys were busy, and did you have multipliers like do you have the local chamber of commerce do some of the schedules?

MORFORD: Toward the end of my time at post, we were successful in getting a number of chambers of commerce to address the postcards for us. Aside from their lists, we also relied on the local chambers when we had trade missions visiting. Our FSNs had contacts in each of chambers of commerce, not just Osaka, but Kyoto, Nagoya, Hiroshima and throughout the consular district. It was a big area. When the auto parts trade mission came, for example, we didn't just use the Osaka trade center but set up meetings in Nagoya, the home of Toyota.

Q: There was a consulate there, right?

MORFORD: We maintained a small commercial office with two employees in Nagoya. The consulate general had split offices in Osaka and Kobe. I lived in Kobe, where the consular section was located, and commuted about an hour to Osaka every day on the train. One anecdote about that commute. When the emperor was planning his first visit to the United States in the fall of 1975, the Japanese Red Army - remember our friends from Singapore? - said they would not allow that to happen. The leader of the Japanese Red Army had grown up in a part of Osaka only a few blocks from the Sankei Newspaper building where our offices were located. The Japanese police were quite concerned that kidnapping an American diplomat would be a good way to screw up the emperor's tour to the United States. Remember too that the Red Army had taken American Embassy personnel hostage in Kuala Lumpur that summer.

As a result, I would come out of the consulate compound in Kobe each morning and be met by three plain clothes police who would discreetly walk out in front and behind me as I made my way to the station. I would get on the train, they would radio ahead on their walkie talkies, and I would be met by three plain clothes officers from Osaka who would escort me to the trade center. It was the same thing in reverse at night. I was still single and didn't want to just go back and forth to my apartment every day. So, if I wanted to go out at night, they would accompany me for thirty or forty minutes and when they judged that nobody was following me, they would give me the OK and disappear. An Osaka policewoman on my detail spoke a bit of English, so one day after I had been doing this for a while, I asked her, "if someone tried to kidnap me would you rather save me or catch them?" She sucked her breath in and just said, "Oh, Mr. Morford. That is a very difficult question." The Japanese police, which had been forced to release some prisoners after Kuala Lumpur, really wanted to catch the Red Army.

Q: Was that worked out with the RSO? The regional security officer in the consulate.

MORFORD: We didn't have an RSO in the consulate only up in the embassy. It was agreed that my boss and I would get some protection for going back and forth to Osaka because we were particularly exposed, and the Red Army knew that area of Japan - Osaka and Kyoto well.

We did have a couple of other security issues. The Red Army shot an improvised mortar shell into our compound in Kobe. Fortunately, no one was out at the time who could have

been hit by the shrapnel. We also got protests at the consulate office in Osaka. The Japanese Communist Party (JCP) came frequently. In addition to protesting out front, they would come to the trade center on the ninth floor to present petitions. Since I was the lowest ranking diplomat, it was my privilege to meet with them several times. I also received a few right-wing groups who had petitions of their own. When employees of the Sankei Newspaper building went on strike, they had a sit in between the elevator and the trade center entrance on the ninth floor. People could go in and out but had to step carefully.

Q: I see that you have an interesting experience of just doing all these postcards and letters. For the younger people in our audience. Would you like to describe what this was like?

MORFORD: It's a standardized process before automation and the internet. We had postcards printed with our trade message and then received address lists from the chambers of commerce and trade associates. Two hundred sounds like a lot but with six Japanese employees to split the work among (I couldn't address the letters in Japanese), it was pretty quick. Just a short Monday morning chore and, as I mentioned, eventually we got some of the chambers to do the addressing for us. We got most of the replies by phone and our trade officers would write down the products of interest and write up the Trade Opportunity, often while still on the phone. Those went back by cable. When American companies wrote back to us, describing the products they were interested in marketing, our trade officers would call two or three business acquaintances – they all had extensive networks – and sound out what they thought the market in Japan might be for such a product. They might call a couple of people and say, “this American in North Carolina has horsehair to sell. You make violins, don't you? Do you need horsehair for your violins? Where do you get it now?” It was interesting to see all the kinds of things we could find a market for. Then it was time to send back the report to the American company. These days, sending back a report would be very simple.

Q: These days with computers and email.

MORFORD: Because of the positive responses, I was writing several letters a week back to American companies. I would invite Nakamura-San, my secretary, into my office and she would take dictation. I would say, “Dear Mr. (blank), paragraph four, para 15 the market summary that Takahashi-San did, and then close with para 84. We had written so many responses that I had created standard numbered paragraphs. This saved me time and made dictation a breeze. But, at the end, Nakamura-San still had to go and type out the whole letter.

Q: The same stuff every time.

MORFORD: Every time. So, I heard from my British colleague that they had purchased a memory typewriter for their consulate in Osaka.

Q: Precursor of a word processor.

MORFORD: Yes, this was still before the word processor. But I thought how wonderful it would be if I could just put my 85 paragraphs into a memory typewriter. Dictation would still take the same short time, but then Nakamura-San could print out the letters in no time at all. Remember this is my second tour, and I was not all that smart about bureaucracy. I sent a message to the administrative officer in Tokyo requesting the purchase of a memory typewriter with the justification. They looked into it and came up with a solution. The Minister for Administrative Affairs now has a memory typewriter in her office for all to use.

Q: In Tokyo?

MORFORD: In Tokyo.

Q: Which is quite a distance from where you are.

MORFORD: A totally worthless solution. So, I learned a bit about how bureaucracy works.

Q: Right and how you really have to be very crafty to work with ____ officers like you already are.

MORFORD: I had another similar experience. Every year we would give out gratuities towards the end of the year to people who had been especially helpful to the embassy and the consulates. The program was run out of the embassy in Tokyo. We would give a bottle of Johnnie Walker scotch, Black or Red. If they were really helpful, they would get the Black. I suggested to Tokyo that since we were Americans, we should be promoting U.S. exports not British exports. I got stunned silence in response from the administrative folks. Eventually I got the commercial folks in Tokyo activated on my side and by the time I left, we were giving out Jack Daniels, Black and Green instead.

Q: Did the Japanese do well with the change?

MORFORD: Really, yes. There was a big bourbon boom in Japan about that time. We will not take credit for that, but I will say that at least the American embassy was providing American not British products.

Q: You mentioned for Singapore that there was no corruption tolerated. Here you are in the 70s in Japan. We had a big corruption scandal involving Japan and a company called Lockheed, right around that time.

MORFORD: Funny you mention that. Our ambassador at the time was James Hodgson.

Q: Ambassador? From where?

MORFORD: He was a former Secretary of Labor and former Vice President of

Lockheed. I was the control officer for Ambassador Hodgson's visit to Kyoto in 1976. His oft repeated theme was "the no problem era of US-Japan relations". He was giving a speech at the Kyoto American Center to the local Japan American Society. We had a pretty good-sized audience with a large table at the side for press. The press table was nearly empty, but then midway through the speech, it started filling up. One of the American Center employees fetched me to the back and said I had a call from the Embassy. Turns out, former PM Tanaka had just been arrested over bribes paid by Lockheed. I was able to pass the Ambassador a note before the Q and As. The "no problem era" had abruptly ended.

Q: So, in many cases involving other parts of the world the governments sort of demand bribes and in other places other companies sort of solicit the business by offering the bribes. But what was your sense of what was going on with Lockheed?

MORFORD: Well, Lockheed got in trouble all over the world for bribing all kinds of people. I don't remember the specifics in Japan, but in general that kind of bribery wasn't the biggest problem. It was a little more complex than that. I will give you an example that comes from my later experience in Fukuoka. We had repairs done at the consulate by one company for some time. Each time we would go through the bidding process and each time that company always won with the lowest bid. When I really checked into it, I found there was an understanding among all of the bidders that the consulate was the customer of this one firm. They would indicate a bid price and it would always be the lowest since everybody would bid above them. There was a lot of collusion in Japanese business at the time. As you can guess, that made it difficult for foreign companies to break into the market.

Q: The Lockheed scandal ended up with the development of the Foreign Corrupt Practices Act. Which I understand the State department office of legal advisor was involved in. One of my interviewees was involved in it reluctantly. Were there any other insights? I know you weren't particularly involved.

MORFORD: I was not particularly involved in that, nor did I have much to do with the follow up. I was running a trade center. When I went to Tokyo I would talk to the American Chamber of Commerce and the folks from the economic and commercial sections. So, unlike my first post which was a broad exposure to all kinds of foreign service experiences, this one was more focused.

Aside from the lessons in dealing with administrative bureaucracy, I discovered the value of figuring out and setting "automatics." Those are things that, like the postcards, may take a little effort to set up, but once the system is established, make your job much easier in the long term. Everyone knew how it worked and their role. It almost ran itself after a while.

Q: This was a time when it wasn't so easy for people to get online and find the horsehair for their

MORFORD: Right. It could have been really tough to find a new horsehair supplier.

Q: It sounds like a wonderful experience. You were only there for a year?

MORFORD: I was there for two years; it was a normal assignment. I was in Singapore for 2 ½ years and then back for ten months for language training, and then out again for a two-year assignment in Osaka Kobe.

Q: OK well we are out of time for today, but you want to give me a little introduction into what happens next? And then we will pick it up there.

MORFORD: I decided that since I was an economic/commercial officer it would be good if I had a better understanding of economics. I had a degree in economics from Wabash College, but no graduate training. The Department in its infinite wisdom said, “young man, go off to Harvard and study economics.” So that is what I did next.

Q: Ok so that sounds like a wonderful thing too. I forgot to ask you how you got out of Singapore. You described it without getting a girlfriend and getting married.

MORFORD: Let’s just say yes.

Q: But not so much out of Japan.

MORFORD: I didn’t make it out of Japan that way. Actually, I made it out of Japan, but I did have one girl in particular that I was seeing when I left, and that story can resume later.

Q: Ok so we will pick up next time with going to Harvard.

Q: Good afternoon, it is July 18, 2022, and I am Robin Matthewman, and we are continuing our conversation with Dick Morford. So, Dick, I left you right after you were getting ready to go to Harvard. I am sure that was a wonderful year but why don’t you tell us about it.

MORFORD: Well, the department decided that I needed to know more. They said I qualified for advanced economic training and that I could apply to a few different schools. I applied to Harvard’s MPA program for those who already had work experience. The academic year started out back in Rosslyn with a refresher course, focusing mainly on math, to get us ready to go back to school.

As I went to Harvard I was interested in the academics, but I was more interested in how they relate to government policies. I wanted knowledge that would be helpful to what I thought I would be doing in the foreign service. For the most part, I got that. I took courses in macro and micro, math for economists, trade, finance, accounting, and

international business. The macroeconomics course taught by Francis Bader, who had worked in the Johnson administration, was exactly what I was looking for. He applied the theory to everyday issues, including those faced by an economic officer overseas, and introduced some back of the envelope calculation techniques to estimate the likely effect of economic policies. It would have been handy to have had before I went to Singapore and wrote five “Economic Trends reports!” I also greatly enjoyed the course I took at the business school, which introduced me to their case study methodology.

What I found was that at Harvard you really didn’t have to go to class to get a full educational experience. So much was going on. Every night a new speaker was in town and something was happening. It was a very rich time. In my academics, I managed to sneak in a couple of courses on Asia. A particularly interesting one was taught by Ezra Vogel, who the next year published the book “Japan as Number One,” which got a lot of people excited one way or the other. I took his course on the Sociology of Japanese Business. It was fun getting into the real nitty gritty of how Japanese companies work, how they deal with each other, and the expectations and interactions of Japanese employees.

Q: Did you find it realistic later when you went back to Japan?

MORFORD: Yes, for the most part I did. For one required paper which dealt with some aspect of the Japanese “salaryman”, I decided to do some on the spot research. The salaryman is the great post WWII champion of Japan in many respects because he is the one who devoted his working life to the growth of modern corporate Japan. He worked long hours in a system that had a lot of unwritten rules about hierarchy and how to cooperate and compete. I decided to look at one aspect of that particularly closely, the role of the drinking culture in Japanese companies. My paper was called, “Sake and the Salaryman.”

Q: Like drinking.

MORFORD: There is actually a pretty rich body of research on the subject because it was such a prominent part of Japanese culture, not just corporate culture. So, I started with traditional research in the library but then did some first-person research. There were a good number of Japanese businessmen sent by their companies for further training at Harvard. I invited them one by one out for drinks and then asked them a series of prepared questions. I don’t know if I had any new breakthroughs to report, but it was one of the more enjoyable papers I had written and gave me a better understanding of Japanese businessmen.

Q: So, I was there a little later. You were there in ‘77-78 and in ‘84-86 I was doing an MBA out in Seattle. There were some Japanese classmates. There were some Koreans who were very serious, but the Japanese were very relaxed. Because they said they already had all of their education and their companies had sent them there basically to learn to speak American and understand us.

MORFORD: I think that was the case for a lot of them. What better place than to go to a major university campus?

Q: They were very relaxed people because they weren't worried about their grades or anything.

MORFORD: It may have been a bit of a vacation from their normal corporate long hours. I was at Harvard with two other State Department employees, Chuck Ahlgren and Norm Achilles. Both were economic officers in the same program. In addition to my new Japanese friends, they were a good source of support and company. I think I mentioned at the end of our last session that I was seeing someone when I left Japan. She visited Cambridge a couple of times. At the end of the school year, I visited her in Japan, and we became engaged.

Q: OK and her name is?

MORFORD: Yoko.

Q: OK. So, I imagine over time that became very good for your Japanese language skills as well.

MORFORD: We can discuss that. I thought it would be the secret weapon, but in essence the benefit was largely in terms of the number of friends and family that I was exposed to. She had worked as an interpreter, so her English was always better than my Japanese and so English was our natural home language.

Q: Was there anything else you wanted to mention about your time at Harvard?

MORFORD: Harvard, no. It was a great year away. I was ready to get back. And it was time to take a job in Washington after two tours overseas.

Q: Did you already know what you were going to be doing next because of the bidding cycle?

MORFORD: By the second semester at Harvard, I knew what I was going to be doing.

Q: So, you came back to Washington and what was that position?

MORFORD: I ended up staying on the Asia side of things. I got a job in the Office of Economic Policy in the East Asia bureau. The office addressed economic issues that cut across countries and provided backup expertise for the country desks. We had seven or eight officers at the time, including a temporary position for a Japan expert from academia. We mostly focused on functional issues rather than specific country issues, however. I was the bureau trade guy and I also followed energy and natural resources. Tony Albrecht was the director and Rob Warne, followed by Walt Lundy, the deputies. Erland Higginbotham was the DAS. It was an awfully good office. Tony was experienced

and astute. Erland was intellectually inquisitive and an instigator. Everyone gave me a lot of opportunities.

Q: OK, so what was happening in the trade world? Were we at the WTO negotiations?

MORFORD: It was in the closing stages of the Tokyo Round; commodity negotiations were also big, including for the Common Fund. The ultimate responsibility lay outside EAP, so I worked closely with EB (Bureau of Economic and Business Affairs) and with USTR, Treasury and the NSC.

Q: Let's start with USTR then.

MORFORD: Yes, USTR.

Q: Were you included in any negotiating delegations?

MORFORD: I was not so much a negotiator, but I was included in all of the internal discussions dealing with Asian countries. I found early on that I had almost no direct responsibility for anything. In other words, the responsibility for trade negotiations lay mostly outside of the State Department and within the Department, EB had the lead role. I had to figure out how to make myself relevant. It was an interesting and rather good introduction to Washington. It gave me the chance to participate in a lot of different activities with many different agencies. I got to figure out in each instance how best I could help out. Pretty soon other agencies were calling and asking, could you help with this or find out about that? There is always work that needs to be done to prepare for negotiations and I was willing to do it. An example was Indonesian batik. They weren't willing to make trade concessions unless we offered something on batik. We didn't have much flexibility on textiles, an extremely sensitive product in those days. I found you could fairly easily differentiate between hand printed and machine batik. By setting out how that could be done, we were able to get USTR and then Customs on board with adding hand printed batik to our offer list. USTR always lacked manpower and the official in charge was especially appreciative.

Q: What was his name?

MORFORD: Steve Lande, the Assistant USTR, was both appreciative and inclusive. I became not only the Indonesian hand printed batik expert but then worked on bilateral agreements on textiles, color TVs, and footwear.

One other trade issue on which I spent a good amount of effort was the Generalized System of Preferences (GSP) and graduation. I may have mentioned this earlier when talking about Singapore. There was nothing written into our program regarding when countries should lose their GSP trade benefits or how it should be done. Singapore was one of the countries that had been developing rapidly and the question was when and how do we cut back the amount of preference we give them?

Q: So just to clarify. What exactly is the generalized system of preferences, the GSP program, that we would graduate them from?

MORFORD: Well, under GSP, developing countries would get a reduction in the tariff paid on their exports of many products, to zero in most cases.

Q: Without doing anything else?

MORFORD: Without doing anything else. The US would import their products custom free in many cases. Obviously, some products were trade sensitive, and we didn't apply GSP across the board. Textiles are a case in point. But for most products, developing countries could export duty free to us, whereas goods from a developed country would have to pay the tariff, so it was a considerable benefit. It is also politically contentious at times because some of those countries, think Taiwan and South Korea, had become extremely competitive. Hong Kong was another major exporter with GSP access in those days. At what point do you pull back those preferences? I worked with EB trying to figure out what our strategy should be.

Q: Did we come up with a set of criteria that we actually used to graduate countries from GSP?

MORFORD: We did over time.

Q: You mentioned Singapore. Was that one of the graduating countries?

MORFORD: Singapore did graduate eventually from GSP. I remember in the mid-1980s we had bilateral intellectual property negotiations in one room and GSP negotiations going on next door. They were not officially linked.

Another thing I worked on was ASEAN energy. We established a U.S. working group with the Department of Energy and other agencies within the U.S. government. We hosted a visit from all the ASEAN energy ministers and put together a tour of US energy facilities and showed them US technology and products. We also set up a U.S. ASEAN energy group so we could talk collectively about energy regularly..

Q: Were you mostly concerned about exporting countries?

MORFORD: We were concerned about a few different things. One was obviously access to imports of energy. Indonesia was a big energy producer in those days. We were also interested in how ASEAN looked at itself. We had an interest in ASEAN being an effective regional economic integrated group. We also had an interest in selling U.S. equipment and in energy related investment. There were a number of different reasons why we wanted to set up such a group.

Q: Were a lot of the ASEAN countries producers and exporters of oil and gas.

MORFORD: The major producer was Indonesia at that time. More countries produce now, mainly offshore, but at that time it was mainly Indonesia. And Singapore was important as a refining hub but not as a producer. Other ASEAN countries were largely consumers.

Q: Because in 1979 there was one of the oil price spikes and the limitations of oil production if I recall correctly. That was one of those periodic OPEC-generated oil crises, first '73 and then '79.

MORFORD: We had 1973 and then 1979, which went on until near the end of 1981 before the next downturn.

Q: So, during those periods—I worked later on supporting the US officials who were having to go directly to the oil producing countries and trying to convince them to increase their production. Was that something that was going on with Indonesia?

MORFORD: Indonesia was producing pretty much full out. It didn't have a lot of surplus capacity to ramp up. What it could rev up was exploration. We wanted access for U.S. companies to those new opportunities as well as access to the production.

Q: So, for the oil companies to be able to explore and develop and for the manufacturers and service companies to get a contract to participate?

MORFORD: Right, there were all kinds of economic projects in the energy industry both upstream and downstream. Oil, gas and petrochemicals. The U.S. had a lot of capability, so we were supporting U.S. industry as well as supporting ASEAN countries in their own economic integration and their ability to access the technology, supplies and expertise they needed.

Q: Could we backtrack a little bit and could you tell me what the common fund was? We are talking about a type of commodity.

MORFORD: This was part of the G77 demands in the early 1970s. Developing countries wanted developed countries to ensure the purchase or at least the purchase price of commodities at a certain guaranteed level so that they didn't have massive ups and downs in their export earnings. They wanted a guaranteed market for their products. It is a lot more complicated than that because commodity prices go up and down based on supply and demand. They proposed a Common Fund for the most important basic commodities they exported. It would have the ability to purchase commodities in times of high supply and low demand and sell in the opposite conditions. The United States was not an early advocate of the Common Fund but in 1975 or so, Secretary of State Kissinger indicated a willingness to negotiate. After that there was a lot of negotiating about whether and how to establish such a Fund. At the same time, we did have negotiations separately on one commodity where we actually reached an agreement: rubber. I don't think we ever ended up agreeing to a big common fund.

Q: Now the Pacific Basin economic cooperation, is that something that had staying power?

MORFORD: Yes. There were two things I was doing aside from trade and energy. One was working on Pacific Basin economic cooperation. There were calls coming from the academic and private sectors, particularly from Australia and Japan, for greater Pacific Basin economic integration.

Q: Is this what eventually became APEC?

MORFORD: Yes.

Q: OK so this is pretty important.

MORFORD: Yes. The question was, how should the U.S. respond to these initiatives? And one big question going into that was, how do the ASEAN countries feel about this idea? So, Erland Higgenbotham, our Economic DAS, proposed a trip along with Donald Zagoria, a professor from Columbia University, to find out. He took me along as well. We visited all five ASEAN countries, Australia, and Japan in nine days to see how open they were to greater Pacific basin cooperation. We met with officials in each country during the day and flew at night. I wrote up the notes on the plane and sent out reporting cables after we landed. I don't know how much I slept during that time.

Q: There were no laptops yet.

MORFORD: No, I had yellow notepads and would write down everything so that it could be typed at the next embassy. We concluded that there was increasing interest (particularly in Australia and Japan) but the ASEANs were not yet ready and we should move at ASEAN's pace. Then in 1980, Japanese Prime Minister Ohira proposed a formal grouping. That had the effect of further scaring off the ASEANs. It took almost another decade for APEC to form.

Q: When policy makers in Washington were thinking about Pacific Basin economic cooperation, were they thinking of the EU as a model or something?

MORFORD: Well, the EU was much too structured, so that wasn't a good model. I don't recall exactly. Our idea was that the structure would have to evolve and include ASEAN as well as developed country thinking. When Prime Minister Ohira in 1980 put forward his big proposal, it ran counter to that approach. Everyone needed to conclude that it would be in their interests. When a big country like Japan pushed it, ASEAN countries naturally reacted defensively. They eventually realized it was in their interest but that wasn't until 1979.

Q: APEC developed a different model than most others, working on some really nitty-gritty things with the business community. Like health protocols.

MORFORD: I can't remember them all now, but we had a list of a dozen or so different illustrative areas for cooperation that were pretty nitty gritty. The potential width of areas for joint study and cooperation were almost limitless.

Q: The kinds of things we did bilateral with big countries and dialogues and with Mexico and Canada and Japan and China later.

MORFORD: When APEC eventually got started, it began very technical and economic. Over the years it worked on health, tourism, human resource development and obviously trade related issues. I think it is mainly focused on energy sustainability types of projects now.

Q: My sense was the business community played a bigger role in this organization than in many others.

MORFORD: The business group, PBEC (Pacific Basin Economic Council) was in existence long before we took our trip to visit ASEAN countries. They invited government officials to their meetings. They very much wanted greater cooperation among the Pacific Basin countries on common business issues.

Q: So, from the beginning they were driving a lot of it.

MORFORD: Yes, they were promoting greater cooperation. It just took governments a lot longer to get there.

The other thing I found extremely interesting was our work reviewing U.S. competitiveness in East Asia. Sound familiar? Erland Higgenbotham was the engine behind the study, but it harkened back to my self-generated project at Commerce six years earlier. This time we weren't working with a compass, ruler and graph paper. We had help from people at the agency who could do a thorough statistical analysis. They had computers and those kinds of things, you know.

Q: And the analysts in the intelligence community?

MORFORD: Yes, the economic analysts helped us with a lot of number crunching. The study called attention to East Asia trade overtaking our trade with Western Europe, the problems our firms faced in the East Asian market, and the growing trade deficit. Erland helped make U.S. competitiveness one of EAP's priorities, which was reflected in our annual bureau planning document. It also engendered considerable congressional interest.

Q: And China wasn't the factor yet.

MORFORD: China was not the issue.

Q: Japan was still perceived as a threat.

MORFORD: Japan and the rising economic powers of Korea and Taiwan, but it was mainly Japan.

Q: And Vietnam?

MORFORD: Oh no, it was just recovering from the war.

Q: Right, I got my years mixed up.

MORFORD: We weren't just looking at our competitiveness vis-a-vis Japan but at why we were doing so poorly in Southeast Asian markets.

Q: Why aren't we exporting more?

MORFORD: Yes, why are we losing market share in Southeast Asia?

Q: That is something that governments can't usually solve. But it gave you some focus for trade negotiations I would think.

MORFORD: I found the assignment in East Asia bureau looking at economic issues across all of Asia fascinating. From a professional standpoint it was also a good lesson in learning how Washington worked.

Q: Right and I note when you said you were looking for ways to be useful, I thought you were going right to the note taking and being the writer and the drafter of things for the inter-agency, but you found some actual substance.

MORFORD: Yeah, on things like the batik and the GSP, I actually delved into the substance and came up with at least some ideas on how to deal with the issues.

Q: Well on behalf of all the batik buyers of the United States I thank you. OK, well you were very well positioned in this office. I assume you were well regarded to get a position in Asia overseas. Had you gotten married by this time?

MORFORD: Yes, Yoko and I were married in December of that first year after university training. We got married in Lahaina, Maui.

Q: In Hawaii.

MORFORD: Yes. After two years working in Washington and living in Arlington, it was time to go.

Q: Had your wife been in DC before? Was it a shock?

MORFORD: No. She had gone to graduate school at the University of San Diego, but she had not been in Washington, DC prior to our living here. She adjusted quickly and well. About a year after we were married, I got my next assignment as the petroleum officer in Jakarta, Indonesia. Yoko went into six months of Indonesian language. I, of course, didn't have time for that and kept working, getting a couple of weeks of area studies and then we were off to Indonesia.

Q: So, you didn't get it, but she did.

MORFORD: That was a frequent occurrence.

Q: Was she able to work in the consular section or something?

MORFORD: No, but the language training turned out to be exceedingly useful. It turns out that in Indonesia we really needed household staff. A "jaga" (guard) was considered essential. After a fender bender the first weekend, we realized it would be better to have a driver. Also, our old Dutch house in Menteng (a long-established Jakarta neighborhood) with its three-foot thick walls and 14-foot ceilings was lovely but not built for modern living. The kitchen was out back and not air conditioned. Our daughter, Christy, was also born about six months after we arrived. So, we ended up with four employees: a driver, a nanny, a cook, and a watchman, none of whom spoke English. Yoko's language training was well worth it.

Q: What did you do to get ready for the energy portfolio?

MORFORD: The assignment was exciting. The only problem was I really didn't know anything about Indonesia or petroleum. I had of course met Indonesians and accompanied the ASEAN energy ministers around the U.S. but that was it. I also had a bit of Malay I'd picked up in Singapore. The Department sent me to Houston for a week at the DIA (Defense Intelligence Agency) petroleum course. It wasn't designed for somebody going overseas, but for those in the Defense Department that need to know about the petroleum industry, but it was helpful.

Q: That is an interesting process. You just go visit these companies and see whatever they want to show you or tell you.

MORFORD: There was classroom learning too, and as with everything from the Defense Department - this was before PowerPoints but – a lot of slides. We learned about refining and production and then they would take us into the field and show us those things. It was a really good week, a really good introduction, but I knew I still had a long way to go.

That was the biggest challenge when I got to Indonesia; I just had so much to learn. My colleagues at the embassy were supportive but didn't know much about the oil business. The Indonesians in government and the state oil company, Pertamina, and the heads of the 40 some foreign petroleum companies working in Indonesia, many of them American, became my teachers. It took me about six months or so to get fully up to speed

in that job, probably longer than any other job in my career. I needed to learn about the country and the industry, and it took time.

Q: One good thing about being in a group like that, you usually have a chamber and usually have an association. When they meet you, they can tell you right away these are the things we want the embassy to champion for us. You know that experience.

MORFORD: I got to know the heads of all of the U.S. petroleum companies in Indonesia pretty quickly and well. They would brief me on their issues but also take me to their exploration and production fields. I went all over the country. From Sumatra in the west where Caltex produced from Indonesia's biggest oil field and Arun where Mobil ran its LNG export terminal to Irian Jaya in the east where Conoco was drilling exploration wells in the jungle and Freeport operated one of the world's largest copper and gold mines in the mountains.

Q: When did you get to Indonesia?

MORFORD: I got to Indonesia in the summer of 1980. Indonesia was still a major oil exporter at the time. When I arrived, it had the highest rig count in its history. We talked a little earlier about the oil price hike towards the end of the 1970s. That had resulted in an increase in interest in production around the world including Indonesia.

Q: What kind of count?

MORFORD: The number of drilling rigs that were being used in exploring for oil or gas whether out in the ocean or on land. An increasing count indicated increased industry interest and willingness to invest in exploration. What that increased interest meant was that probably once a week there would be an executive coming in from headquarters to see their local operations and often meet with the Indonesians and us at the embassy.

My chief value, it became clear, was in understanding Indonesian policies, practices, and attitudes and how that might affect the industry. I then could report back to Washington or discuss with American companies the various developments with some context. That meant working closely with officials from Pertamina and MIGAS, the Ministry of Mining and Gas. Fortunately, they appreciated my role and afforded me good access.

By the spring of 1981, after I'd been in country about nine months, I was ready to put together my first annual petroleum report. I drafted two 100 page or so Petroleum reports while in Indonesia. This was pre-internet and the report was a source of base knowledge for the entire industry. The Oil and Gas Journal summarized it in its publication. The report covered exploration, production, marketing, and downstream developments. Since oil was at the time the main source of income for the Indonesian government, it also delved into the complexity of Indonesia's production sharing contracts, the flow of funds from them, and the macroeconomic impact of the sector on the Indonesian economy.

Q: Was this a congressionally mandated report?

MORFORD: No, I think we referred to it as a CERP report in those days (don't remember what the letters represent), one of the reports required by the Department on the annual reporting list. In this case, it was a report that was required for oil producing countries.

Q: Right. This was as though somebody had put a rider in a law at some point and this became a required report.

MORFORD: It became a thing. An annual public report that would end up on the desks of all the industry folks and serve as a reference. All of a sudden, I became a journalist who did a 100-page report once a year. I hadn't done anything quite that length in that depth before, so it was challenging. Remember, this was also still before the word processor. It's one of the few times in the foreign service where I was not only allowed but encouraged to go into an issue in great depth. It turned out to be rewarding.

One of the beauties of my job in Indonesia as compared with most anybody else in the embassy was that I really got to see the country. As I mentioned, oil and gas production occurred almost everywhere in Indonesia. One trip with Ambassador Masters and his wife was particularly memorable. He was invited out to the Freeport board meeting which was held at the site of the mine in the mountains in the middle of Irian Jaya. After the meeting, we stopped in the Asmat on the coast. It is a part of Indonesia that is relatively cut off, composed of primary jungle broken only by rivers flowing down from the mountains. The Asmat people had lived there pretty much undisturbed. It became known in the west mainly as the place where one of the Rockefellers disappeared in the early 1960s.

We flew in on a little single engine plane, the three of us and the pilot. We landed on a grass strip near the village and noticed flying over a bunch of people gathered at the end of the runway. The pilot turned and said "don't worry." The ambassador and his wife got out of the plane first and I followed. From the end of the runway, a group of bare-chested men were running full speed toward us with spears. The pilot repeated, "stay calm." They got pretty close and then started throwing their spears, all of which went over our heads.

Q: This was a ceremonial welcome?

MORFORD: They then surround us with their big shields, chanting. They suddenly stopped, held their shields sideways, and the women of the village came in and welcomed us with flowers.

Q: What was this place?

MORFORD: It was a village in the Asmat. I don't know if that ceremony still happens, but I was impressed.

Q: Did the ambassador have any clue that this was going to happen?

MORFORD: If he did, he did not let me know about it in advance nor did he appear all that sure about what was going on. He was calm and collected throughout. The departure was no less thrilling but for a different reason. We got in our little single engine plane the next morning, taxied to the end of the runway, and began takeoff. We got about two fifths of the way down the little grass runway and the plane engine died. The villagers towed it back to the end of the runway. It turns out someone had left the cap off of the 42-gallon petroleum drum that was used to refill the plane that morning. Condensation had formed and we ended up with water in the gas tank which caused the stall. Another minute and we would have been airborne over primary jungle with nowhere to land.

Q: Very lucky.

MORFORD: Yes. I'm glad we didn't add to the Asmat legend.

Q: Well now in this period of Indonesia's history, was it still a dictatorship?

MORFORD: This was long after Sukarno had been toppled. President Suharto, who led the coup, was still in power. It was very much a one-man show. On the economic side, one of our concerns was corruption. It was endemic in Indonesia but a decision to centralize all government procurement opened the possibility of the centralization of corruption. There was concern about how that would work and its potential effect on U.S. firms and their bids on contracts. There was also concern that President Suharto and his family had their fingers in a number of jars.

Q: The Foreign Corrupt Practices Act was just coming into force, I think.

MORFORD: Yes, which made it illegal for American companies to offer payoffs for market access.

Q: So did you find a pretty good bureaucracy and a well running government other than the corruption?

MORFORD: There were a lot of talented senior bureaucrats in Indonesia. Some of them had actually gone to school in the United States after WWII under the Fulbright Act. The Director General of MIGAS, one of my chief contacts, for example, had gone to the Colorado School of Mines. That proved useful for me, not just in that it may have facilitated access but more importantly, it may have influenced their way of looking at issues too.

Q: I am not sure how much we do for them anymore.

MORFORD: I am not either.

Q: Is there anything else you felt was very important during your time there? Washington was a little preoccupied during this period first with the hostages in Iran and then other things.

MORFORD: This would have been right around the time of the hostage crisis and then the election in November 1980, with President Carter losing to incoming President Reagan. With the Watergate turmoil of the 1970s, we had gone through four presidents in less than a decade.

Q: We had opened China in '70.

MORFORD: China was always very sensitive in Indonesia because of the questions around their role and influence in the Suharto era. There was still a lot of anti-Chinese sentiment in Indonesia at the time.

Q: So, you were still an action officer, you weren't supervising anybody.

MORFORD: I had no supervisory responsibility, but I did have people on whom I relied for support. Our secretaries, now called office managers, were essential. I couldn't have prepared the Petroleum Report without them.

Q: And things were going very well, things were running well.

MORFORD: I thought the embassy was well run. As I mentioned, Ed Masters was Ambassador, and his DCM was Paul Gardner.

Q: They were both career?

MORFORD: They were both career. Joe Winder was the head of the economic and commercial section. Toward the end of 1980, the Foreign Service Act shifted the commercial function from State to Commerce and established the Foreign Commercial Service (FCS). So, maybe he became the head of the economic section. We still shared a common office suite. Joe was particularly good at analysis and gave me perspective on how to approach various issues.

Q: I looked it up because when I did my first energy tour in Washington to get ready, I took a few months after my son was born and I read the book Prize by Daniel Yergin. I think it hasn't been written yet.

MORFORD: No, it hadn't been written yet. It was a good time to be in Indonesia. There was a lot happening. But by late 1981 it had become clear that the long running oil boom was running out of steam. With recessions around the world, an oil glut was developing. Energy prices started falling and the interest in new production sharing contracts plummeted. The rig count went down fairly quickly. It was time to look for what comes next.

One comment before we leave Indonesia. I mentioned that Yoko had language training, and I didn't. What she also had was a memory for faces and names. We would walk into those huge receptions for visiting oil executives and she would brief me. "John's wife Jill just got back from the U.S. after helping their son, Jim, move into college", for example.

Q: So, you really had it down.

MORFORD: My social skills improved immensely.

Q: And she liked doing it. She wasn't feeling aggrieved by it.

MORFORD: No, not at all.

Q: Very good. So was that a two-year tour or a three-year tour.

MORFORD: It was a two-year tour. I wanted to go to Japan again. I had written to the DCM in Tokyo at the time, Bill Clark. He wrote back that nothing was coming up in the next bidding cycle. So, I began the worldwide search for where to go next. Then, just as the bidding cycle got going, Bill wrote back to me again saying the principal officer job in Fukuoka is now going to open up, a year out after language training. That sounded perfect.

Q: That puts you into the DCM/principal officer process. Is that right? At that time was it like that.

MORFORD: Well, it was not quite the same. I think the lower-level principal officer's jobs were pretty much assigned like other jobs in the bureau.

Q: They didn't have that process where it goes to the DCM committee.

MORFORD: I am not sure. I think the DCM jobs went to the DCM committee, but I am not sure about the principal officer jobs back then. This was not a senior officer position. But then again, I wasn't back in Washington, so I don't know. All I know is I put in my bid, and it came through.

Q: What rank were you then? What rank job is this?

MORFORD: I was an 02 under the new system. Remember everything changed in 1980.

Q: And so, tell us what a principal officer job is.

MORFORD: Well, a principal officer is separated from the embassy by geographic distance.

Q: And the principal officer is in charge of a consulate?

MORFORD: You are in charge of a consulate or consulate general. At the latter, you are called a Consul General but to differentiate the head of a consulate from other consular officers, we use the term “principal officer.” You usually report directly to the DCM at the Embassy.

Q: So, what was your consular district?

MORFORD: The consulate was located in Fukuoka, Japan and included all seven prefectures on the island of Kyushu and the southernmost prefecture on the main island of Honshu, that is Yamaguchi. We also had an American Center in Fukuoka.

Before going to Fukuoka, I had a whole year in Yokohama of Japanese language training.

We lived in a small house on top of a hill at the end of a street that was tight even for one small car. It was a good half an hour plus walk to school. I found that perfect for memorizing my dialogues. I would walk down the hill and through the streets of Yokohama on my way to language school and memorize dialogues. That worked really well.

I did have one interesting and rather unique cultural experience that I’ll share. Yoko and our two-year-old daughter Christy were taking a swim class. One week, Yoko was ill, and I had the morning off from class. So, I took my daughter to class much to the initial surprise and then amusement of all. Not only was I a foreigner, still relatively rare to most Japanese, but I was male! That apparently had never happened. Every year, Yokohama city sponsors a speech contest for foreigners. I entered and won a prize talking about my day at the “mommy and me” swim lesson.

Q: In Japanese?

MORFORD: In Japanese. I ended up with a 3-3 in Japanese after training and then tested again near the end of my assignment at 3+-3+. You asked earlier how useful my wife was in learning Japanese. Speaking Japanese at home all the time didn’t work. We tried but found we had become comfortable together with English as our home language. But I had someone to answer my questions and a lot of exposure to Japanese not only in class but from family and friends. Suffice it to say, by the end of my Yokohama training, I was now considered a good language student. So, we were ready for Fukuoka.

Q: Before we go, were there any aspects of the Japanese language that you particularly enjoy or particularly don’t enjoy?

MORFORD: There are many aspects of Japanese that are interesting and very different for English speakers. One thing of course is that Japanese are very polite and have a hierarchical social structure that is reflected in their speech. You don’t necessarily have just one word for some meanings. For example, many common verbs will have three different forms. You would say “go” differently depending on who is going and who you are addressing. When speaking with good friends and family, you may leave off verb

endings that you would use with others. Some nouns also adopt honorifics. Japanese also has two alphabets – one for Japanese words and one for non-Japanese words - and then of course they use Chinese characters. You put them all together.

Q: So is it very programmed? For a particular word, do you use a character or an alphabet, or is it just up to how people feel?

MORFORD: For most verbs you would use a Chinese character and then a “hiragana” alphabetic ending. Hiragana is the alphabet for Japanese origin words. Likewise, honorifics before nouns and most connecting words are in hiragana. But if you say I ate strawberries, “strawberries” will be written in a different alphabet.

I enjoyed studying Japanese. We students – mostly foreign service officers from the US but also Australia and Canada – would often get together for drinks and parties.

Q: But Japanese is a two-year language, right?

MORFORD: I had taken ten months of Japanese in Rosslyn before going to Osaka.

Q: So, you were doing the second half.

MORFORD: I was doing the second half of the training. I think it worked a lot better, particularly for someone who was, at least initially, not a great language student. Taking the first half and then getting some practical experience got me ready to go back and take the second year.

Q: Then I think you said you didn't get any particular training in management issues.

MORFORD: I don't recall any.

Q: This is going to be a new experience for you because you are managing people for the first time really.

MORFORD: It is definitely a new experience. I would be running a consulate in Fukuoka with 20 employees. My job was to promote U.S. interests in all of western Japan. As I mentioned, that included eight of Japan's prefectures. It also included two major U.S. military bases.

Q: OK so we will go ahead and end for today and pick up next week.

Q: Good afternoon. It is July 27, 2022. We are continuing the conversation with Dick Morford. So you had just finished your time in Jakarta and you were headed off to be a principal officer in Fukuoka, Japan, right?

MORFORD: That is correct. First a year of language training in Yokohama and then it was time to go back to work again.

Q: What year did you actually go to Yokohama?

MORFORD: I went there in the summer of 1982 and studied until the summer of 1983.

Q: By this time, you had a family, right?

MORFORD: At this time, I had a wife and a daughter who was born while we were in Indonesia and turned two while we were in Yokohama.

Q: I am sure your wife was excited for this posting.

MORFORD: She was excited, and I was excited. I had wanted to go back to Japan, having enjoyed my first posting in Osaka/Kobe. Now I had received the full course of Japanese language training. People are of two minds about whether it is better to go to the embassy in Tokyo which is the hub of all policy or whether it is better to go to the periphery where you get more exposure to the people. In a small consulate, you are often the only American in any meeting or group. You represent the United States in that area and so you are invited to events and associate with the governors, mayors, and heads of business organizations. Newspaper reporters want to interview you. That doesn't happen as much in the capital, especially for a mid grade officer.

Q: How big was the consulate?

MORFORD: The consulate had 20 employees, including three FSOs. We had a consular officer, an economic/commercial officer and me. In addition, there was one USIA FSO at the American Center, which had its own staff. All four Americans lived in new townhouses next door to the consulate.

Q: And somebody handling all the management?

MORFORD: One FSN (local Japanese employee) who reported to the consular officer and then me was in charge of management.

Q: And security?

MORFORD: Security again was done by us. We had no security officer or marine guard. Our security consisted of locks, local guards, eventually an x-ray machine, and the local authorities. The consular officer doubled as our security officer.

Q: Did the police have somebody with controlling access or something like that?

MORFORD: Not so much controlling access in those days but patrolling outside, usually in uniform but sometimes in plain clothes. They were available if needed. I think I

mentioned having had encounters with the Red Army in Osaka/Kobe and even before that in Singapore. They were still around but not as much. Only once during my whole time in Fukuoka did anyone fire homemade projectiles at the consulate. Otherwise, no major security incidents while I was there.

Q: Did you call it a lock and leave post like they do today?

MORFORD: I guess it was a lock and leave post except that the four officers all lived in townhouses that had recently been built right next to the consulate. They had a northwest Pacific Coast feel with lofty wooden interiors. Very nice. So, we locked the consulate when we left in the evening, but we really didn't leave it.

Q: Was there a heavy consular workload?

MORFORD: We had a heavy non-immigrant visa demand. While I was in Fukuoka, immigration visas were centralized in Tokyo, so we went from having that responsibility to not having that responsibility. We provided a moderate amount of American citizen services. There were not a large number of unofficial Americans living in the consular district. There were missionaries but not many businessmen. We did, however, have two major military bases. The Marine Corps Air Station Iwakuni was in Yamaguchi Prefecture, the southernmost prefecture on the main island of Honshu, and Sasebo Naval Base was in Nagasaki Prefecture. Most Americans at the two bases were in the military but there were also a good number who had retired and married Japanese and stayed. They would often require services from the consulate.

Q: And is it a city? Is it rural? Is it warm or cold?

MORFORD: Well Kyushu is southwest of the main island of Honshu. It is a tad warmer than Tokyo or Osaka. Fukuoka was the largest city on the island and in those days to me at least, just the right size. It was big enough to have dining, entertainment, department stores, good hotels and a big city feel. But you also had the ability to get out of town easily into the countryside. Our son, Kenny, was born in Fukuoka. So, we could put the two kids in the car after work and drive out to the beach in 20 minutes. I'd be up to my waist with the waves coming in digging clams with my feet. The consulate is still right across from Ohori Park which has a large lake. Yoko would take our daughter by bicycle to a nearby Montessori pre-school. It is still a special spot for us.

Throughout the rest of Kyushu there was a lot to see. Both scenic beauty and interesting places. There were hot springs in the mountains, active volcanoes, and seascapes everywhere. Arita was famous for producing Imari porcelain that was exported all over the world.

Q: Still operating?

MORFORD: Oh yes. They have some of the greatest potters in Japan that have passed their craft down from generation to generation. It was only a couple of hours drive away

from Fukuoka. Nagasaki is a beautiful city, where the Dutch were permitted to have a trading post when Japan was in isolation during the Tokugawa period. Kagoshima is the southernmost prefecture on Kyushu where the Sakurajima volcano is erupting right now.

At any rate it is a beautiful region, and we were able to get out and see it. All the advantages of the big city and a lot of the conveniences of a small one.

Q: Do you remember who the ambassador was?

MORFORD: Mike Mansfield was Ambassador for the entire time. He, as well as most everyone else in the embassy came down to visit.

Q: Everybody visited. So aside from it being a lovely place, what were they looking for you to achieve?

MORFORD: The consular district was roughly 1/8 of Japan. It raised 1/3 of Japan's beef and grew 50% of its oranges. It was also home to large traditional industries, such as steel and shipbuilding, and had a burgeoning new IC sector. When we were there, it became known as "silicon island." The district was overrepresented in the Diet like all of rural Japan and boasted a disproportionate number of national leaders. Plus, we had the two American military bases. So, there was a lot on our plate.

Aside from the consular responsibilities we talked about, we had economic and commercial responsibilities. Trade relations were tense. Part of our job was to open markets to US firms and to increase public support for market opening. This was a time when Japan was starting to open up, but it was uneven and grudging. We had an extensive program of trade missions and catalog shows and a lot of meetings with high-ranking officials and corporate officers trying to get American companies' foot in the door. Fortunately, I had an economic/commercial officer and his staff to help.

We obviously did political and economic reporting on what was going on in our area so that Tokyo and Washington would know. My job was heavy on representation and getting out the U.S. message. I made speeches and gave words of welcome, congratulations, or thanks at all kinds of events. I also reached out to governors, mayors and corporate executives. My contacts included then Governor Hosokawa of Kumamoto Prefecture, who later to become Prime Minister (and famous for being the first Japanese PM to tell an American President "no".) And Aso Taro who more recently was Deputy Prime Minister.

Q: What did he say no to?

MORFORD: This gets ahead of the story by about seven years maybe.

Q: OK we will deal with it then it was on trade, I guess.

MORFORD: It was on trade.

Q: A prefecture is like a state?

MORFORD: Like a state.

Q: So, you had eight governors you had to get to know.

MORFORD: That is right, that is why I mentioned Governor Hosokawa who was governor of Kumamoto. I paid him and all the other governors several visits.

Q: Was there interest in local politics?

MORFORD: Yes, there were support groups for each member of the Diet. There were also groups, often members of the local chambers of commerce or labor unions, who were interested in both local and national politics.

We kept in particularly close touch with local communities regarding our two bases. That was quite interesting and important. Japan was of two minds in terms of American military presence. There are those who welcome it because it provides security and there are those who would like it to go away. So, tension builds whenever anything happens at one of the bases or if we had a ship visit, particularly if it was nuclear powered. We worked regularly on scheduling and trying to ensure a warm welcome for ship visits. I also worked closely with the commanders of the two bases to resolve issues with the local communities around the base. I frequently called on the mayors of Iwakuni and Sasebo and the diet members from those areas. I had many chances to talk with support groups who wanted us there and some of the people who didn't want us there.

Just to give you a couple of examples, Iwakuni had a runway set up like a carrier, so pilots could practice carrier landings. One of the restraint cables broke sending debris flying so far that some of it flew off the base and landed on a building, crushing the toilet. Fortunately, there was no one in the bathroom at the time and no one was hurt. I quickly joined the commander to give well publicized apologies to the mayor and community. Eventually, the marines moved the runway offshore addressing that concern. Occasional marine misconduct and the complaints about early morning and nighttime flying were the other chief community concerns.

Sasebo had a different set of issues. One of the big questions was land use. The navy occupied a good part of Sasebo harbor and civic leaders were interested in freeing up more of it for commercial use. Trying to figure out land use issues was complex and involved understanding not only the navy's perspective from the commanding officer and others but that of the Japan Maritime Self-Defense Force, local politicians, and businessmen. It eventually involved briefing the Commander of the seventh Fleet on possible options.

Farmers were another group that was quite interested and powerful in politics. We were calling for agricultural liberalization in international trade negotiations. And that was

something that Japanese farmers were very much against. At one point the consulate was receiving something like 70,000 postcards a month from Japanese farmers saying no to liberalization.

At the same time there was a push for internationalization of Japan, kind of reopening Japan to the world. Each of the prefectures were beginning to encourage foreign companies to invest. American companies made several investments in the electronics sector. Instead of politicians being in charge of economic development, there was a search to hire ex-MITI (Ministry of Trade and Industry) bureaucrats since they knew more about how to entice foreigners to come into the country.

Of course, I kept in touch with the embassy on all these issues but as you can see, local issues can easily become national. I found my main role was getting out and talking to people. I developed a few stock speeches that I would customize. When I arrived in Fukuoka, the first day the staff scheduled a press conference. More than a dozen news organizations were represented. While they asked me mainly personal questions, (it was my first day), it was clear I had a bit of a podium. So, I got out frequently, trying to address the issues people were concerned about, the ones that divided us but also some of the issues that could bring us together. I gave roughly 30-40 speeches per year to various organizations - Japan American societies, rotary and lions clubs, and support groups for this or that.

One thing I found was that the typical speech followed by questions and answers didn't work well. Japanese don't ask questions and those few who do raise their hands make long statements. There is little chance for give and take. So, I often dispensed with the usual Q&As for informal coffee sessions after speeches to encourage free expression. This increased exchange and understanding, often mine.

Q: It sounds like your Japanese had to get really good in a real hurry.

MORFORD: It got better. I realized at the beginning that I still had a long way to go when at that first-day press conference a reporter asked my favorite Japanese food, and I said "takosu." That's a type of vinegared octopus in the Osaka area. It turns out they call the same dish "sudako" in Fukuoka and most other places in Japan. The reporters were all trying to figure out why I thought tacos were Japanese. I had a lot of learning to do, but I also had great support. My Japanese political advisor, Matsuo-San, accompanied me on all my outings and would frequently help me out.

Q: Did you have some management issues that you found difficult?

MORFORD: I didn't have too many problematic management issues. I mentioned earlier the contracting issues where I found collusion in the bidding process. That was rather standard in Japan at the time. There were also some personnel issues but no major ones. The staff at the consulate was quite good and conscientious.

Q: The free enterprise structure works a little bit differently in different countries. So, you worked on a lot of bid types of contracts? Do you remember any of the companies you were able to help?

MORFORD: One of our efforts was to get the local power company to purchase a Westinghouse reactor cooler. Since the company provided electric power to all the island, we also worked with them to get their support for market openings all over Kyushu. Unlike in Osaka where we were trying to promote American exports by working directly with companies in the U.S., we prioritized companies already in Japan for our trade promotion efforts in Kyushu. That meant working closely with the American Chamber in Tokyo. We even organized our own trade missions of U.S. companies already in Japan. We worked with integrated circuit manufacturers, franchisers who wanted to expand, and those trying to mass market products, including (perhaps in retrospect regrettably) tobacco. We helped Cargill finally establish in Kyushu. We had successes but Japan was not an easy market. Some sectors were still pretty much closed, and others were tough to break into. Politically, the trade deficit was big and growing.

Q: Right, so this is a period where Japanese TVs and all kinds of consumer electronics have already flooded our market. They had superseded our traditional production.

MORFORD: Not only that, but Japan was beginning to face the same type of challenge. The rise of Korea and to a lesser extent Taiwan had undercut the competitiveness of some traditional industries like steel and shipbuilding. We did a couple of in-depth reports addressing this phenomenon, case studies on the ship building industry in Nagasaki and a steel plant in northern Kyushu. We wanted to know how they were addressing the threat. It discussed the technology introduced, the restructuring, the changes in production, the government role, and how labor and management worked together all to keep the plants competitive. The reply from Tokyo and Washington was let's make sure these are shared with all the American companies.

Q: Why? Oh, because you were laying out the—

MORFORD: We were describing what traditional Japanese industries were doing to allow them to continue to compete, to continue to manufacture in their own country. At that time, the U.S. was investing overseas more.

Q: I think at that time Deming was in Japan helping to put in place efficiencies that were becoming rather famous?

MORFORD: He had helped them after WWII but now they had to adjust again on their own.

Q: Because they were no longer low-cost producers?

MORFORD: Right. It was an interesting time to be there. I can't stress enough how valuable it is to have posts in countries that are in touch with the people and local conditions all the time.

Q: How many consulates did we have at the time?

MORFORD: At the time we had one in Fukuoka, one in Sapporo in Hokkaido and Consulates General in Osaka and Naha in Okinawa. We later reopened a consulate in Nagoya. Remember, when I was in Osaka, we had a small commercial outpost there with two Japanese employees and an American Center.

Q: So, were you sort of out of sight out of mind a lot?

MORFORD: You know it is funny. My time in Fukuoka was probably the most documented of any of my assignments. Simply because every month I would write a letter to the DCM. It is hard to believe that we actually wrote letters but yes, they were unclassified letters in which I would describe what had happened the month before in the consular and commercial sections, what I was doing, problems encountered, and what we saw on the horizon. We didn't feel we were "out of sight out of mind" but actively contributing to our overall efforts in Japan. Although I must confess there is something nice about having your boss 550 miles away.

Q: So, did you like being the principal officer?

MORFORD: I enjoyed being the principal officer. There's a lot you get to do that just wouldn't be possible in a bigger pond. One of the things about Japan is everywhere – all the cities and towns across Japan – have special local events.

Each summer every town will have their own festival to be celebrated in their own unique way. Fukuoka had that too. The Hakata Yamakasa festival consisted of a race of large shrines each supported by several long poles carried on the shoulders of men dressed in loin cloths and straw sandals and running through the streets of Fukuoka. You don't race each other at the same time but against the clock. Riding on top one or two men would yell "faster, faster." Down below thirty to forty men ran supporting the weight while up in front a couple of men tried to keep the shrine moving in the right direction around corners and past utility poles without hitting anything. Crowds would throw buckets of water to keep everyone cool. I participated every year as part of one of the neighborhood teams.

They would also put on a special performance of kabuki in Fukuoka with local notables playing the roles instead of kabuki actors. I got invited and went on stage in costume with my face all painted white. I was a fireman and even had a couple of lines.

Q: It was a lot of fun and you didn't mind not being part of the policy part of the mission?

MORFORD: I was constantly feeding into it, and they were asking questions back. So, it wasn't like we were away from policy completely. I knew the heads of the political and economic sections well. We had a lot of dealing with the Pol-Mil, commercial and agriculture folks in Tokyo. They weren't asking us what policy we should adopt on this and that, but they were asking for input. How is this playing? What are people talking about? That was the kind of grist we could add to the mill. And, as I mentioned, everybody visited. We had visits from the ambassador, the DCM, the economic minister counselor, the political minister counselor, the consul general, and almost all the different agencies.

We also had big Codels (congressional delegations.) One notable visit was that of House Majority Leader Jim Wright with other congressmen and women, in all 32 people. They came on the anniversary of the Nagasaki bombing and placed a wreath in front of the memorial in the peace park. We approached the visit with a bit of trepidation and a lot of planning because a lot could go wrong. But it went right. The only disappointment was how little press it got. The Japanese officials and everyone in the Codel were happy that the visit had gone so well, so the papers didn't really pick it up and give it the coverage it deserved.

Q: Interesting. Anything else you wanted to make sure you mentioned about this tour.

MORFORD: I did want to give you a line from a farmer at one of those coffee house sessions after a speech in Yamaguchi. "I don't mind your opposing the hunting of whales but please don't tell us next that we can't eat cows." You have to understand that eating whales was traditional in Japan and many resented the international actions we supported to limit their hunting.

Q: He cared about his cows. Was this a different side of Japanese culture or was it similar to what you had seen before?

MORFORD: I just thought his formulation was pretty clever. As in Osaka/Kobe, a good number of my friends and acquaintances were Japanese. Aside from the consulate staff, there weren't many Americans in Fukuoka. So, most of our social world was with Japanese. The head of one of the big department stores lived in our neighborhood and invited us weekly to a tennis party of up to 30 people. In fact, he sponsored an annual nationwide invitational tournament for his friends. He assigned partners for doubles. My wife, who was five months pregnant with our son, was paired with a former Japanese Davis Cup player. They won.

Q: So, you were both good tennis players?

MORFORD: I think it was the first time that anyone who was five months pregnant had won that tournament.

Q: And as you said you didn't have any real big management problems. It was a well-run post.

MORFORD: The inspectors thought so. I tried to develop the officers in the consulate and to keep a happy staff. We had a lot of staff parties, including at our house. The staff even bought a table tennis table where some would play at lunch.

Q: I recently worked at a post that was about the same size, in the Caribbean with two sizable law enforcement agencies and a military base that was not part of our command. But they hadn't had a dedicated consular officer and hadn't had a dedicated information management officer until then, or for that matter a dedicated security officer. Did it work OK at your post?

MORFORD: The security officer was the consular officer. At small posts, everyone has to play multiple roles. Developing the foreign service officers and the foreign service staff was a good part of my job.

Q: And trusting the staff and treating them like the professionals they are.

MORFORD: I looked over the consular officer's work from time to time and occasionally made suggestions. But I think there was only one case where I actually overruled the consular officer in those three years.

Q: The key to that task is to look at the approvals, right?

MORFORD: That was true. Since we had so many non-immigrant visas we had to rely on Japanese travel agents in Japan to screen most of the tourists. If we found that one of their clients had overstayed their visa in the U.S. and it wasn't reported to us, we immediately cut off the travel agency for three months from getting any visas. That was pretty effective.

Q: All right, so what happened when bidding season came around?

MORFORD: Bidding season came around and it was time to go back to Washington. We had been overseas for six years. I felt it was time as an economic officer to actually work in the economic bureau. In Fukuoka, I had commercial and consular responsibilities, but other officers worked full time on those issues. My focus had been on politics, base relations, and representation.

Q: Right and you liked it, I am sure you were good at it.

MORFORD: I did my best. In a small post, you became almost part of the community, accepted as someone whom they can not only approach but talk to relatively freely. That was useful in doing my job and something that doesn't always happen.

Q: In Latin America, I found that while there was some anti-American sentiment, the more you are out there and the more they know you, the stereotypes get out of the way

and so do a lot of their objections to some of the areas of collaboration. Did you find that?

MORFORD: I found the atmosphere generally welcoming. Now I wasn't getting all the petitions from the local Japanese communist party or whatever like I did in Osaka. That happened in Fukuoka too, but I had my consular officer or economic commercial officer receive those. And that didn't mean that Japanese liked all of our policies, but even among the people who were completely opposed to agricultural import liberalization, for example, I think they hated the policy and not Americans in general.

Q: It was a policy disagreement.

MORFORD: It was a policy dispute. We tried to be active in the local community. Getting out and about was a good part of my job and I've talked about that. Every year the consulate would enter a local softball contest and play against local teams. One of the consular officers did a radio program each week on jazz music. We would entertain frequently at home. We had some large events, some hosted by the American Center, and some by the consulate, including a very large fourth of July party. My favorite was the annual party we would throw during the Fukuoka Sumo tournament, including famous Hawaiian sumo wrestler guests.

Q: So what year did you leave Japan?

MORFORD: We left in the summer of 1986. In the six years we were overseas, we had two children and the little house we had bought in Arlington with one bathroom was now too small.

Q: So where did you move to?

MORFORD: My commute in Arlington, which used to be 20 minutes door to door - five minutes to the bus stop and then straight downtown to Constitution Avenue right next to State - turned into 45 minutes after Metro opened, since the bus now stopped at Ballston. So, we moved out beyond the beltway to Vienna, Virginia where the commute was 55 minutes, but we got more than one bathroom.

Q: And you went into the Office of Business Practices. Is that right? Did you do much policy in Fukuoka?

MORFORD: Yes, I got a job in EB (the economic bureau) for the first time as Deputy Director of the Office of Business Practices.

Regarding Fukuoka, we didn't make policy other than what we did in our consular district. But we did contribute. We helped the Navy make policy on land use. In our reporting, we informed policy makers in Washington about how Japan was restructuring its basic industries. We fed into issues the embassy was considering whether on ship visits or export promotion. And, we talked to congressional visitors. How much that

contributed to their thinking, I don't know, but I like to think that we made some small indirect contributions.

Back in Washington, policy was more central to my new office, Business Practices, a name that gives no clue as to what it did. Our two biggest issues were intellectual property and antitrust. State, of course, did not have the sole lead in either area. We also were responsible for U.S. relations with UNIDO (the United Nations Industrial Development Organization) and led negotiations on the proposed UNCTAD code on Transfer of Technology and the established agreement on Restrictive Business Practices. It all sounds rather technical, doesn't it?

Q: Well, I have worked in EB a lot so not to me, but I know to the rest of the world. I think that things have gotten shuffled over the years, so the intellectual property rights office became its own. Some of these others either went away like transfer of technology was a big thing for a while but others went into the investment office.

MORFORD: The investment office was one of our sister offices.

Q: Right so you are on the financial side of things.

MORFORD: Right. My office reported to Bill Milam who was the Deputy Assistant Secretary for International Finance at the time.

Q: So, we can pick up with your work in EB. You started that in 1986, right?

MORFORD: Yes, August 1986.

Q: Who was the assistant secretary?

MORFORD: Let's see, this was in the Reagan Administration. I didn't deal much with the Assistant Secretary. I think it was Doug McMinn followed by Gene McAllister. My boss was Harvey Winter. Harvey was quite famous in those days because he had been in that office for, I don't know how many years. Harvey was in his early 70s when I came on as his deputy.

Q: He was a civil servant.

MORFORD: He was a civil servant, and he was the State Department expert on intellectual property, particularly copyright. He had long and strong relationships with the Library of Congress, which is responsible for U.S. copyright policy. One of the big things he was trying to achieve was the renegotiation of the Bern Convention on Copyrights. In addition to copyrights, of course, patents, trademarks and trade secrets protected other types of intellectual property. The Patent and Trademark Office at Commerce issued and adjudicated patents and trademarks and was an important player in the international negotiations in that area. Harvey often led or co-led our delegations to the World Intellectual Property Organization (WIPO) in Geneva.

My job was pretty much to run the office. I had four employees directly reporting to me. They were largely dealing with either negotiating bilateral intellectual property agreements or working on issues related to UNIDO and other UN specialized agencies. My individual responsibility was as the State lead in negotiating intellectual property in the new trade round – the Uruguay Round – which was just getting started. I played a similar role in the intellectual property negotiations for the U.S. Canada Free Trade Agreement, also just getting underway. I also led the U.S. delegations to UN conferences on restrictive business practices with support from the Antitrust Department at Justice and the Federal Trade Commission, and to negotiations on the transfer of technology.

Q: Did you have to get up to speed fast or did you know these issues pretty well from previous positions.

MORFORD: I had to get up to speed pretty quickly. You really don't have time to go off to law school to learn about intellectual property law. So, you learn as you go. I was lucky to get in on the ground floor when the Uruguay Round and the US - Canada Free Trade negotiations were starting. So, we were all learning together in a sense. Some people knew a lot about intellectual property; some knew more about trade agreements. Everybody had something to learn.

Q: So, this was the Reagan administration. Who was the head of USTR?

MORFORD: It was Clayton Yeutter. In all the issues on which I was working, I was part of an inter-agency team. For trade, like the Uruguay Round and the Canada negotiations, USTR was the lead agency. In those days they liked to consider themselves lean and mean. In other words, they didn't have people to do a lot of the needed work. They had a lead negotiator but little help underneath within USTR. Thus, they relied upon other agencies for support and a lot of the grunt work that goes into preparing for major negotiations.

Any negotiation begins with what you want to achieve and then progresses through developing proposals and tactics that you hope will get you there. We were the pushers of the idea of bringing intellectual property into trade negotiations. It was important to know what our constituents wanted. So, one of the first things we did was consult with U.S. business. There are a lot of different aspects to intellectual property, so the consultations also had to be broad to encompass inventors, manufacturers, retailers and franchisers, publishers, and the movie and recording industries.

We also reached out to potential international allies. I was in charge of organizing a brainstorming session with about a hundred delegates from 21 countries with the objective of getting support for an ambitious intellectual property rights agenda in the new round. State took the lead because organizing events with foreign governments is what we do. Of course, we had almost no time and absolutely no budget. But we pulled it off and the delegates came from most of the industrialized world. Clayton Yeutter sent a letter to Secretary Schultz afterwards, thanking him for the tremendous success. One

more preparatory step was getting the OECD Trade Committee to do a study on the benefits of IPR for developing countries, which I pushed over initial objections from some agencies.

Q: And it was called TRIPS because it was trade related IPR.

MORFORD: That is right. Trade Related Aspects of Intellectual Property.

Q: Because they had to have some kind of rationale for including.

MORFORD: For including it in the GATT (General Agreement on Trade and Tariffs) which was still the trade negotiating forum in Geneva then. At the end of the Uruguay Round, it became the WTO (World Trade Organization.) You have to have a link to trade. Remember, there is already another international organization that deals with intellectual property and the conventions that govern how intellectual property is treated. That is WIPO, the World Intellectual Property Organization, also headquartered in Geneva. So, there had to be some reason why the issue should be addressed in the GATT as well.

Q: So, are there three components to this? You mentioned copyrights.

MORFORD: Copyright is a big part of it. That applies to books, records, movies, software, that kind of thing. That has a whole set of different rules than patents, which are applied to the invention or improvement of products and processes. And then trademarks protect how you identify and differentiate your brand.

Q: Were we looking at things like how long you can get a patent for, so everybody has the same.

MORFORD: Yeah. Not to go into details but there are a lot of differences between national laws. One example is, do you recognize the patent holder as the first to invent or first to file? We weren't going to solve those types of issues in the GATT. Rather, we were looking for areas that were a bit more familiar to the trade world. For example, agreement that all countries should provide an agreed minimum amount of protection for intellectual property and that American authors and inventors are treated no worse than the nationals of any country, so called national treatment which is a fundamental part of trade law. Importantly, we also wanted to bring IPR under the enforcement mechanisms of the GATT.

Q: And there is the transfer of technology idea which it sounds like it wasn't fair that all expertise They wanted it to be transferable

MORFORD: We wanted to keep that separate and out of the Uruguay Round.

Q: Well, I just decided it might be a good idea to flesh it out a little bit. I am sorry if we got into the weeds too much. I have a question: you were working on the global level and

then you were simultaneously working on it in the U.S. Canada negotiations. Is that right?

MORFORD: Yes, the U.S. Canada negotiations were also ongoing.

Q: Did we do anything innovative with Canada that was easier to do because it was just two countries.

MORFORD: Well actually intellectual property turned out to be one of the most contentious elements in the U. S. Canada free trade agreement.

Q: And why is that?

MORFORD: Their law is different from our law. They weren't going to change their basic copyright law, for example, nor we ours. They had elements we didn't, such as exemptions for "cultural industries." So, we spent a lot of time together in negotiations and I got to see Ottawa in the middle of winter, but in the end we didn't change much.

Q: Did it happen before the Uruguay round?

MORFORD: Yes, we got a conclusion to the U.S. Canada FTA before the end of the Round, but they were going on simultaneously—pretty much the whole time of the three years I was in EB. It was subsequently subsumed by NAFTA, the North American Free Trade Agreement with Canada and Mexico.

Q: So, I got to the trade office in EB let's see, in '91 and one thing I remember from that tour was we already had problems with including Canada and Spain, countries that wanted to protect their film industry and TV industry with quotas. Because they felt that a lot of U.S. production in this area was going to dominate.

MORFORD: Well, there was the feeling that Hollywood would dominate. So, they wanted to preserve special protection and subsidies for their industry.

Q: So was this part of the negotiations you were doing on IPR.

MORFORD: It was part of our overall negotiations. In addition to what we had going on in WIPO and the GATT, we had a whole series of bilateral negotiations, not just with Canada. These bilateral discussions were trying to increase the level of protection for intellectual property rights. Some developing countries had considerably less legal protection for IPR than most of the developed countries. Some had poor laws, some had laws we didn't like, such as those that allowed broad compulsory licensing, and some just didn't enforce their law at all. So, there was a lot of concern about what we called intellectual property theft.

As the world market grew, the effect and consequent concern built. This was during the Reagan administration. The pharmaceutical manufacturing industry was instrumental in

pushing for better enforcement of their patent rights overseas. Obviously, the people in Hollywood, the U.S. the movie industry represented by the MPAA (Motion Picture Association of America,) were also concerned. They and other groups had political pull with not only the administration but with Congress. Congress had put Section 301 in the 1974 Trade Act, which authorized the President to address actions or policies that restrict U.S. commerce. Protection of IPR became an increasing focus of the statute. So, we and our interagency partners were engaged in bilateral discussions around the world trying to improve the protection given intellectual property, particularly in major developing countries.

Then Section 301 was amended in 1988 to require that USTR provide a special 301 report every year identifying all countries that do not provide “adequate and effective” intellectual property rights protection. The identified countries would become “priority foreign countries” which would automatically trigger an investigation that could result in trade sanctions.

This caused our IPR team a bit of heartburn in preparation for the first report in 1989. How do you define “adequate and effective?” If we named too many countries it would jeopardize progress in the intellectual property negotiations at the GATT and put too much on our table to handle. If we didn’t name any, we would risk congressional steps to further tighten requirements. So, our team, led by USTR’s Mike Hathaway, determined that no country met all the provisions for “adequate and effective” as defined in our TRIPS proposal. We did not identify any “priority countries”, however. Instead, we created two non-statutory categories of “watch list” and “priority watch list” countries. We would “step up” efforts to address IPR shortcomings with the former and launch action plans and reviews for possible upgrading to priority foreign countries with those on the latter.

Q: So, we all have you all to blame or thank for this process that we have had to deal with ever since.

MORFORD: Every embassy had to make a judgment once a year in their intellectual property report on how the country was doing—where they were adequate and where they were not.

Q: But luckily it was USTR that had to do all the editing out their chapters of the report.

MORFORD: We had to do the final report to go to Congress, but foreign service posts had to put in all of the content. The amazing thing is that it actually worked. The non-statutory categories we invented worked and are still being used pretty much the same way 30 plus years later, helping to improve IPR protection without undermining trade and foreign policy objectives.

Q: Right, it was another form of leverage.

MORFORD: So that was interesting.

Q: I think that you mentioned that you led delegations to the UN conference on transfer technology and restrictive business practices.

MORFORD: Yes, I led US delegations to meetings on Transfer of Technology (TOT) and Restrictive Business Practices (RBP). The proposed UNCTAD code on TOT had been under negotiation for over a decade when I arrived. Developing countries wanted a legally binding code that would give them greater bargaining power to encourage or compel the transfer of technology. Developed countries didn't want to go beyond guidelines. Developed countries and their laws were based on the effect on the market. Developing countries wanted rules that would be weighed based on whether they were good for development.

Q: They wanted to be able to have laws to that effect.

MORFORD: Yes, they wanted an international agreement, and this had been negotiated already for about a decade before I came on. It was clearly at an impasse, but no one at UNCTAD or in the G-77 wanted to recognize that. There is a lot more detail here but suffice it to say there was no visible path to bridging the differences.

Q: Because it did make sense.

MORFORD: It made sense to end the negotiations. In two sessions in the spring and fall of 1987 I tried to finally put the TOT code to bed. I worked to persuade the rest of Group B to hold together for the first time ever on the position that negotiations were deadlocked and should be shelved. It all culminated in a late-night meeting. The Secretary General of UNCTAD was called in to see if he could broker a last-minute deal to break the deadlock. We held firm, however, and after all had repeated their positions – the G77, Group D (still the Soviet bloc), China, and Group B - and as the clock neared 3:00 am, we noticed the SG dozing at his desk. While the UN General Assembly called for continued consultations and more papers were written, that was really the end of the UNCTAD Code on TOT. The General Assembly finally recognized that fact in 1993.

Q: OK, so we didn't have to do any concessions to get the G-77 to agree. We just stopped playing.

MORFORD: They kept calling for discussions to go forward but it was clear that if you don't have a partner it is a rather awkward dance.

For restrictive business practices there actually was an agreed set of policies and principles and annual expert meetings and five-year review conferences. There was much more exchange than negotiation. My main accomplishment at Restrictive Business Practices meetings was a resolution where the Chinese for the first time agreed to include the word "entrepreneurial." I got a lovely letter of thanks from our Geneva Ambassador to the UN, Joseph Petrone.

Q: Did restrictive measures turn into TRIMS? The trade related investment measure?

MORFORD: That is different. The push to get investment into the GATT was ongoing at the same time. One looked at addressing anti-competitive practices and how curbing restrictive business practices could be good for development. The TRIMs effort was looking at what kinds of restrictions countries should or should not have with regard to investment. The United States position on intellectual property was relatively clear; we wanted better protection for intellectual property. Our position on investment has always been a little bit more wishy-washy.

Q: Changeable. I remember being in Moscow and a U.S. company came to us and said we are trying to sell, and they wanted us to commit, I forget what it was, that they wanted the commitment on the investment side. I wrote a cable and asked for guidance. And the USTR for WTO kind of chided me the next time she saw me. She said you are not going to get an answer to that because USTR and Commerce were not going to agree. Commerce will want to support the company and USTR has to oppose the restrictive measures.

MORFORD: Well, the policy I remember is that we could facilitate but not promote. We cannot promote U.S. firms investing overseas, but we can facilitate if they decide to invest. I just think there was considerably less support for TRIMS than there was TRIPS.

Q: Right. All right, this was different. You hadn't really done these kinds of negotiations before.

MORFORD: This was a great assignment for both policy and negotiations. I took part in the GATT negotiations and the Canada negotiations and actually led the negotiations to UNCTAD. In the GATT and Canada negotiations, we had a pretty tight interagency team. USTR led the delegation but all of us were having side negotiations with other delegations, the Europeans about this or a developing country about that. And, of course, all of us had been involved in the development of our positions and strategy in the negotiations. At one point, we were all spending basically a week a month at the GATT in Geneva. I don't know how the interagency process works now since USTR has gotten bigger, but in those days, it was a real interagency effort.

Q: It was still working a few years later when I went into the trade office. We had somebody who worked on the map desk, and somebody who worked on U.S., Canada USTR was still handling the whole layers of different traces and meetings as you go up through the cabinet. This is the system and I think at that time they kept including the state people and the negotiating teams, but you didn't have as much clout. Because we usually didn't have substantive knowledge.

MORFORD: That can be a problem. Obviously in our team we had the Patent and Trademark Office, and we had the Copyright Office of the Library of Congress. So, the expertise was as much outside as inside USTR. Then, we had this guy from the State Department (me) and someone from the Commerce Department trade shop. It worked fairly well.

Q: Sometimes the politics or the dynamics in different administrations which agencies have more clout. OK you didn't mention this process. You didn't mention state bureaus coming and trying to lobby for differences in negotiations it was too in the weeds,

MORFORD: I would say for the most part the regional bureaus were not that involved in the GATT IPR negotiations. It was probably just a bit in the weeds for them. They did get involved in the bilateral negotiations because those hit close to home and were important to the countries in their regions. They were quite interested in those. I didn't get personally involved in the individual negotiations but followed them closely since I supervised the State officer who was on the negotiating team. Clearly, we had State positions that might differ from other agencies on a particular country.

Q: OK and so at this point you were bidding, and you wanted to stay in Washington still.

MORFORD: I was still interested in Japan. And Japan, particularly our trade relationship, was becoming a bigger issue. As you mentioned, I really wasn't in a position in Osaka or Fukuoka to develop overall Japan policy. Maybe it was time. So, I went off to become Deputy Director for Economics on the Japan desk.

Q: OK and we will pick up with that and that would have been in 1989, right?

MORFORD: Right.

Q: So, we will pick up with that next time.

Q: It is August 4, 2022, and we are continuing our conversation with Dick Morford. So, you enjoyed your time working on IPR?

MORFORD: Yes. It was technical but I was happy to have arrived in time to be on the ground floor in the development of our policy in the Uruguay Round. In the end, I think we agreed on ambitious but realistic objectives and I had the opportunity to help make it come, if not to fruition, to a good stage of development. There are few of our efforts that actually come to full fruition during our tours, you know.

Q: And pharmaceuticals were a big part of it.

MORFORD: Well, as I mentioned, there were a number of U.S. groups that were quite interested. The Pharmaceutical Manufacturers Association was extremely active. As was the Motion Picture Association of America which didn't like their product being shown without them getting money for it. Likewise, the Recording Industry Association of America.

Q: I think that was a pretty clear money thing always because you put so much money into the development and then if you overcharge you sure are going to generate some competition so that patent law is always a really interesting thing. All right, I think we should move on. So, you went over to the Japan desk in what year.

MORFORD: It was summer of 1989.

Q: OK and your position on the Japan desk?

MORFORD: I was the Deputy Director for Economics.

Q: So, it was a small group of staff working for you?

MORFORD: I had four full time officers working for me. Mark Minten, who was my counterpart on the political side, had about the same number. So, the whole office was about a dozen.

Q: Right, And Japan was quite an economic powerhouse at the time, right?

MORFORD: It was really an interesting time, and it is hard to picture it now because things are so different all these years later. But in those days to some people Japan had become, not as Ezra Vogel, my professor at Harvard, had written “Japan as Number One”, but I think some people in Washington felt that Japan had become enemy number one. As I said, it is hard to understand now. You have to put in a little bit of context. In that year of 1989, we had the Malta conference with Bush and Gorbachev that ended the Cold War. All those years of having one enemy were passing. That is one side of it. The other was that Japan was extraordinarily successful economically with products pouring into the United States while our companies were having a lot of trouble selling in the Japanese market. The burgeoning trade deficit with the rising yen and falling dollar were a sign. If anything, the general thought about Japan at the time was that they were unfair.

Q: And they were the China of the period 30 years ago.

MORFORD: The difference is that this was pretty much all economic whereas with China now, the security issues are foremost. Even on the economic side with China until very recently, we had so many companies that had invested in China there was always a domestic counterbalance to those who were unhappy about job losses, difficulty in exporting to China, or theft of intellectual property. We didn't have that strong of an economic counterbalance in the Japan discussion back in 1989 although there were a lot of folks who wanted to protect our strategic relationship.

So, the conclusion of some was that we can't export to Japan, and we can't invest in Japan, and they are doing both here quite successfully. We need to do something. Now, I knew from my time in Osaka and Fukuoka about American successes in the Japanese market – the franchises, the luxury brands, the cigarettes, even the bourbon, but I also knew just how hard it was to break into the Japanese market. Some of the examples of

protectionism were amazingly blatant. “You can’t sell American skis; Japanese snow is different.” “You can’t sell American baseball bats; they are unsafe.”

Q: So, they were consciously using standards as trade obstacles.

MORFORD: Yes. These issues were overcome in time, but these transparently protectionist actions helped form the general American understanding of just how hard it was to sell to Japan.

Q: What administration was this, again?

MORFORD: Well, this was 1989 and the first year of the George H. W. Bush administration.

Q: OK so he had a great team.

MORFORD: Indeed. Jim Baker had come over from Treasury at the beginning of the year.

Q: As Secretary.

MORFORD: As Secretary right. He brought with him Bob Zoellick. And he also brought with him Bob Fauver who had been an office director at Treasury. He became our Deputy Assistant Secretary for Economics in East Asia Bureau. On the Japan desk, Bill Breer was the director when I arrived but left after a week or two, replaced by John Malott. As I said, I had a counterpart on the political side. Mark Minton and I worked pretty well together because he came in late and stayed late and I came in early. That helped us in covering the clearance process for each other.

Q: Zoellick became the undersecretary for economic affairs.

MORFORD: But he was Counselor in those days. Dick McCormick was Under Secretary for Economic Affairs.

Q: So, did they have a clear idea of what they wanted to do to rein in Japan in the investment or the economic side? I remember when Baker came in, we were wondering how that would go because he had seemed to wrest a lot of economic policy turf from the State Department during his time in Treasury in the Reagan administration.

MORFORD: In Treasury he essentially said that Treasury should be the key U.S. actor on U.S. economic policy. He had taken away much of that role from State. He wasn’t going to bring all of that back to State formally just because he joined us. At the same time, he wanted to be able to do what he wanted. He had a pretty good relationship with his successor, Secretary Brady.

As I mentioned, the public concern about Japan was reflected in some very economic realities - Japan had a big current account surplus and its economy appeared to be in a bubble. We didn't know just how big a bubble it was, but we knew there were big issues. We knew the real estate market had gone crazy. At one point a square meter in the Ginza was worth 350 times a square meter in the heart of New York. Based on those values, the estimate was that the Imperial Palace grounds were worth more than the entire state of California. The stock market had also gone crazy. Japanese companies and investors with strong export earnings, robust domestic demand, a strong yen and weak dollar, and all that wealth from equity and property went on a buying spree in the U.S. They bought Pebble Beach. They bought the Rockefeller Center. They were buying cows and sending them back to Japan on airplanes. They were buying farms in the Midwest. Every day a new article would come out.

The reaction was strong. And those of us who worked on Japanese affairs were seen as part of the problem. I remember one article criticizing U.S. policy that had a picture labeled the Chrysanthemum Club with the names of all top officials, academics and others who worked on Japanese policy with the most powerful listed in the center of concentric circles going outward. The day after Carla Hills, the U. S. Trade Representative, went to the Japanese Ambassador's daughter's wedding, she was called a traitor. So, it had gotten bad. We didn't have the internet in those days, but you can imagine the threats everyone would have gotten if it were now.

Q: Passions were high.

MORFORD: Passions were high, and the Congress took interest in this.

Q: I take it as an economist it made some sense because the trade surplus was fueling the money for investment right.

MORFORD: Right. With the high yen coming out of the Plaza Accord the Japanese sought to maintain the domestic economy with low interest rates. That boosted the stock and property markets and stimulated domestic demand. We had a large current account deficit with Japan but so did a lot of other countries. Japanese tourism was picking up but didn't really make much of a dent. Despite the domestic boom in Japan, imports weren't soaring. With the boom in Japan and the strong Yen they were able to buy an awful lot.

Q: And so, did we set up a joint task force? Did we decide to go to war with sanctions?

MORFORD: Well, there were two things going on. One was that we already had big discussions going on semiconductors. That started earlier in the 1980's and we signed the U.S. Japan Semiconductor Agreement in 1986. The next year the U.S. levied sanctions saying Japan had broken the agreement by dumping and not allowing market access. So that was already happening when I came onboard. But then, when I got to the Japan desk, we filed three Super 301 cases against Japan on super computers, satellites, and wood products. Remember the IPR Special 301? Well, this was the super version.

Q: So, could you explain what Super 301 was?

MORFORD: Section 301 provides the legislative authority for the U.S. government to negotiate with other countries to reduce trade barriers or other kinds of unfair practices under threat of potential sanctions. Super 301 just put on similar deadlines and requirements to what the Special 301 had done for IPR. USTR had to identify priority countries that were the biggest offenders with regard to unfair trade practices that affected U.S. exports and then initiate a 301 case against them. That usually would trigger negotiations under threat of trade actions, either in the WTO or bilaterally. That was one of the big responses going on.

When Baker and his team came over from Treasury, they had been thinking, how do we address trade and financial issues in a more holistic way? Their thinking was you need to get beyond that tit-for-tat on specific issues and really look at the underlying conditions that are causing all of this. And so, they came up with the wonderfully named Structural Impediments Initiative (SII). It just slips off the tongue. It was designed to address structural issues in both countries that would address the underlying current account deficit and also the problems of market access – both trade and investment. I joined the office in the middle of the summer of 1989 and by September we had our first meeting.

We identified six areas of the Japanese economic system to discuss. The Japanese picked seven areas for the U.S. to look at. It was an extremely novel and interesting negotiation where both sides are looking at potential changes to improve the situation. Normally our negotiations on trade were pretty one way. This was, at least nominally, a two-way dialogue. So, we had two big trade and economic negotiations going on in 1989: the three Super 301 investigations and the SII.

Q: Do you want to mention what they were for Japan at least.

MORFORD: As I said, we identified six areas: Japan savings and investment patterns, land policy, distribution, exclusionary business practices, keiretsu relationships and pricing mechanisms. I realize some of those, like exclusionary business practices and keiretsu relationships (which are interrelated companies) sound overlapping. There was quite a bit of antitrust flavor. But it was a different approach. Rather than saying, “you deny access to our wood products, remove your barriers,” it looked much more broadly at the underlying policies and practices. For their part, the Japanese identified U.S. issues such as U.S. corporate competitiveness, workforce education and training, government regulation, export promotion, research and development, and our savings and investment patterns. It was really broad. The approach was that this is a big problem that will take both sides to address.

That meant a cast of many on both sides. For the U.S., State and Treasury were the co-chairs. Then, we had Commerce, of course, the U.S. Trade Representative, the Council of Economic Advisers, and the Antitrust Division of the Justice Department. There were some other niche players, but those were the big six.

Q: Were you trying to just get a framework to make progress or were there some real tangible things?

MORFORD: There were real tangible things. As far as substantively, I worked mainly on distribution, especially on loosening the restrictions in the Large-Scale Retail Store law, which limited where large retailers could do business and effectively kept large U.S. box stores out of the Japanese market. My job was a bit bigger, however, since as co-chairs, Treasury and State were in charge of running the whole thing.

Q: That was you?

MORFORD: I was the co-secretary for the exercise with Susan Creane from Treasury.

Q: Which is all very important with all the meetings and the issues and getting people into meetings and having the agendas done and the briefing papers.

MORFORD: Oh yeah, it was all those things and more. I was in charge of arranging the meetings - we had two meetings at State that had over 150 people, often going past 3:00 in the morning. My responsibilities included lining up translators and getting building clearances – all of the administrative steps needed for the meetings. But I also worked to get agendas agreed and drafted opening statements and public remarks for not just the two U.S. sessions but the three sessions in Japan. And, of course, I was helping develop our objectives and then negotiate parts of the Distribution section, particularly the restrictions related to the Large-Scale Retail Store Law.

Q: So, you got rid of that extra restriction.

MORFORD: Yes, we got some fairly quick administrative movement by Japan at the end of the process under the current law and they passed a revision a year after the agreement thanks to the negotiations.

Q: Can you explain what the keiretsu relationships were?

MORFORD: Sure.

Q: I mean, Japan experts can.

MORFORD: There are a number of interrelated corporations. They tend to go under the big names; you know a lot of them: Mitsubishi, Mitsui, Sumitomo. They had manufacturing operations in any number of areas but also banks and insurance companies. They tended to be both exclusionary in that they would usually look first to related companies for supply and services. And being in a group allowed internal subsidies to flow pretty freely. So, the question was, what should be done about those kinds of relationships? Are their practices anticompetitive? Should there be restrictions on how they interact with each other? Do they artificially restrict sales by foreign firms in Japan? Our raising the issue ensured the participation of the Japan Fair Trade

Commission, which didn't have a lot of power in those days. Today, it has considerably more power. The idea was to look at these particularly Japanese corporate practices separately from the overall antitrust issues that we were addressing under Exclusionary Business Practices.

Q: And land policy. Did this address the U.S. companies' ability to invest because they couldn't get the land?

MORFORD: Remember land prices had gone crazy. Normal workers couldn't afford to buy new homes. Not enough new houses were being built. The Japanese government recognized this as one of their biggest domestic challenges. So, it was already something they were looking at internally, but these exterior discussions didn't hurt things. Yes, Land Use policy was a problem for foreign investors as well. Unlike existing Japanese companies, they didn't benefit from the large increase in value of their existing real estate holdings because they didn't have any. But this was a problem that was faced by Japanese who didn't already own land too.

So, as you can see, we had this really broad agenda with the Japanese. We started in September of 1989 and ended up having five different plenary sessions before a final report in June of 1990. We were thus meeting almost every other month.

Q: The plenary report was the list of recommendations that each country had agreed to do.

MORFORD: The "Joint Report of the U.S. – Japan Working Group on the Structural Impediments Initiative" was what it was called. The working group was headed by undersecretaries and assistant secretaries on the U.S. side and their counterparts from Japan.

Q: But you were lining up agreement on specific measures.

MORFORD: It is a pretty thick document. In the Report each side put down what they agreed to do in each of the categories. So, the Japan section was written by Japan stating what the Japanese government had done and would do. And the United States wrote likewise that it had done this and would do that. Of course, negotiations would try to move the other side to do more.

Q: Did you have to get the Education Department and others?

MORFORD: As I said on the U.S. issues, we had a large cast. The Council of Economic Advisers was involved, particularly in looking at the U.S. issues. And beyond the big six, there were a lot of niche players that we had to inform about the process and what had come up in their areas. Clearly everything that appeared in the report had to be cleared with all relevant agencies. It was a pretty exhausting process and kept us quite busy.

One other interesting thing about the SII, aside from both sides addressing internal policies to address a common external problem of external payments imbalances and the broad cast of agencies involved, was that we succeeded in getting a good deal of the Japanese press and even the Japanese public on our side.

Q: That is quite a feat.

MORFORD: Because we were taking on some issues that they too found objectionable. I put together a hypothetical story of the Acme Widget Company. It talked about all of the problems that poor Acme went through trying to sell their products in Japan. It was a bit of an excruciating tale of mostly failure.

Q: Because you had been there.

MORFORD: I had heard firsthand. Undersecretary McCormick presented that story at the first plenary in September in Japan, and we also shared it with the press. At that first meeting we also agreed to have a joint price study done. Commerce and MITI (the Japanese Ministry of International Trade and Industry) together picked out a number of products and looked at prices in U.S. metropolitan areas and Japanese metropolitan areas and then compared them. The result, to no one's great surprise, was that the identical goods were cheaper in the U.S. even for Japanese-made products. That was something the Japanese consumers may have suspected but not something they particularly liked. I already mentioned the discussions on land. So, the press was an important part of our SII strategy. And the Japanese press was really interested. In Japan, the Super 301 cases didn't get nearly the attention that the Structural Impediments Initiative got. I remember we were at Arlie House.

Q: Arlie House, where is that?

MORFORD: Virginia out in Warrenton.

Q: OK it is pretty far away from Washington then.

MORFORD: An hour's drive. It is a government facility for conferences. We all went out there in the middle of the Virginia woods for a brainstorming offsite, all the undersecretaries and assistant secretaries to game plan for the April meeting which was supposed to produce an interim report. Press interest in Japan was so high, that local police caught Japanese journalists sneaking onto the property through the Virginia woods to try to hear what was going on in Arlie House! It wasn't the Japanese government; it was the press. SII was a hot issue, and the Japanese press were all over it.

Q: What was the tension among the interagency over the key points? I know you have a story that I will ask you about on the end game but what were the issues that commerce or Treasury or USTR would differ.

MORFORD: I don't think there was a difference on the overall objective. There were a lot of differences regarding which of these issues were really the most important and which we should be pushing the hardest. And of course, since different agencies were in charge of different issues, they naturally defended their issue to the others.

Q: But during the negotiations did they keep a united front?

MORFORD: We had a very united front in the negotiations. There was a bit of a difference after the negotiations, however. The final negotiating session was in Tokyo. Just like the previous four sessions, it ran late until about 3:00 in the morning.

Q: That does happen when the stakes are high right?

MORFORD: Right, but we did close the deal that night in Tokyo and had an agreement on the final report. Everyone was tired. That wasn't the only night we had been at the negotiations. For the interim and final reports, we had two or three long days of negotiation before we reached agreement. The next morning after four or so hours of sleep, the six heads of the negotiating team all gathered in Ambassador Armacost's office in Tokyo. The funny thing about the day after negotiations is that negotiator's remorse almost always kicks in. "We didn't get this, or we should have gotten that." You can see that Commerce, USTR and Treasury were particularly suffering. First one then another started saying they didn't know if they could accept the results. It was time for all to report back to Washington and either we all support the agreement, or we don't.

Bob Fauver, the Economic DAS in the East Asia Bureau, waved to me to follow him outside the Ambassador's office. Bob was the State lead since Undersecretary McCormick couldn't come, but all the other agency heads were at the undersecretary or assistant secretary level. Bob and I went out of the office, and he said this doesn't look good. He called the Op Center and asked for Bob Zoellick. Fauver told him the situation; Zoellick said we needed to talk to the boss. So, the Op Center put us through to Secretary Baker—by then it must have been past 9 the previous evening in DC. Baker listened and then rhetorically asked "Don't those guys know you don't piss on your own work?" He then said, "let me call Brady."

Q: Brady was?

MORFORD: Brady was Treasury Secretary. Baker of course had gotten Treasury the lead role on international economic issues before his move to State. We went back into the Ambassador's office. After a few minutes, Treasury Assistant Secretary Dallara was called out for a phone call. He came back and said "we're in." That was repeated by Commerce Under Secretary Farren and Deputy USTR Williams over the next half hour. The SII report was approved.

Q: Really; they all got called.

MORFORD: They all got called and they all bought in.

Q: And were they angry that you went behind their back to get their bosses on, or it just gave them the confidence that they needed.

MORFORD: No, I never experienced any anger, whether they were or not. I think that from a Washington perspective we have an agreement, and we are moving forward. Let's have a united delegation take it and run with it, rather than quibble about what we should have done or shouldn't have done. Let's all get behind it. I think the political message came back pretty strong from their bosses.

Q: So, we had a compromise to get to the bigger package.

MORFORD: Do you ever get everything you want in a negotiation? When you look back on this you realize that by 1991 the bubble had burst, and Japan was never a threat again in the same way.

Q: But the changes happened.

MORFORD: Changes did happen, yes. Japan is more open than it used to be. The current account deficit did go down. A lot of things changed. That is not all because of SII, of course, and not all problems went away. But it was a unique and successful negotiation for its time.

It was also linked to resolution of the super 301 cases. A couple of weeks before the final SII meeting in Tokyo, we met with the Japanese at USTR in Washington to address the super 301 disputes on super computers, wood products and satellites. That was really one of the weirdest negotiations I have ever been in.

Q: How so?

MORFORD: As I said we were at USTR. Glen Fukushima, the Deputy Assistant USTR for Japan, was in charge of the negotiations for our side. Mitoji Yabunaka, the head of North America II office in the Foreign Ministry headed the Japanese side. Of course, we had all the agencies on both sides representing all the issues on the three different sets of products. We went over the outstanding issues on satellites, then semiconductors, then wood products. When sticking points arose, Yabunaka would ask for a minute, there would be a huddle on the Japanese side and quite often the result was him turning to us at the end and saying, "we agree." We had to order out for pizza, but by early evening we were done; no 3 A.M. that night. It was clear there was a political mandate to wrap up these super 301 cases.

Why? Japan didn't want to be named a Super 301 country again in 1990. They knew they needed to make enough concessions to keep the Congress from toughening section 301 by reducing Administration discretion. The SII had much more coverage in Japan than the 301 cases. Prime Minister Kaifu may even have been helped politically by siding with Japanese consumers, a break from the usual LDP capture by traditional business and farm support

groups.

Q: Was there a tacit interrelationship between the strategic impediments initiative and the 301 cases?

MORFORD: No, not really. We approached them on different tracks with totally different negotiating mechanisms. Super 301 had a pretty stringent set of laws behind it. The sanctions threat was real, as Japan had already experienced on semiconductors. SII was different. It was an administration initiative involving commitments by both governments with no congressional mandate or authorization although we did have a couple hearings on it.

Q: Let's talk about the process then. So, this moved very fast when you think about later with the issues that we had with China. There was a strategic dialogue under the Obama administration that didn't move so fast. So, what do you think the key policy implementation lessons are from this?

MORFORD: Obviously there is a time for everything. I think this may have been the time when a rather unique dialogue like this could work between Japan and the United States. Clearly from the U.S. side, the executive side, there is a fear of losing control of the whole process to the Congress. You didn't want that to happen, and you had to have something that you were doing that you can point to that wasn't just the Congress mandating laws requiring you to do things. I think this construct was well timed and met some of the real issues in the U.S.-Japan economic relationship. It also worked because it was two-way and that meant the Japanese government could buy in politically and not be accused of selling out Japanese interests.

Q: I don't know that U.S. policy makers in the following years ever really learned that lesson.

MORFORD: We will get to that. I think we made some policy errors later when things changed, and we didn't recognize soon enough that they had.

Q: I wanted to ask you about the products that were being discussed at the time. I worked in the EB bilateral trade office right after this. From '91 to '93. I am trying to remember if autos were an issue then.

MORFORD: Autos and auto parts were a big issue, yes. They were not Super 301 cases though.

Q: But it was a big sensitivity because Japanese cars were starting to make real inroads into our market.

MORFORD: Definitely.

Q: So, this was going on too.

MORFORD: This was going on too. We have not mentioned a slew of other products that were of concern. If you go forward to early 1992 President Bush visited Japan with a large delegation of U.S. auto parts manufacturers. The idea was to help them break into the market. I know well since he next came to Korea where I was then posted. But that was not our first effort. We hosted an auto parts trade mission when I was in Japan in the mid-1970s!

I got promoted that spring and the economic minister counselor job in Seoul opened up. The bureau asked if I would like to do that. I thought it was a lot more fun to negotiate all these agreements with Japan than it would be to implement them. So, I took the job.

Before we leave the Japan desk, I wanted to mention a couple of things on internal process that I found interesting. This was a busy time for US-Japan relations, and we needed as much help as possible. Working with a post that was 14 hours ahead posed challenges but also had advantages. One advantage was that the workday essentially never ended. We could send the drafts of policy memos, talking points, remarks, press guidance, conference preparations, and other papers to Tokyo and allow them to catch any errors or omissions and they would then ship it back before we got to work the next morning. I would arrive early, adjust as needed and get it to the Line (the Secretary's Executive Secretariat) by opening of business. Fortunately, the Line almost always agreed with that timing. The ability to use a 24-hour clock was a real advantage. Earlier in my career, technology wouldn't allow that, but by 1989–1990 with email, the technology was there.

We also learned that while the formal process for Secretary Baker's talking points required full sentences and detail, what he actually used in conversations were 3x5 index cards with key points in as few words as possible. Counselor and later Undersecretary Zoellick would review the full TPs from the briefing papers and then reduce them to the 3x5s for Secretary Baker. We learned to short circuit the process. Yes, we still had to send the full points to the Line but then we would deliver a 3x5 with the most important points to Zoellick.

Q: As long as he trusts you to know what the right points are.

MORFORD: Yes, that trust had to be built over time. We provided a lot of paper to the Secretary on Japan issues in those days and worked closely with Zoellick. It also didn't hurt that Bob Fauver had come over with Baker and Zoellick from Treasury. We still had to do the full required points for the line – that's bureaucracy – but we were better able to influence that the Secretary raised what we felt were the most important issues.

Q: I just wanted to check one assumption I had as I came in later. The Hondas of the world had decided to invest in the auto industry here and as we started creating jobs in the U.S. market that took off some of the pressure on the trade side because they were starting to look at the well-being of the work force. Is that something you saw happening then and is that something we were encouraging or discouraging?

MORFORD: We were encouraging it. Now the United States position as we mentioned before on investment had always been a little schizophrenic. We support it but we don't promote it generally either overseas or in the U.S. In the U.S. at that time definitely investment by the manufacturers in the U.S. were welcomed by all of the states with arms wide open. Please come in and invest. The U.S. government certainly did nothing to discourage that. We facilitated that. So yes, that was part of the longer term of the resolution of the auto issue. Japanese cars that are sold in the U.S are largely made in the U.S.

Q: OK, is there anything else you want to talk about on this year?

MORFORD: I don't think I could have picked any other year to be on the Japan desk that would have been more meaningful. I lucked out by being there.

Q: Did you find your experience in Japan helped the seventh floor or the DAS to understand how to be more effective with the Japanese?

MORFORD: I think it was helpful. I worked very closely with Bob Fauver and John Malott. John had a lot of Japanese experience. It also helped us in our relations with the Japanese press here in Washington.

Q: Yeah sometimes that was a biggie.

MORFORD: I still have a plaque hanging in my basement from the Japanese press group I played tennis with every Saturday morning in McLean. John had an informal get together with the Japanese press weekly. It was mostly off the record but helped keep them up to speed on what was going on. Clearly, the press was important in framing the SII as something that was not just in America's interest but in Japan's interest as well.

Q: And was Armacost there as ambassador the whole time.

MORFORD: Yes. I also found my experience in Japan helpful in the negotiations. Sometimes I was able to assist other agency negotiators and at times even broker final deals with the Japanese. I don't know why but my having some familiarity with Japan probably helped. There had been considerable friction on a lot of issues that had rolled over into bureaucratic relationships. I didn't have that baggage. I was kind of a new face. So that probably helped too.

Q: Did you know the Japanese negotiating team pretty well?

MORFORD: I only had one year and hadn't served in Tokyo, so I didn't know them at all beforehand. I did visit Tokyo on my own early on and met with all the foreign ministry folks. I had drinks with the head of the office working on both the Super 301 negotiations and the SII but mainly I got to know my counterparts through the extensive negotiations.

Q: OK, Do you want to start talking about your time in Seoul?

MORFORD: How does your timing look today?

Q: I have plenty of time.

MORFORD: OK we can start talking about Seoul.

Q: So, you went to Seoul without language?

MORFORD: That is correct. But again, as in Indonesia and as when we went to France later, my wife got language training. She always had better language training than I did. I got the two-week course.

Q: And Korea was not the powerhouse economically that it was now.

MORFORD: Korea was very much up and coming. And it had learned a lot from Japan about how to come up. In fact, they did use the Japanese model in many respects, protecting and at times subsidizing domestic industry. Korea too had big corporate groups like the Japanese keiretsu, known as chaebol. That is not to say that the Japanese and the Koreans are alike in every way. In fact, in personality and culture they differ considerably. But as far as the economic model they adopted, it was similar to what Japan had used during its rise.

Q: An infant industry where they protected their own.

MORFORD: An infant industry approach to economic development with a lot of government support.

Q: Was it democratic at this point?

MORFORD: No, when I got there Roh Tae Woo, a former general, was President. He was the last in a long line of generals to be President of Korea. It was a time of transition to democracy. I lived only a few blocks from the embassy right in the middle of downtown Seoul. Thus, my morning walk to the embassy didn't take long but it involved going under a wide and busy intersection through an extensive underpass. For that first year or so in Seoul maybe a third of the time I would emerge from the tunnel on Mondays with teary eyes, not because of what I had seen, but because of the residual tear gas from the pro-democracy demonstrations over the weekend. It would kind of linger in the underground. There was a lot of agitation, and it was a very exciting time of political change in Korea.

Beyond the commute, there were advantages to living in our little compound in the heart of Seoul. There were five houses in a compound adjacent to the ambassadors for the DCM and other senior officers. Other embassy Americans were in another bigger compound downtown or in a compound on the Yongsan Base. The beauty of our

compound was that you could walk over a little hill through a gate in the fence and be in the ambassador's compound with a swimming pool and tennis court, which Ambassador Gregg and his wife were extremely generous to share with us. My kids loved the pool and, of course, Yoko and I loved the tennis court.

Sorry. Back to your earlier question about Korea's development. They were coming up quickly; I won't say they had completely arrived, but they were arriving. They had developed a very competitive shipbuilding industry. Remember I talked about the effect of competition on shipbuilding and steel manufacturing in Japan when I was in Fukuoka in the mid 1980's? Now it is 1990 and Korean shipbuilding and steel manufacturing were world class.

Q: Were they in a particular place or?

MORFORD: Yeah, the shipyards were down along the southern coast.

Q: Pusan is also in the south.

MORFORD: Busan is a shipbuilding site. I remember visiting Hyundai in Ulsan. Steelmaking was more distributed across the country although there is little heavy industry north of Seoul. In addition to shipbuilding and steelmaking, Korea was just trying to get into cars and consumer electronics at that time, mostly producing for the domestic market then. So, it was an interesting time to come to Korea because you could see so much change happening both politically and economically.

I arrived to find the Koreans concerned about potential concessions in the Uruguay Round and the American business community fed up with Korean protectionism. Soon we were in the midst of a full blown "anti-consumption" campaign. Translated this means "stop buying foreign goods." New US cars were "keyed", US refrigerators were moved from showrooms to storage, and US fruits and other perishables started taking longer to clear customs.

Q: It was like their version of Buy American.

MORFORD: Yes, buy domestic, buy Korean, but more agitated than any buy American campaign I had ever experienced. There was a particular anti-luxury brand element to it that affected mainly foreign companies, but it extended to food and other products. In October, I rewrote parts of a speech and op-ed for Ambassador Gregg, who had been a former CIA Seoul Station Chief and the foreign policy advisor for 8 years to Vice President George H.W. Bush. He agreed to include the underlying message of "friends don't treat friends like that." The Ambassador delivered the message, and the next day President Roh invited him to lunch at the Blue House.

Q: So, because Japan first of all it was bigger, more than 100 million people and then didn't really feel vulnerable on security. Korea being our friend is important. Right.

MORFORD: There is a line that you are very careful to walk, and we certainly didn't make any threats, but our concerns were clear.

Q: That was the implied method here.

MORFORD: Yeah, you just don't treat friends that way and we put it in a very human context so people could understand. As I said, the reaction was pretty quick. After lunch with Ambassador Gregg, President Roh sent a former Deputy PM to the US on a fact-finding mission to see why we were upset. With help from the Korean desk, we made sure that everyone he talked to in Washington from Commerce to DOD gave the same message. That of course was not a given, the U.S. bureaucracy doesn't always work seamlessly well together. After he returned and reported to President Roh, the Cabinet was reshuffled, and we began a period of intense dialogue with the ROKG on economic issues.

Q: Embassy based.

MORFORD: We had taken the initiative, but we certainly didn't do things without Washington's backing and support. One of the things I discovered early on was that we didn't have a mechanism to address all of the trade issues we had with Korea – and we had many - beyond the annual economic sub-cabinet meeting and occasional visits from USTR officials. It was all done in a rather scattershot way. I talked with USTR. At that time Sandy Kristoff was Assistant U.S. Trade Representative and Nancy Adams the Deputy AUSTR in charge of Korea. I asked them to let the Embassy set up a regular trade dialogue with the Koreans.

Q: Sandy was a guy?

MORFORD: No, Sandy was a lady. She later became the DAS over at the State Department taking Bob Fauver's position.

Q: She was well respected

MORFORD: They were both excellent. So, I said we would like to have a group that would work on the trade issues locally, obviously with support from Washington. They recognized that they couldn't visit Korea all the time and we didn't have Zoom conferences or whatever in those days. They agreed and the Trade Action Group or TAG was born. Once a month my Foreign Commercial Service and Agriculture Service counterparts, the Customs Attache, our trade policy officer and other Embassy officers would join me to traipse over to the Foreign Ministry and review a laundry list of specific trade issues with representatives from all relevant ROKG agencies. That list was often 20 or more items long. My Ministry of Foreign Affairs colleague and I would go down the list and ask for status. The beauty of the format was that protectionist ROKG ministries had to defend each month their positions and in most cases lack of any progress in front of the rest of the ROKG. It was excruciating at times, but slowly, usually imperceptively at the time, but when looking back, we saw progress. Occasionally we would even cross

an item completely off our list.

There was one time, and I never did this in any negotiation before or after, where the TAG meetings were becoming routine. Every month we said the same thing as the month before, maybe with an additional item or two, and they answered with the same reply they'd had the previous month. It was clear the process had lost any urgency. I could see eyes closing on the other side and bored expressions. The Foreign Ministry either lost or was not using any pressure on other agencies to resolve issues. We were going through the agenda with no progress, and I held up my hand and said "enough". Nothing is happening in this group; we are not solving problems. Until something does again, there is no reason to continue. I got up (and I think my side was more surprised than theirs) and walked out.

Q: Did you leave them there or did they all walk with you?

MORFORD: They all went with me.

Q: Did you do this on the spur of the moment, or had you planned it?

MORFORD: I thought of it, but it was pretty much spur of the moment. Things were not moving. I had not planned it in great detail, but I thought something had to happen to give my Foreign Ministry counterpart the leverage to get something done again. That was not a tactic in the two-week FSI Negotiations course.

Q: And it worked.

MORFORD: It worked. It did get the attention back on things. You have to understand the Koreans are pretty tough negotiators. But they are frank too.

Q: When they say no, you know, they have said no.

MORFORD: They also work hard and put in long hours so getting them to "yes" sometimes takes a long time. This was a deviation from my approach for our section of eleven Americans and three Koreans, which was friendly persistence, more crudely expressed as "in their face, with a smile."

Q: What happened next after that?

MORFORD: My counterpart called me in to talk things over. We discussed what could be done to improve the process, and what could be done to make sure that others are on board with the process. We improved the process a bit, but the main thing was, he had a bit more of a tool to entice the other agencies to try to address issues seriously.

The list had small and large problems. For example, every year in the late spring fresh American cherries would start being flown into Korea – they were very popular. We would get a call from the importer saying they were being held up at customs and

agriculture quarantine. I think the idea was to give them as short a shelf life as possible. I would immediately call my contacts in the foreign ministry; the heads of the agriculture and commercial sections and custom attaché would do the same with their counterparts. The cherries would then be released but it was a routine we had to go through every year just to make sure that the American cherries could get to market.

Q: I want to go on to the APEC meeting that Korea hosted. So that was a year after you got there or nine months or a few months after you got there?

MORFORD: Oh, that would be about a year and a few months. My second fall in Korea in November 1991.

Q: But before we move on, I just wanted to check. With the minister counselor title, you usually have that title when there are consulates as well as an embassy. Is that right? Were there consulates?

MORFORD: I don't know. Minister Counselor is a rank in the Foreign Service as well as a diplomatic title. I always thought the Minister Counselor diplomatic title went with a larger mission with bigger sections.

Q: So, were there any consulates in Korea at the time? I meant in other places like Busan. Did we have a consulate in Busan?

MORFORD: Busan had a consulate. That was the only one.

Q: So that was my experience. I was an economic section chief also and then when I went to missions with consulates, I became a minister counselor, and I was responsible for the economic work going on in the consulate as well. That wasn't a big part of what you did?

MORFORD: No, we didn't have a big consulate presence in Korea like Japan.

Q: All right, so preparing for APEC meetings is a really big deal when your country is hosting it right?

MORFORD: Yes, twelve years earlier I had a pre-APEC experience going out with Erland Higginbotham to test ASEAN's readiness. APEC was finally a reality starting only two years earlier and Korea would be the third country to host the annual APEC meeting.

I was in charge of the event for the Embassy with Secretary Baker, Commerce Secretary Mosbacher, and USTR Carla Hills coming. The big issue for the Korea APEC meeting was China. APEC was founded with 12 members - the six ASEANs plus US, Canada, Mexico, Japan, Korea, and Australia (6 plus 6) in 1989. At the November 1990 APEC meeting in Singapore, Ministers authorized consultations with the economies of the PRC, Taiwan, and Hong Kong so that they might join in Seoul or as soon as possible thereafter on terms acceptable to all. Ambassador Lee See-Young who headed the Senior Officials (SO) engaged in a year-long negotiation among the three and with other APEC members. Bob

Fauver (my DAS in EAP) was our Senior Official and a behind the scenes partner with Lee in the negotiations. I was the intermediary, relaying the state of Lee's conversations and Fauver's USG thoughts. I also accompanied Fauver to the Senior Officials meetings leading up to the ministerial. Lee's diplomacy succeeded and the PRC, Chinese Taipei and Hong Kong joined APEC in Seoul. As we got closer to the meetings though, my job became less policy and more support.

Q: Right, these are big operations.

MORFORD: Right, we had security, hotel and transport arrangements, appointments, and preparation for the meetings themselves. With three cabinet members coming, there was a lot to attend to. But things were going quite well. The only problem was that Secretary Baker and his folks had all been on the road for over a month. They had been working on the Mideast peace issue and were coming directly from the Madrid Conference. Frankly, they were road weary. The week before the meeting, the advance came and he was just as tired, having been doing these advances for over a month. He was steeped in Secretary Baker's preferences and how things had been done elsewhere. His instructions on how to deal with any Korean objections was to "just roll them."

Q: This is all on the logistics, on the protocol.

MORFORD: On anything. We explained that it didn't work well with Koreans and managed to finesse most of his tone-deaf moves. We worked them out separately and didn't let him worry about it. And the visit itself went really well.

At the end, I was back at the Embassy monitoring the final departure sequence. I got a call from my officer at the airport - Mike Delaney - who said the advance had told two officials who arrived separately from the party but were leaving on the Secretary's plane not to have Korean immigration stamp their passports on departure, contrary to what we had instructed him and them. "Don't bother," he said. The Secretary's plane with all aboard then taxied to the end of the runway and was ready for takeoff. The immigration officer, however, had gone to the tower and instructed air control not to allow it. Yikes! So, Mike improvised. With the Immigration officer on his knee in an electric golf cart-like vehicle, they were driven all the way out to the end of the runway. The steps came back down, Mike went up, and brought down the two passports. The immigration officer stamped both. The passports and stairs went back up, the engines revved, and the Secretary's plane took off. I doubt that Baker ever knew what the holdup was. The lesson was clear however, you don't "just roll the Koreans."

Q: Well, we are at 12:30, do you want to keep going a bit?

MORFORD: If you want to take a break we can. I think it would be best to go back to some of the economic issues we were discussing. We have done a lot of trade but there were other issues.

Q: I did trade for the first half of my career and enjoyed it. When I got to work on development, though, I never looked back.

MORFORD: I came to development much later in my career. But obviously the Trade Action Group that we formed wasn't going to handle all the issues we had with Korea.

We had civil aviation issues; we had maritime issues with port access for American President lines and the construction of new ports; we also tried to address more structural issues. One area was financial policy. Treasury launched "Won-Dollar" talks, which my Deputy at the time Anne Derse worked on.

Q: I have met her. Smart. Very Smart.

MORFORD: Yes. You know Treasury and the State Department have issues sometimes. There was no Treasury Attache in Seoul and Treasury doesn't always like to work through State employees even though, as I said before, when we are overseas, we are representing the whole U.S. government, not the State Department. In this case though, Treasury decided to work through the embassy with Anne as their representative. She would get instructions, usually by fax, and was able to be a trusted middleman for Treasury for those talks that then Under Secretary Larry Summers led.

In January 1992, President Bush visited. As I mentioned earlier, he had been in Japan with a large delegation from the auto industry and had the misfortune of getting sick in Japan at a dinner with the Prime Minister. He was fine by the time he got to Seoul. We took advantage of President Bush's visit to launch "The Presidents' Economic Initiative" (PEI.) The objective was to make progress on some structural issues. The initiative established working groups in four areas: Customs and Other Import Clearance Procedures, Standards Making and Regulatory Procedures, Investment, and Technology. This may sound a bit like the SII with Japan and that is not coincidental. Each working group met three times between April and August 1992 and then put forward their conclusions regarding the Korean and the US systems along with recommendations to the annual US-Korea Economic Consultations in September. Both sides (and the local AmCham) agreed that the interaction among US and Korean agencies had been worthwhile.

After a year of implementation, we felt it was an opportune time for another initiative. I concluded that you can't rush these types of dialogues. You need a cooling off period to digest what you've just done in the dialogue. You need a period of implementation but going beyond a year doesn't make a lot of sense. It just gets stale.

So, with implementation of the President's Economic Initiative complete, it was time to start another one. But the new one would also be with a new president.

Q: A new U.S. president, right?

MORFORD: Yes, it was a new U.S. president but also a new president in Korea—Presidents Clinton and Kim. This opens again the story of the transition from military to civilian rule in South Korea, but we'll come back to that after we finish discussing this new, more intense dialogue on economic issues. At the end of my time in Korea, we had one more chance to push forward on structural issues. It had been over two years since we launched the PEI. The cycle of negotiation, implementation and normalization was complete. USTR Charlene Barshefsky and State Economic Under Secretary Joan Spero came to Korea in the spring of 1993 for the annual US-Korea Economic Consultations. This was their first foreign trip as newly confirmed Clinton Administration officials. We sold the idea that it was time for a new US-Korea dialogue. They agreed. The US-Korean Dialogue for Economic Cooperation, the DEC, was launched by the two new Presidents - Clinton and Kim Young Sam - when President Clinton visited Seoul in July 1993. This initiative built on the PEI, tasked U.S. and Korean agencies to work together to address continuing systemic problems in investment, administrative procedures, competition policy and taxation. More on how that turned out later.

I want to get back to this whole time in Korea because I said it was such a great change both politically and economically.,

Q: Right. Let's get some background on that. When I was in grad school in the 1980s, I had some Korean classmates and they were scared to even mingle with us. One Korean classmate (I think he was in his 40s) told me if he picked up mannerisms from the U.S. he would be very suspect at home and there were spies among the group in Seattle. This was my glimpse of the cultural milieu under the military governments.

MORFORD: You have to understand the division between north and south. Which means that the Koreas are always on a semi-war footing. The threat of infiltration is real. It is also true that South Korea had an autocratic government for a good part of its modern history including the time of President Park. It was opening up in terms of expression and I already mentioned the frequency of demonstrations. Just to give you an example of how repressive it had been, under the government of President Park Chung Hee, opposition leader Kim Dae Jong was kidnapped by the Korean CIA and taken onto a Korean vessel with shackles on his legs. The CIA found out; Ambassador Don Gregg was Station Chief in Seoul at the time. The fear was that they were about to throw Kim overboard. The U.S. sent planes that made several low passes to send the message, don't do this.

Q: When was that?

MORFORD: That was way back in 1973. But, as I said, in the early 1990s when I was there, South Korea was still under a President who was a former general but moving toward much greater openness.

Q: The general had agreed to elections.

MORFORD: Presidential elections had been held in South Korea since before the Korean war but sometime under President Park they were no longer decided directly by voters, and it wasn't until 1987 that citizens again voted directly for Presidential candidates in what was considered a fair and open election. That year, Roh Tae Woo, the candidate of the ruling Democratic Justice Party, won running against several candidates, including Kim Young Sam and Kim Dae Jung, who split the opposition vote. Roh had actually campaigned on democratic reforms as well. Once elected, however, he didn't have a majority in the National Assembly, so he ended up merging his party with those of Kim Young Sam and Kim Jong Pil. This was all before I got there. A constitutional change in 1987 banned the President from a second term. So, in late 1992, the "three Kim" election involved three candidates who had not come out of the military. Kim Yong Sam, who had long opposed military rule, won over Kim Dae Jung, who subsequently became President, and Kim Jong Pil, who was twice Prime Minister. The election was spirited with political rallies and demonstrations running across the spectrum.

Q: There were demonstrations all the time?

MORFORD: From our little parochial perspective, I can tell you one more story. Both of our kids went to Seoul International School. The whole family was in our car heading there one weekend. From the highway you exit off a ramp, merge into a street, go a couple of blocks and the school is on the right. As I started to enter the off ramp, a couple of guys were waving their arms. I didn't think much of it and continued down the ramp. At the bottom I began to merge onto the road to the school but in front of us were a crowd of students with sticks and banners making all kinds of noise. Behind us were police with raised riot shields. The two sides were separated by a block or so and we were in between. I shifted into reverse, backed quickly up the exit ramp, and waved nicely to the guys at the top. No, there weren't demonstrations all the time, but they were numerous, and the Koreans were pretty passionate. It all reflected a country under threat from the North with a repressive history in a society that was becoming more and more open and cosmopolitan.

Q: And well-to-do. There was a rising middle class.

MORFORD: Yes, particularly just south of the Han River you could see wealth building. Korea was moving rapidly from a developing to a developed country. In fact, I received the last repayment to USAID for assistance in the 1960s and 70s in 1991. Anne Derse and I had long thought that Korea should join the OECD, recognizing their new industrialized status. They had reached a stage in their development where they were a natural member. The Korean government had opposed membership, seeking to preserve its developing country membership in the G77, ostensibly to counteract North Korea. Besides, what country says I want to graduate and possibly give up economic advantages of developing status? Of course, joining the OECD would also mean accession to the Code of Liberalization of Capital Movements and multilateral review of policy in multiple areas including investment. But we thought the election might be a time when Korea could decide to take that next step forward. We decided to see if we could convince the three Presidential candidates to include eventual OECD membership in their

platforms. In this we had an ally in the Korea Institute for Economic Policy. We approached the three economic advisors to each of the Presidential candidates either directly or indirectly and “miracle of miracles” each did endorse eventual OECD membership.

Q: So, did you already have Washington approval to be talking to them about this?

MORFORD: Sure, they knew what we were doing.

Q: Now was OECD expensive? It is an issue that is hotly debated sometimes.

MORFORD: OECD membership was not that expensive in monetary terms, but it did subject members to reviews of performance and certain policies. The latter is likely why it is sometimes hotly debated. I ran into this later in my career.

Q: Right and this is actually right before the EU was created and decided to start expanding and having more members.

MORFORD: This was a time when the EU was just forming from the European Community, right after the Maastricht Treaty. I think it was up to the twelve members with the big enlargement to come.

Q: I think a little later. Then who became a succession candidate became quite a complex negotiation.

MORFORD: With the breakup of the Soviet Union there were a lot of potential candidates for both organizations. For the OECD, we didn't know all the ins and outs but felt it would be good to try and get Korea on the path. It is, of course, a consensus organization and while the local EC/EU office was supportive, we didn't know how individual countries would react. But our idea was to get the ball rolling. They knew they would have our support. In the end, it took a few years but more on that later.

Q: No, it is a process that usually our observers are committees, and they start to understand the system. My sense was, because I was in the BNIB '91 to '93 on the trade committee staffing the trade committee stuff. But I was also weighing in on what BB thought in succession.

MORFORD: I am sure we coordinated carefully but I can't recall exactly the coordination.

Q: My sense is they were good candidates, unlike the Russians, later.

MORFORD: I do know that in 1996 Korea did join the OECD; it just took another four years or so.

Q: So, in Korea there were not very poor parts of the country?

MORFORD: Were there poor people in Korea? Of course. Were there poorer sections? Yes. Yet when you compare it to North Korea, there was no comparison at all.

Q: Twenty years after that, a development effectiveness conference was held in Busan. It was impressive. The Koreans had such a story to tell about how their country's development had proceeded.

MORFORD: I know well about that conference on Aid Effectiveness. I did not go since I had left the Millennium Challenge Corporation by that point. I had gone to the previous Paris and Accra Conferences. In fact, I did talk after the fact with the OECD about the Busan Conference.

Q: But it was a compelling story they told and how through the years their country had been transformed. What you would want for the rest of the world.

MORFORD: Yes, you start off with \$100 per capita income in the 1960s and look where they are today.

Q: So, is there anything else you want to talk about? It must have been a really busy three years.

MORFORD: It was. We had issues across the board – finance, trade, and investment in all the sectors including manufactured goods, services, agriculture, aviation, maritime and even fishing. We kept an eye on the North Korean economy and on sanctions for U.S. companies working in North Korea. Fortunately, I had a very talented staff and good colleagues in the agriculture and commercial section that I coordinated with closely (we shared a water cooler.)

Q: And your ambassador was?

MORFORD: Don Gregg, who was a fantastic ambassador. He had been Vice President George H.W. Bush's foreign policy advisor for eight years and was a former CIA officer, who had been Chief of station in Seoul. He had great experience but also really solid judgment. I remember well the frequent green notes he would return on the papers we sent to him. I was also often his tennis doubles partner. Ray Burkhardt, later head of the American Institute on Taiwan and Ambassador to Vietnam, was the DCM.

Q: So, the embassy ran well without any hitches.

MORFORD: The embassy ran well. I had a chance to play a small role in that. When Ray was on vacation, I was acting DCM just as the annual mission program plan was coming due. I got to consult with all sections of the embassy in its final preparation. I was also chargé a couple of times for short periods when the Ambassador and Ray were both away.

I couldn't have asked for a more supportive front office. It was also inclusive. So, I participated in conversations on important political and security issues, just as we sought support and advice on our economic issues from the political section. It was a really good three years with a solid embassy and great leadership.

Q: What did you do in language? Did you have an interpreter?

MORFORD: For the most part I didn't need an interpreter. Most of the Koreans at the professional level spoke English. So obviously there were many times when I wished I knew more Korean, particularly out in the street just going around. I did have enough Korean to go shopping, but I was glad Yoko had gotten Korean training. Many Koreans still harbored resentments regarding Japan.

Q: She had a rough time from time to time?

MORFORD: She didn't have a particularly rough time but I will say that up to that point she had spoken some Japanese at home so the kids wouldn't lose their Japanese completely. That slipped away in Korea.

Q: So, you left in '93. We will pick up next time with your next posting which was in Washington I believe.

MORFORD: We will indeed talk all about that. Thank you Robin.

Q: Good morning, it is August 12, 2022. We are continuing our conversation with Dick Morford. So Dick I wanted to see if there were any other issues or events you wanted to discuss from your time as counselor for economic affairs in Seoul.

MORFORD: It was truly an interesting time as I've already reflected. One thing you asked last time was whether or not we had permission or were encouraged by Washington to try to get the Koreans to look at the OECD favorably and have all of the Presidential candidates put that in their platforms. The answer is yes. Now that I think of it, we had Treasury Under Secretary Larry Summers visiting and supporting it. We had USTR doing the same. It was also clearly within our mission plan and the consensus of the U.S. government on how Korea should move ahead as part of the developed world instead of the developing world.

Q: Right. I also would suspect we were always open to good candidates to balance out Europe's dominance within the OECD membership.

MORFORD: I suspect so. At that time, Al Larson was our ambassador to the OECD in Paris with Dick Hechinger as his DCM.

Q: Wow, what a great team.

MORFORD: We were also able to read what they were sending out at the time, since we asked to be included on the OECD distribution list. So, the answer is yes, we were in the mainstream.

Two other things I will mention briefly about my Korea tour. One is that I really got to know the APEC process. I mentioned the big focus was on bringing in the three Chinas and how I was kind of the middleman between Bob Fauver and Ambassador Lee. But I also got to go to all the Senior Official meetings with Bob. In those days there were 12 APEC member countries (which expanded to 15 after the Seoul meeting) and the Senior Officials sat at one table for their meeting. I sat at a second table. We could hear most but not all they were saying. I got broad exposure to APEC issues from those meetings and thus a much better understanding of APEC, which would come in handy later on.

Q: For sure. Anything in particular about how to be effective in the senior official realm?

MORFORD: You need an agenda of what you are trying to achieve in some sort of priority order. You need to listen to everybody else because they are going to have their own agendas and you need to figure out how that might work with your own. Identifying allies is always good; identifying potential opponents is just as important. Sometimes it's best to give a heads up to one, the other or both. Good ideas also sometimes just emerge. APEC, like the OECD where I went later, is a consensus organization. So, nothing happens unless everybody shakes their head up and down or at least not side to side.

I will mention one more thing relating to the Structure Impediments Initiative with Japan. When we launched the President's Economic Initiative with Korea and then at the end of my time the Dialogue for Economic Cooperation with Korea, I leaned heavily on lessons learned from the SII. First, while agenda is important, it may be easier to first get buy-in to the process. Shaping that process and agenda so it can give a voice to those promoting reform within their own society helps. I think we did that both in Japan and in Korea. These types of structural dialogues also take considerable resources. You can't succeed without the active participation of the agencies in charge of each of the technical areas. Often you need a commitment from the very top to get that kind of active participation. Bureaucrats sometimes resist things that aren't their idea. Once you have an agreement, implementation is tough. Focus results so they can be achieved within no more than a year after agreement. An unending implementation period just causes increasing bitterness over things that don't get done. Instead, call it a day and then wait and start again when conditions are right for a new dialogue. It is better if one agency is in overall charge while each agency runs discussions in its own areas. That avoids a lot of internal wheel spinning. Just a few observations on these structural dialogues.

Q: So, what did you do next?

MORFORD: Well, something kind of strange actually. I had been in Seoul for three years. I had been asked at one point if I wanted to put my name on the list to go through Mongolian language training and possibly become ambassador to Mongolia. Our

embassy there had recently opened. Unfortunately, that was at a time when there was little or no opportunity for international schooling in Mongolia, and I had children that were 9 and 13 years old. So, I didn't opt for that. Then EAP kindly invited me to go back to Washington as the director of the Korea desk. But I was thinking, my kids were born in Japan. They had gone to school in Japan, Korea, and the U.S and I really wanted them to experience another part of the world. I decided that I wanted to take the family to Europe. From a career standpoint that didn't make much sense. I had just been promoted to Minister Counselor and my expertise was in Asia. I had not served in EUR. I really didn't know anybody in the EUR bureau. I had no "ins." But, having made that decision I went ahead and bid.

Q: Like on a DCM job?

MORFORD: Yes, and some economic minister jobs in Europe. Not surprisingly I didn't get any of those. That left me rather late in the cycle with no job. So, I did something that I had never done before. I wrote a job description for myself. I sent it off to the new Assistant Secretary in EB, Dan Tarullo. I had just helped put him in charge of the Dialogue for Economic Cooperation for the U.S. He took a look at my job description and asked me to be his advisor and run the working level part of the Dialogue in Washington.

Q: And you got that, right?

MORFORD: Yes. And it turned out that APEC was going to have its first summit meeting and it was going to be in Seattle at the end of November, so, that turned out to be the major justification in my job description for a "short tour."

Q: To support the assistant secretary in that.

MORFORD: To support Under Secretary Joan Spero, who had become our APEC senior official. Bob Fauver had taken that role with him when he became Under Secretary for Economic Affairs after Secretary Baker and Bob Zoellick left in August 1992.

Q: So, they said yes?

MORFORD: They both thought it was a great idea actually.

Q: So, when you came back did you sit in one of those little offices in that side corridor?

MORFORD: I sat on the sixth floor in the front office but off to the side behind the special assistants. I sat in the office next to Holly Kenworthy, who was there helping EB on Japan issues.

Q: It is a little hallway of offices. In between the secretary and the principal DAS, I think.

MORFORD: In those days it was a little different. But the main office as you go in, the Assistant Secretary's office was on the left side of the room, the PDAS' office was in the middle and most of the other DAS sat elsewhere closer to the offices they supervised. Off to the right sat the staff assistants and there was a door behind them. That's where our offices were along with the copier and the shredder.

It turned out to be a good year. The Dialogue for Economic Cooperation was like the PEI, our first Presidential dialogue, but only one issue, investment, carried over from the first. The Koreans said they were going to be improving their investment regime, so we agreed that was a good area for continued dialogue. We also wanted to address issues that hadn't gotten as much attention. So, we were looking at taxation. It is not that Treasury hadn't been talking with Korea—they had extensive Won-Dollar talks—but we hadn't had policy talks regarding taxes. And that was one of the chief complaints of U.S. companies in Korea, who felt the system was arbitrary. Competition policy was another. Our business community felt that Korean authorities let Korean companies get away with behavior that they wouldn't allow for foreign companies.

Q: And competition policy refers to things like antitrust and anti-competitive behavior?

MORFORD: Right. And then the last one was administrative policy. This is something that we really don't talk about all that much but in the case of Korea, they didn't have a law on how to make laws. Each agency did it pretty much on its own.

Q: Laws and regulations.

MORFORD: Right. Creating a regulatory structure that was more consistent across agencies.

Q: Later that became a focus in the WTO talks, trying to get countries to have a system where there is public comment and deadlines and that kind of thing.

MORFORD: Right. So, when I got back, the first thing was we needed an inter-agency working group to deal with all these issues and the overall process. We set that up and began to plan for our first plenary which was going to be in September. Of course, the year starts in the late summer after the transfer season. So, we didn't have much time. We ended up having four plenaries over the course of that year before getting to a final agreement, so we needed to get started.

One of the biggest challenges turned out to be Treasury. While they had said OK to including taxation in the dialogue, by the time I got back to Washington, Treasury was balking. The IRS wanted to participate but the tax policy folks didn't. That resulted in a meeting at Treasury with Dan and me going over to Larry Summers' office to meet with the Assistant Secretary for Tax Policy and the head of the IRS. Under Secretary Summers asked Dan to explain why this was a good idea. The head of the IRS who had often visited Korea expressed support. The head of tax policy then said they had other priorities and besides they don't participate in policy talks headed by other agencies. Dan

described how the process would work. Then Larry asked if Treasury would be able to run the tax part of the dialogue any way they wanted, and Dan said yes. He then asked the Assistant Secretary for Tax Policy if in that case he would object to reporting the results of the groups work to the annual U.S.-Korea Economic Subcabinet and making the results part of the Presidential initiative's report. Larry made it sound like this didn't seem to be a problem to him. Tax policy agreed. It probably didn't hurt that Dan and Larry were backyard neighbors.

Q: Let's talk about Dan Tarullo for a second. I think I was leaving EB just as he came in. He came from outside right?

MORFORD: He was a lawyer with a background in, I think administrative law, who had worked in the private sector but also at Justice, Commerce and on the Hill.

Q: And he had a lot of interest in tax issues.

MORFORD: I don't know if he was particularly interested in tax issues. I think he was interested in a lot of issues. He later joined the Federal Reserve Board and was in New York in charge of bank supervision. What I knew was that he was in charge of the U.S. side of the DEC and wanted it to succeed. My job was to make sure he had all the materials in order to do that job. So, I did the briefing books and all the inter-agency discussions to give him everything he would need to deal with the Koreans at the top level, and it worked pretty well. The results were evolutionary not revolutionary but there was progress. In competition policy we saw improvement in areas such as sales promotions, access to TV ads, and training. Investment continued to make progress with procedures streamlined. They opened additional sectors, not all we wanted, but a half loaf is sometimes better than nothing. They were opening, if gradually.

Q: A flood of foreign investors didn't come in?

MORFORD: No flood, but investors would come into newly opened sectors or existing investors would be able to enter new areas. And after one area opened, we could push for new ones. A lot of our interest was in the service sector in areas like banking and insurance. Some areas were closed, and others required investing with a Korean partner. One interesting development in all these areas was the dialogue that developed between the Korean and American sides. For Korean officials in some of those agencies, this was the first time they really talked to a foreign government official. So, it gave them a different way of looking at things, which was useful in and of itself.

One area, that of administrative law, was a definitive success. The U.S. interlocutor was the Administrative Conference of the United States, which is an independent federal agency that most folks have never heard of. It deals with how to make rules and procedures to protect the overall public interest. It doesn't make the rules themselves but advises on how to make them. At the end of the summer in 1994, just after the dialogue concluded, Korea passed its first basic law on administrative regulation, which included principles like transparency, confidentiality, standardization of rulemaking. After that

they adopted a full-fledged administrative procedure act. All of a sudden, all Korean agencies had rules they had to follow when they made their regulations. That was a pretty big deal.

Q: And that benefits everybody, except for a couple of big companies?

MORFORD: It all depended on how the agency made its rules before. Overall, it certainly benefited Korea. You will note that all of these issues are the kinds of issues that are talked about in the OECD. That is where most of the developed countries' agencies share knowledge back and forth on these kinds of issues. So, in a sense we were setting them up for what might come in the future.

Q: Can we go back to the APEC summit in Seattle in '93?

MORFORD: Yes that was a big deal because it had never happened at that level before, and nobody knew what to expect. We were going to take what had been a ministerial position and move it up to a head of government level.

Q: So, you had all of the presidents of all of the APEC economies?

MORFORD: All the APEC economies.

Q: That had never happened before? This is the first summit.

MORFORD: This is the first one. It was going to be in Seattle in November 1993. My role was similar to what I was playing for Dan Tarullo except it was APEC instead of the DEC and it was as an advisor to Under Secretary Spero. I was also reunited with Anne Derse, my deputy in Seoul, who was now Joan's executive officer.

Q: I think they might call it chief of staff.

MORFORD: Right. We were working together again. I helped set objectives and strategy including the agenda for the leaders meeting, consulted with USTR and other agencies, and prepared Under Secretary Spero for the Senior Officials meeting in Honolulu; my experience in Seoul had prepared me pretty well with the issues and how these meetings worked. In addition, we did a lot of outreach. She gave speeches at the World Affairs Council in San Francisco and the Council on Foreign Relations in New York. I wrote both. One thing I discovered is that speeches can be a really effective way to influence policy. They don't have quite as extensive a clearance process as, for example, memos to the Secretary. At the same time the content can get picked up by other speech writers and you can see it in not only the Secretary's but even the President's remarks. Getting the right words in a speech can often move policy a lot faster than the regular interagency process. As we got nearer to the Summit, I accompanied Under Secretary Spero to brief Secretary Christopher and drafted his last-minute talking points. We then had a ministerial lead up to the leaders' meeting. I remember I got to do last minute rewriting of Secretary Brown's remarks as well.

Q: He was Secretary of Commerce?

MORFORD: Right. The summit itself was on a small island right off the coast. It was limited attendance, so I didn't go, but I remember as the results came back, we were all pretty happy. The results were good; the press was good. After a few non-stop days, we were thinking, we're done. But late that night, someone asked the Under Secretary to represent the U.S. government in thanking the city and people of Seattle. Can you put something together?

Q: An event? You had to put together an event?

MORFORD: Not an event, just a speech. The organizers and volunteers were all getting together the next morning. I found a speech writer. I gave him the theme and rewrote it after he finished. So, we had that ready to go early the next morning. All in all, a good experience in terms of staffing a senior official and helping shape policy and process so that we met our objectives.

Once the APEC summit was past, my job description was rewritten a bit so that I was going to also be in charge of coordinating the Japan Framework talks for the State Department. That was right before Prime Minister Hosokawa visited in February and met with President Clinton. That didn't turn out well. Hosokawa was the first non-Liberal Democratic Party prime minister of the post war period. He was elected on a platform that included anti-corruption, greater openness, deregulation, and international responsibility. Just the kind of platform you would think we would want to support. The Framework talks were based not on deregulation but divvying up markets, so that we would get a numerical share. Since the SII, the Japanese bubble had burst and the Japanese economy was in recession. Nonetheless, the U.S. current account deficit was still high, and it took a while for the Clinton administration to understand that conditions had really changed. February 1994 was still too soon and for the first time ever, the Japanese prime minister said a definitive "no" to a U.S. president's request, in this case quantitative trade targets in specific areas. Normally they would "consider it in a positive manner."

Q: I forgot to say this at the beginning. Your time in your advisor role was what? When did you go in?

MORFORD: Oh, this was 1993-1994. I left Seoul in the summer of '93.

Q: So, this was still early in the Clinton administration?

MORFORD: It was still very early in the Clinton administration. In fact, I had met Joan Spero that spring. I think I mentioned, she and Charlene Barshefsky visited Seoul for the Economic Subcabinet talks on their first overseas experience as newly minted Clinton administration senior officials. That must have been in April and by summer I was back in Washington and working again with Under Secretary Spero on APEC and the Seattle

Summit. The February Clinton-Hosokawa impasse resulted in a new Super 301 finding in March. The Framework talks were on hold, so I never really had a chance to work on them.

Q: Was it a difficult relationship for a while or was it just the start of a new approach?

MORFORD: It was a difficult relationship for a while. Things had changed not only in terms of leadership in Japan but also in terms of economic conditions. Change had happened in the U.S. too with the senior U.S. Japan economic team deciding that progress would only come through threats and sanctions and that managed trade was the way to go. Clearly forgotten was the SII lesson of seeking positions that could gain public support in Japan.

Q: The stock market had tanked already.

MORFORD: The stock market had tanked; the real estate market had tanked. Yes, there were still protectionist policies and protected sectors in Japan, but those things too were changing.

Q: They couldn't afford to be protectionist at this point.

MORFORD: Right. U.S. companies weren't complaining as much anymore. In a sense, we were fighting the battles of the last war.

Q: I think people forget that the markets in Japan stayed depressed for a long time. Much longer than we in the United States have ever experienced.

MORFORD: Yes, they are now called the "lost decades" not just "decade."

Q: So, this was a one-year job?

MORFORD: This was a one-year job. There was one other thing I did that may be of interest - a Presidential Directive. Now the names of these things changed with administrations, I think it was a PRD at the time, that's the decision to look into a policy and PDD was the actual decision. During the first year of the Clinton Administration, we began working on a presidential directive on East Asia. I ended up being a chief actor and drafter of the economic elements of the strategy. That involved considerable consultation across the Department. It was interesting since it tried to integrate all the elements of our relationship. How does economics relate to defense policy or human rights?

Q: Did you feel that we were getting the right balance?

MORFORD: I felt we were moving in the right direction. We didn't achieve perfection, but I thought we were moving in the right direction.

Q: Were you the architect of it or was there somebody like Larry Summers or somebody that had some big ideas.

MORFORD: No, I wasn't the architect. There were a lot of ideas. My job was to take what was out there and craft it into something coherent that made sense as a strategy. The ideas came from a multitude of sources. They often didn't agree with each other. My job was to put them all together in a way that was acceptable to everybody.

Q: OK and what did East Asia include?

MORFORD: East Asia included everything up to say Sri Lanka and India. They were not in East Asia, but it included all of the Pacific Islands.

Q: Did it include China?

MORFORD: It included China, Korea, Japan and so all of Northeast Asia and Southeast Asia. It included Australia and New Zealand.

Q: So, it was pretty big.

MORFORD: Geographically it is huge.

Q: That was very satisfying.

MORFORD: Getting a State Department draft was satisfying. It went to the NSC. I frankly don't know whether a Presidential Directive was ever issued, however. It was a one-year job for me, and it was time to move on. I had again put in my bids for Europe and got nothing.

Q: Because you were still an Asia guy.

MORFORD: You are right. I was doing a lot, but it was all related to Asia, wasn't it? None of that stuff was going to get me into Europe. So, I went on to the Senior Seminar for a year. That was 1994-1995.

Q: And did you have a wonderful experience like everybody else?

MORFORD: Everybody always had a wonderful experience.

Q: Tell us what your experience in the senior seminar was.

MORFORD: The senior seminar was like a sabbatical for senior government employees. Most of us were from State but there were several representatives from other agencies including one from each of the military services, some of the intelligence agencies, Commerce, USAID, USIS, and Agriculture. About 40 people altogether. As far as I could tell, its purpose was to make everyone a bit more well-rounded and ready for more senior

responsibilities. Foreign Service Officers came in as “coned” in political, economic, counselor or admin work and over their careers ended up concentrating in those areas. At more senior levels they have to know and have experience in all those areas as well as familiarity with the rest of the U.S. government. I, for example, was used to dealing with the trade representative’s office, the Commerce Department, and the Treasury Department, but had less dealings with the Defense Department, Homeland Security, or the Intelligence Services. So, the Senior Seminar gave senior officers exposure outside their areas of expertise. It also exposed them to America. Remember most of these folks had spent at least half their time overseas and the rest of the time was in Washington. If you are going to represent your country at a senior level, you better understand your country.

Q: Did you travel around the U.S.?

MORFORD: The short answer is, yes. The senior seminar is largely self-led. These are senior officers; they should be able to put together a program on their own that meets their needs and prepares them for more senior responsibilities. The staff did, however, prepare the first few weeks. We came into class and spent the first week with an outstanding group of speakers on subjects across the board – the economy, the environment, the media, social conditions, political trends, and leadership. We had the heads of the National Wildlife Federation, the National Organization for Women, the American Federation of Teachers, the Smithsonian, and the United Negro College Fund and other notables such as James Fallows, Norman Ornstein, Senator Warren Rudman and former Secretary Baker. The next week we were off to Alaska. Which was a pretty good bonding experience. We went here, there, and everywhere visiting the minerals, the natives, the wildlife, and the cities. We even got all the way up to Point Barrow, the northernmost point in the U.S., and looked out over the Arctic Ocean. It was a nice beginning.

After we returned, we elected officers and began to plan the year. It was interesting to see how different parts of the class approached this amorphous exercise with no plans and no leadership. The FSOs generally took it all in stride, holding meetings, breaking into subgroups, discussing on the side. The military officers kept wondering who was in charge. I was elected class Treasurer, but we still didn’t have a President. The military folks thought we should just take the highest-ranking officer; the State folks went for a much more open, loosey goosey process. I tried to help bridge gaps and build consensus which we did. John Tefft, later Ambassador to Moscow, became our class president.

We did travel. We had a number of military members so one focus was visiting military facilities - Space Command out in the middle of a Colorado mountain; the Coronado Naval Base in San Diego; Army Ranger School at Fort Benning in Georgia. We joined Marines on the firing range and in Bradley Fighting Vehicles; we rappelled down a parachute line; and we acted as hostages rescued by the Delta Force. But not all travel was military related. We spent a night with farm families in Indiana, cruised overnight with the Baltimore police, visited Cabrini Green in Chicago, and went on patrol on the

Mexican border. We had a lot of travel experiences, getting acquainted or reacquainted with all facets of America.

Back in Washington, we were each in charge of developing specific segments of study. I designed modules largely dealing with economics but also invited my old mayor, Senator Dick Lugar of Indiana to describe how he was able to merge Indianapolis with the surrounding county in his UniGov initiative. There was Jack Valenti on intellectual property from the Motion Picture Association of America (MPAA) and Jeffrey Schott from the Peterson Institute.

Q: He talked about trade? Sanctions?

MORFORD: He talked about trade and sanctions, yes. He had done a big study on the history of sanctions – what worked and what didn't. We also made our own presentations. I spoke on "Trade Wars and Other Options."

Overall, we had segments on the Constitution, national security writ large, the American people, the post-cold war period and all that went with it, new military roles, the American political process, the crime and judicial system, intelligence, the media, specific political issues 1 & 2 and, of course, trade and economic competitiveness.

It was a good year. I felt I learned a lot and some of the things actually prepared me for future assignments. Not that I hadn't worked with them, but learning more deeply about the intelligence community was helpful. At the end of all that I thought, with all this training, maybe EUR will like me now. They didn't. So, I next got a job on the Policy Planning Staff as senior economic advisor.

Q: Is this still in the Clinton administration?

MORFORD: Yes. The only condition I had when I talked with Jim Steinberg, who headed the office, and Alan Romberg, who was his deputy, was that it would just be for one year. Then I could bid again. That brought me to the seventh floor for the first time.

Q: The policy planning office works differently. under different secretaries of state.

MORFORD: The policy planning office is a very flexible instrument for the Secretary. The first job of the Director is to serve the interests of the Secretary and those interests, of course, vary depending on the Secretary and may change over time. They also often look at issues that may be a little further down the road. Bureaus are often so busy doing what needs to be done today that they are not thinking enough about where we want to be five or ten years from now. Being on the Policy Planning Staff allows you to be separated a bit from those day-to-day responsibilities and relationships to ask questions that don't have easy answers or to look at options that the administration or department are currently not considering. That is the beauty of the Policy Planning Staff.

Japan issues had not gone away. It is now 1995-1996 and there was not much movement from when PM Hosokawa had said “no” and the Framework talks faltered. President Clinton was planning on going to Osaka late that fall for another APEC leaders meeting. The President would also meet with the Prime Minister and the thinking was there would be a joint communique. By that time, Japan was on the second Prime Minister after Hosokawa. Prime Minister Murayama was the first Socialist prime minister since shortly after World War II and led a coalition government. Secretary Christopher put Under Secretary Spero in charge of an interagency Japan Team. I became her principal advisor again, this time on Japan and helped her run the Japan Team. The administration was still split on policy. DOD and parts of EAP wanted to focus on security only; USTR held out for “trade first.” We wanted a comprehensive joint declaration with a public message emphasizing the breadth of our relationship including successful economic agreements and areas that still needed attention. A budget impasse then shut down the government and the President canceled his trip. He was finally able to go instead in April 1996. We were able to negotiate the first comprehensive US-Japan declaration of the Clinton Administration.

I was not just the Japan guy this time, however. I was also in charge of economic issues worldwide for Policy Planning. I got to work with Dan Hamilton on the New Transatlantic Agenda, make recommendations regarding APEC, provide alternatives to solve a dispute between ARA and EB on Argentina’s GSP and coordinate an interagency group to prepare the US input for the G7 Lyon Summit. The French wanted to focus on increasing development assistance. We were able to move the French emphasis toward development partnership and shared responsibility.

Q: This was the same year?

MORFORD: It was all in 1995 and 1996. Working on the New Transatlantic Agenda (NTA) finally got me working on Europe. There had been a relatively short Transatlantic Declaration in 1990 which outlined common goals, areas for cooperation, and a brief institutional framework, consisting largely of biannual meetings between the U.S. President and the Presidents of the Council and Commission plus biannual meetings between the Secretary of State and foreign ministers of EU countries. The New Transatlantic Agenda had a similar declaration with four overarching goals but was accompanied by an extensive action plan that could be updated. I helped Dan on the trade and economic parts, but the NTA went well beyond trade and economics, addressing geopolitical issues such as peace, stability and human rights, global issues, and building more bridges between the EU and U.S. It then described a much more robust structure to address the issues in the agenda, involving many more actors on both sides and a much longer list of issues. More on all that later.

Q: Did you work with the USEU?

MORFORD: I did not do much of that. Dan did a lot of that. He was the master strategist, and I was helping him with the economic elements.

Q: I have interviewed Tony Wayne, who worked on this as DCM in Brussels and then in EUR.

MORFORD: He was my first boss in EUR. Which gets ahead of the story, Yes, I did make it to Europe.

Q: There are a few people who worked really hard on that.

MORFORD: Dan was one of those. Being on the Policy Planning Staff meant that he didn't have to worry about day-to-day events as much so he could focus on how best to put it all together. I enjoyed collaborating with Dan. I should also mention that having learned my lesson on the value of high-level speeches, I worked closely with the Secretary's speechwriters to flesh out concepts and contribute ideas on a host of issues as well.

Q: Do you remember was there a particular one that had a lot of sway in the speeches coming out.

MORFORD: Yes, I worked particularly closely with Bennett Freeman. I would sometimes give him ideas and he would occasionally consult when he had questions about something he was working on.

Q: Sometimes the speechwriters get very invested in the policies themselves. As they think about how to sell them and craft them, they become very attached to the policies.

MORFORD: I could see that, but at the same time, they often have to bounce from issue to issue in speeches. So, I found they could pop into my office and say, "this is coming up, any ideas?"

Q: OK, so you were bidding again.

MORFORD: I was bidding again and one of my bids was on the DCM job at the OECD in Paris. I had bid on other jobs, like the Economic Minister job in Paris and on that one I actually had a very good conversation with Ambassador Pamela Harriman. She was kind enough after our conversation to call back a few weeks later and tell me that she chose someone else, mainly because "you don't speak French." I was studying early in the morning, but she was right. By this time, I had good support at the upper levels of the State Department. On the economic side, Dan Tarullo and Joan Spero vouched for me. And Jim Steinberg had kind words from the policy planning perspective. All helped convince OECD Ambassador David Aaron that I was the best choice for his DCM.

Q: So, you had a good year and got to go to Paris, still. Do you want to cover that story in today's interview?

MORFORD: It is probably going to take longer than we have time today. Maybe I can describe what the OECD is anyway.

Before that, you recall I wanted to go to Europe at least in part to give my kids another experience. Of course, once I got the job, their first reaction was, “Dad, no. We don’t want to go.” They were happy here, my daughter finishing her freshman year in high school and my son ending sixth grade as president of his elementary school. They had friends. They had no desire to go to France.

Q: But they did go in the end?

MORFORD: Well, they had little choice in the matter and in the end, we packed up two kids, a dog and a cat and headed off to Paris.

Q: Now the OECD mission is not that big. It is lean.

MORFORD: It is lean. We had roughly 45 employees on the mission. A little over half were Americans. In many missions the locally hired staff outnumber Americans. This is not the case with the OECD, since we had a very small administrative section – one administrative officer, three or four administrative staff, and two drivers.

Q: Because the admin was taken care of by the bilateral embassy?

MORFORD: Right. All the GSO and finance functions ran through the embassy.

One of the things that makes the OECD unique is the breadth of the issues covered. I mentioned earlier it is the one place where most of the economic and social agencies of the U.S. government can get together with their counterparts from other developed countries. That is reflected in our mission staff. We had employees from not just State but Treasury, USAID, Commerce, Energy, and the Environmental Protection Agency. Each of those agencies felt work at the OECD was so important that they put an employee there. And, of course, OECD work extends to many more issues and agencies.

While not unique, decision making at the OECD is unusual. The OECD grew out of the Marshall Plan. The Marshall Plan was not a donor directed fund. The recipients had to come up with ideas and agree on how they would do things. All those countries who had been fighting each other, had to listen to and consult with each other to come up with joint proposals. After the aid was done and the Marshall Plan ended, the organization morphed into an international organization, the OECD.

Q: Which stands for the Organization for Economic Cooperation and Development.

MORFORD: It is still a consensus organization. In other words, everybody has to agree or at least not say no for things to happen. That is a different kind of diplomacy than when you are looking for 51 votes out of a hundred.

What does it do? What most people probably recognize are the studies and graphs in the Washington Post and New York Times. The OECD does have a good-sized

macroeconomic department but also staffs some three hundred different committees and expert or working groups on almost all issues outside the area of defense. So, whether the subject is development or energy, education or the environment, finance or migration, corporate governance or chemical safety, fisheries or health, it has a home at the OECD. Based on committee mandates it researches and collects statistics, but each of those committees also makes decisions about onward work which may involve venturing into new areas and negotiating agreements. Each country tries to get its priorities adopted as the subject of joint work. When I arrived, one of our priorities was a convention on bribery.

Q: And the negotiations on it?

MORFORD: Yes, the negotiations. Another negotiating priority, the Multilateral Agreement on Investment (MAI) had also started the year before I got there. Some of our other priorities were developing a market for carbon emissions, regulatory reform, corporate governance, aging, and aid untying. The OECD also monitored compliance with the agreed codes on capital flows and investment, applicable to all members.

There were always a host of things going on. When I got there the first day, I walked into the office and started to meet staff. I was immediately told, “we don’t have time for that right now. Could you come downstairs?” There was a meeting on Korean accession and the Europeans were objecting based on Korean labor policies. So, even before meeting all our staff, I got to go down and meet my European counterparts and talk a bit about where Korea had come from on labor practices and how we might be able to structure our discussions with the Koreans, not to block membership, but to put them in a better position to continue to improve labor policies to the OECD level in the near future. I did have some background in Korean labor issues, after all just three years earlier, I was the guy American bankers would call when they were locked in the office bathroom by their striking workers.

Q: So, did they accede during your time there?

MORFORD: Yes, they did. It was gratifying that our efforts in Seoul to help persuade them to want to join were rewarded as they took the steps needed to actually join. This would almost certainly have happened in the great stream of history anyway, but it felt good to be on the right side early on in this case.

Q: As a DCM you had other responsibilities.

MORFORD: As DCM I had all kinds of responsibilities. Obviously, managing the mission and its personnel to meet our objectives was at the top of the list. Then there was the role of my position in the overall organization. The OECD has a lot of structure. At the top are annual ministerial meetings. Below that, there were more frequent Executive Committee Special Session (ECSS) meetings, which were attended for us by the Under Secretary for Economic Affairs. Then, there are monthly Council meetings, where the ambassadors would gather with the Secretary General. One step further down was the

Executive Committee which is where I would meet with my counterparts to do the nuts and bolts. And then there are the committees each of which might have numerous subgroups. Mission staff would represent us in all of these along with delegates flowing in every week from Washington. Some of these committee meetings were high level. The Chair of the Council of Economic Advisors and Under Secretary for International Affairs of the Treasury were frequent visitors. I would not attend all those meetings, but I would often host lunches for them with their counterparts.

I did want to return to the family. Remember, my two kids who didn't want to come to Paris? Within two months of arriving in Paris they decided they loved it.

I also wanted to mention where we lived. We moved directly into the OECD Mission's DCM residence. It was a lovely apartment overlooking the Bois de Boulogne. It wasn't a big place, but it was just right for both entertaining and family life. The front room had three different seating areas. The dining room easily seated a dozen. And it was amazingly well appointed, with Venetian chandeliers, marble floors, and display cases of elegant porcelain. I came to learn it was a gift to the United States.

Q: But was it a gift after WWII?

MORFORD: Yes, it was a gift from a man named Max Delfiner. He was born in Romania and moved to Vienna in Austria. He seems to have grown up poor but to have been made to make money. He established a manufacturing business in Vienna and did well. Then came the Anschluss, the German takeover of Austria, and he escaped with his wife and two children to Paris. He reportedly had something to do with the Papal accounts there in a bank he established. I have no idea how all of that came to be. Apparently, he was at a cocktail party with the American ambassador, and they got into a rather heated discussion about what Hitler was going to do. Delfiner said something to the effect of, "Mark my words, by this time next year he will be here." The ambassador, I think his name was Bullitt, said he didn't think so and they parted. Later at the same party, the ambassador approached Delfiner and said something like, "I still don't think you are right, but I will tell you what. If you are wrong, you have to buy me dinner. If I am wrong, come talk to me again and I'll have something for you." It turns out that at that party someone had told the ambassador that Delfiner was particularly upset since his two kids had a way to get to the U.S. if the Germans came to Paris, but Delfiner and his wife did not. So that was it.

That next spring Hitler went into Belgium and the Netherlands. Delfiner got a call from the ambassador's assistant who asked that he and his wife come to the embassy. The ambassador had two visas for him and his wife. So, before the Germans reached Paris, Delfiner and his whole family had moved to the U.S. There he established and succeeded in another manufacturing business, I think making the cigarettes wrappers and textiles.

Q: Was he Jewish? Is that why the Ambassador was concerned?

MORFORD: Yes, he was a Romanian Jew who fled Vienna for Paris and then Paris for the U.S. He and his wife loved their time in Paris and went back in the 1960s and bought

an apartment. Delfiner's wife Evy decorated it in style and furnished it with the finest crystal and tableware. Then, in the early 1970s, Evy died. Max was heartbroken and didn't want to live there anymore. But he didn't want to just sell their apartment. So, he went to the U.S. embassy and told the Marine guard that he wanted to talk to the head of administration for the embassy. When asked why, he said would like to donate his apartment in Paris to the U.S. government. Eventually, he met the Minister for Administrative Affairs. In the end, he donated the apartment and all its contents to the U.S. government. It became the residence of the OECD Mission DCM. Each new occupant gets to decide which items he or she wants to keep in the apartment – the grand piano, the ceramics and other works of art for the display cabinets and walls, which China, which glassware, and which table service they want. All other items are then kept for safekeeping in a warehouse. It is all there as a result of Max Delfiner and his wife's contribution to the U.S. government. When you go into the apartment and look behind the door, there is a small brass plaque that reads "This apartment was a gift of Max Delfiner."

Q: That is a nice story. Well, I think we will end for the day. Let me stop recording.

Q: Good morning. It is August 19, 2022. I am continuing our conversation with Dick Morford. I would like to go back to the senior seminar and see if you wanted to add some detail on your year there, any travel you took and any special projects.

MORFORD: I think everyone in our class found the experience broadening. For the foreign service members, probably a third went on to become Ambassadors and most of the rest became DCMs or had other leadership positions. All benefited from the year.

In the middle of the course, we took a break for independent study. For February, everyone had to figure out what they wanted to do. Some volunteered in NGOs, others designed curriculum for local schools, investigated our Bosnia policy, or looked into refugee handling at Guantanamo.

I stayed in Washington and possibly traveled farther than any of them, traveling in cyberspace. I decided to study the internet and how it might affect diplomacy. This was 1995 and connections were extremely slow. We had just gotten something called DOSNET, which had a link to the internet. Nobody could figure out how to make it work. I went out and got my copy of Internet for Dummies and just tried to figure out what this new thing was. Turns out I also had to buy a new computer with faster modem speeds; we were still living in a largely analog world.

I then explored what the Department was doing, speculated on what it might do, and reflected on what it might mean for diplomacy. Nothing particularly earth shattering came out of my study. It was clear that the internet had tremendous potential for exchanging information across the globe rapidly. We, of course, are in good part an information organization, both gathering it and trying to influence people's thinking. We

were pretty much left at the starting gate with the internet, however. The Department was making fledgling efforts. One of the early projects was trying to set up a refugee net for USAID and the PRM (Population, Refugees and Migration) bureau. Everybody had to work with a university because universities were one of the few places that had capacity and knew what they were doing. I shared my findings with the class and wrote an article on the internet's potential for diplomacy, particularly once speeds inevitably increased. I shared it with a recently established State task force that was looking into how the Department might use the internet.

Q: So, this was before social media?

MORFORD: Oh yes. It was mainly used in universities and corporations then.

Q: They had listservs.

MORFORD: Right. You could sign up and get a listserv. You had newsgroups and bulletin boards. Usenet was another similar thing only with no central server, a precursor of internet groups. I developed quite a vocabulary. I learned that file transfer protocols downloaded or uploaded files. Searches were done with ARCHIE or Veronica. You could log on to a remote network through telnet and access data banks through Gopher. And then, of course, you could interlink libraries of words, pictures, and sounds through the world wide web, which was nothing like it is now.

That's enough on the Senior Seminar, except to lament that it is no more. I doubt the short courses FSI now gives to mid-career and more senior officers give you the same kind of experience. It took you away for a time and made you think big thoughts.

Q: All of my interviewees who have gone to the senior seminar really valued it. I think one of my interviewees was in the last class. My understanding is after it ended, the substitute has been to send us to the war colleges after becoming an O1.

MORFORD: The war colleges are good; they try to broaden the military officer. But they don't address the same interests and are much more structured.

Q: OK, would you like to now discuss the OECD? In your last interview you had given an overview of your arrival. And the scope of the issues that the OECD covered and the history behind the residence.

MORFORD: Yes, so it was August of 1996 when I arrived at the OECD. Earlier I mentioned the breadth of the OECD, covering essentially all issues that aren't directly handled by the Defense, Justice, or State Departments, although it deals with a lot that they handle too. For many domestic agencies, it is the only organization in the world where they can get together with their international counterparts. I was looking forward to becoming acquainted with all these issues and I did work on many of them. Before going out to post, however, I discovered in consultations in Washington that my biggest

priority was “none of the above.” It was instead to reduce the amount that the U.S. paid into the OECD budget.

Q: Not exactly fun.

MORFORD: No, you recall in those days—this is 1996—the Clinton administration was under great pressure particularly from House Republicans to reduce the federal budget deficit. And let’s face it, international organizations are an easy target. When I got to post, Ambassador Aaron made it clear that I would be the point person for that particular part of our remit. The challenge was how do you obtain that kind of savings without endangering our priorities and the long-term effectiveness of the organization. On the one hand, I have all these agencies letting me know what they want to do at the OECD. On the other hand, we have to cut the budget.

The first step was to put together a strategy. That turned out to be threefold; reduce the amount of money we pay, reform the OECD structure so that it would continue to operate effectively with less money, which means less staff, and get IO (the International Organizations bureau) and the U.S. government to pay the resulting bills. None were easy or a foregone conclusion. While Secretary General Don Johnston was sympathetic, many delegations were not. Most opposed reform and budget cutting. All opposed reducing the percentage of the budget paid by the US. The biggest challenge was getting assurance Washington would pay even if we achieved all our goals!

Q: That was on there because we were in arrears?

MORFORD: The next year, 1997 we were in arrears 14% to the OECD. That was a real problem. I found out there was one more problem. The OECD had a big unfunded pension issue, so we needed to resolve that too.

Ambassadors are not fools. Consequently, during most of the tenures of Ambassador Aaron and then Ambassador Bondurant, when we got to the end of the year in December for the Council meeting that would approve the budget for the next year, I ended up in the U.S. chair. My job was to block consensus until we had the cuts we demanded. The trick was to do this in a way that didn’t engender personal rancor and endanger the rest of our OECD objectives.

Q: To start off, what was the percentage of the OECD budget that the U.S. had to pay?

MORFORD: The U.S. paid 25%.

Q: So lower than some multilateral organizations but still unusually high because we are only one member of many.

MORFORD: We did get some support after a while from the Japanese because they were paying a similar amount. Then in the course of the first year or two the Germans came under budget pressure, so we were able to get support from them for cutting the budget.

But the small countries didn't see any real value in budget cutting and remember we needed the support of all other 28 countries to be able to make progress on a host of other issues that we wanted to advance at the OECD. The reality is the OECD is a consensus organization, so you have got to get everybody on board. Everybody had different priorities, and nobody wanted their priorities cut. I remember going with my wife to a dinner party at the Swedish ambassador's home. He came to the door, turned around, smiled a big smile, and said, "Here is the man we all love to hate." I think it was mostly in jest.

In the end, IO and OMB agreed with our objectives and Washington agencies agreed in theory on the need for reform. The first year we pulled out of some of the non-obligatory parts of the OECD like the Development Center. That didn't get us great love, but it cut our budget and showed we were serious.

Q: This is like in the Organization of American States, they have voluntary budgets.

MORFORD: In OECD terminology it is a Part 2 institution instead of Part 1. Part 1 elements of the OECD were part of the regular budget and required mandatory contributions. Part 2 activities were voluntary. So, we got some reductions there. Then, as new members joined, we said our share of the budget should go down. New members give the organization more money, which should reduce the percentage for all members. We were stuck at 25%. We got agreement to do that on an ad hoc basis for one year. So, the first year was a modest success although we were in arrears despite reductions.

The hard part lay ahead. Now we actually had to make cuts. We found some areas for reduction in administrative support. Believe it or not, some of those cuts actually improved operations. After that, we faced cutting programs and staff. That is the hard part. I went back to Washington to help lead agencies through a ranking process - what they valued most and what they valued least in the organization. The secretariat under the Secretary General began much the same exercise and then we extended the exercise to all, by that time, 29 members. Getting agreement was no easy process but persistence finally paid off.

After three years of budget drama, we had reduced the OECD budget a cumulative 10% percent (roughly twice that in real terms) and cut the staff by 15%. We figured out a way to address the unfunded pension problem. The OECD also agreed to reduce the percentage of dues paid by existing members whenever a new member joined. We had our reduction in scale. So, we ended up meeting our first two objectives and a few more. All that was left was success in the third objective, making sure the U.S. government pays. We'll hold that story for another day.

In the meantime, Ambassador Aaron was concurrently appointed the Special Envoy for Cryptography, which required him to travel extensively. So, I ended up in charge for a third or more of the time.

Q: Were we still under pressure or was there something ideological?

MORFORD: Once you understand - and I think every negotiator knows – that there is a strong human inclination to pocket any concession quickly. Now good negotiators would give credit here and there in order to keep the negotiations going and get further concessions in the future. But IO and OMB were not negotiators. They just pocketed things. They always said the OECD was the most successful example of reform and budget reduction among international organizations. It was a poster child. But what they did was pocket the savings without any credit. So, at the end of 1999 they decided to put an across-the-board freeze on all organizations including the ones that had actually embraced reform and were saving us money and those that had not. Does that make sense? No, but that is the way we operated. I ended up fighting that in my next job back in Washington.

Q: My impression from my period working with the trade committee in '91 to '93 was that the OECD staff was turning in a lot of research papers that were helpful but probably not vital. Was that part of the thing you were doing, were you cutting back on some of this work?

MORFORD: It varied depending on what each of those committees valued. Remember, there were something like 200 different committees, task forces and working groups. In the executive committee, which is where the DCMs met, we went through the nitty-gritty of everything. Some committees found research most valuable, some wanted to work on moving toward recommendations or agreements.

The OECD has agreements in many areas. There is an agreement, for example, to limit the amount of subsidy allowed in export credits. There are codes on investment and capital flows. We were working hard at the time to reach agreement on an anti-bribery convention. In fact, Secretary Albright came out while I was there to sign the completed Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. There was one important area where we didn't reach agreement. The long running negotiations to reach a Multilateral Agreement on Investment (MAI) ended when it became a major political issue in France, due to opposition to providing protections to investors.

Q: Foreign investors or any investors?

MORFORD: Foreign investors. There were concerns that foreign investors might get special treatment in the judicial system or protections that harm customers. I think we were fairly close to resolving all the issues in the negotiations, but once it became a big political issue in one country, in this case, France and they essentially pulled out, there was nowhere to go.

Some of the work on our priorities ended in irony. I think I mentioned that we were the ones who wanted the OECD to work on cap and trade for carbon emissions.

Q: Could you explain what cap and trade is?

MORFORD: The U.S. had instituted a system of cap and trade in the 1990 Clean Air Act to get utilities to clean up emissions and reduce acid rain. By setting an overall limit on emissions and then reducing that “cap” over time, a market price for pollution developed. Utilities had an incentive to reduce pollution since it cost them money. If they had rights to pollute that they weren’t using, they could make money by trading them. That is essentially cap and trade. By the time I got to the OECD, this system was working in the U.S. The Administration wanted to see if it would work for the bigger challenge of carbon emissions and wanted the OECD to work on the issue. At first the Europeans objected. They thought a carbon tax would be more direct and effective. Of course, for the U.S. taxes were not very popular. Clinton was President and the House Speaker was Newt Gingrich and agreement on a carbon tax was highly unlikely. So, the U.S. was looking for alternatives to put a price on carbon and “cap and trade” was something we were already doing in another area. Theoretically it could work pretty well, and it was politically feasible for the U.S. The Europeans didn’t see much value in the OECD studying cap and trade since a carbon tax would be simpler. We finally convinced them that it was important for us, and the work went ahead. In fact, cap and trade actually made it into the Kyoto Protocol at the end of 1997. Of course, in the end we did not adopt cap and trade nationally to reduce carbon emissions, but the European Union did.

Q: Do you know if it helped?

MORFORD: It is one of the tools they use, and it can be effective. We do have it in the United States too, but it is limited to regional use by certain states.

Q: California has it.

MORFORD: Yes. California and there are a large group of Northeastern states that have a regional version of cap and trade.

My job as DCM was interesting because I got involved in almost every issue in some way or another. I wasn’t just the budget cutter. I worked on the AID partnership strategy and on trying to get agreements to reduce aid tying. Other issues included E-commerce, trade, investment, export credits, the job strategy, aging, and harmful tax competition. We had a big push on governmental regulatory reform. It was fascinating. For the annual ministerial we would negotiate a joint communique. The number twos (DCMs) met for several days (and nights) before the ministerial going through all these different issues and what we wanted to have the ministers agree upon.

Another interesting aspect of the job was that I had two non-career ambassadors and staff from six different agencies. Making the little mission work and work well together was another fun challenge. We had quarterly staff get-togethers at my residence and a host of other excuses for joint activities. I had a standing policy that all bad news should come to me as soon as possible. So, rather than individual staff members, I became the bearer of bad news to the ambassador.

Q: Did you do a lot of entertaining for the agency heads that came though?

MORFORD: Oh yes, we did a lot of that. Obviously, the ambassador did much of the entertaining, but I did quite a bit as well. As I mentioned, shortly after I got to post, Ambassador Aaron was concurrently made the U.S. Special Envoy for Cryptography. What that meant was he was on the road a good amount of the time. I was thus Chargé (chargé d'affaires) or Acting for a good amount of the time. After he left, there was another two-to-three-month gap before Ambassador Bondurant came. So, there was a lot of time where I was pretty much running the mission and that extended to hosting duties. I hosted Janet Yellen, the head of Council of Economic Advisors, Stu Eisenstadt, and Larry Summers. In addition to all the regular meetings, we also had special ministerial meetings which would bring out cabinet secretaries on a variety of issues, so we got to see a good number of Administration officials.

Q: Was there a special center at the OECD for new countries from the former Soviet Union and the former eastern bloc?

MORFORD: There was a special program that was set up in the early 1990s when Ambassador Larson was at the OECD. It involved outreach to the former members of the Soviet Union and provided technical assistance in many areas. In addition to the statistical and economic expertise within the Secretariat, the OECD is a reservoir of knowledge about what has worked and not worked for its members. The program was still going when I was at the OECD, but attention had turned to OECD membership for some of the countries. Hungary and Czechoslovakia had joined before I got to Paris in the summer of 1996 and Poland joined soon after I arrived.

Q: And how was the relationship with the Secretary General?

MORFORD: The relationship was good. Don Johnston understood where we were on the budget issues. He obviously wanted to protect the organization, its mission, and its staff, but he knew he needed to address our issues as well. So, he was open to finding sensible ways to meet our requirements. He brought somebody from the Canadian government who was an expert on reform and administrative structures, Jean-Jacques Noreau, whom I worked with frequently. Don Johnston's willingness to enable budget cutting and reform did not make him popular with staff or some delegations but in the end I think it was good for the organization. Later on, they now have a brand-new facility and are doing well. It was a tough process to go through to get there, however.

Q: The unfunded pension issues. Sometimes pensions for the local staff are an issue in embassies too. It was not something we thought about when embassies and secretariats were created.

MORFORD: We had to come up with a way of rejiggering the structure and then finding a source to pay. This again was not an easy or pain free exercise. I don't recall all the details, but we did end up with a funded pension system.

I took some satisfaction in resolving budget and pension issues, but I more enjoyed the relationships that developed in trying to resolve these and all the other issues. We had regular lunches among the G7 DCMs and the APEC DCMs. I had an interesting relationship with my French colleague. Neither he nor I spoke the other's language well and we found ourselves with instructions on opposite sides of most issues. Nonetheless, we found ways to cooperate. We found particular joy when we would find an area of agreement and when one of us could propose and then the other strongly second the idea, much to the surprise and amusement of our colleagues.

Q: Well, that sounds like a good experience, and it sounds like in the end the kids enjoyed it.

MORFORD: In the end, yes the kids enjoyed it. My daughter who graduated from the American School in Paris was ready to go home to college. My son who just finished his freshman year would have preferred to stay. Neither of them had wanted to come to Paris, but in the car on the way to the airport my son summed it up, "Dad, how can you take me away from a city I have grown to love just as she is opening her arms to me?"

Q: That is very poetic! Did your wife work or volunteer?

MORFORD: Well, she did not work in Paris, but she took up something she has followed ever since. She studied painting on porcelain. She had a French teacher and was part of a French class. Today, she teaches. We have two kilns! We also had a large group of friends both at the OECD and especially in the local American community.

Q: Is there anything else you would like to discuss?

MORFORD: I want to mention just one other thing. We were a mission with an ambassador, but we weren't the embassy. We clearly had to coordinate closely with the bilateral ambassador and her staff. Ambassador Aaron and I met once a month for lunch with Ambassador Harriman and her DCM, Don Bandar. Later Ambassador Bondurant and I continued with Ambassador Rohatyn and his DCM Bob Pearson. Quite good relations. I remember one time when Ambassador Aaron wasn't around, we had an issue with the embassy. That didn't happen all that often. I had talked with Ambassador Harriman that morning. She said she'd get back to me. Around 5:00 or so that evening, she called and said it's sorted out. The next morning, I awoke as the radio came on, and a French station was saying something that sounded like Ambassador Harriman had died. My French was still not that great, so I asked my wife, "Did you hear what I heard?" She confirmed. I said, "That is impossible. I talked with her last night. She was fine." She apparently had a stroke during her nightly swim at the Ritz.

Q: She was an incredible lady.

MORFORD: Indeed.

Q: So, you decided to go back to DC.

MORFORD: We decided to go back to DC. I actually tried to stay in Europe and looked at DCM jobs in a couple of places but didn't get them. By this time, however, EUR had adopted me as one of its own. Perhaps it was all that time as Chargé. It probably helped that I attended the EUR chiefs of mission conference. They asked if I would be the Director of the office dealing with the European Union, EUR/ERA.

Q: A great office.

MORFORD: It is a spectacular office. It is unique because it deals with a multi-country unique entity. In looking through some things before our talk today, I came across a pamphlet from FSI, called Euro Jargon. Not many organizations are so distinctive they rate 55 pages of definitions.

Q: I am sure they had one for us too.

MORFORD: I'm sure. This booklet tried to explain institutions, monetary policy, trade policy, agriculture policy, political programs, social aspects, enlargement, important internet sites and on and on with distinct terms for each. The EU was a complex entity in and of itself but remember, it had a population and economy larger than the United States. So, the office dealt with one of our most important relationships, which by the time I left the office pretty much spanned the whole spectrum of issues. The EU started off with responsibility for trade. But those responsibilities grew and grew. By the time I left ERA, we were talking about responses to 9/11 including crime and terrorist coordination. They were developing a European Security and Defense Policy.

Q: So that year was 1999, right?

MORFORD: I arrived in the summer of 1999.

Q: Maybe we will stop here for today. Next time, we can go through the issues as systematically as we can on economic issues, political issues, and I think at that time the OECD was still being managed from that office too.

MORFORD: That is correct. It had responsibility for the EU and the OECD, as well as the political aspects of the G7 and the Council of Europe in Strasbourg.

Q: That was a legislature, a parliament, right?

MORFORD: It's not part of the EU, although all EU members are members of the Council. It focuses on democracy, human rights, and the rule of law. It doesn't make laws, so it is not really a legislature, but it does facilitate international agreements among its members. The European Parliament separately holds sessions in Strasbourg so that also confuses things.

Just understanding all the parts of the European Union is a feat. The Department sent me early on to Maastricht (Netherlands) for a week of training. We think of our American system of governance as three-legged, but the EU adds a couple more. The Executive included not only the European Commission, which acts as an administration, but the European Council, composed at the highest level by the heads of each EU government, and the Presidency, which rotated among member countries every six months. This executive “troika” was joined, of course, by the European Parliament and the European Court of Justice.

Q: All right, I am looking forward to next week.

Q: Good afternoon. It is October 13, 2022, and I am continuing our conversation with Dick Morford. I think we left off as you were leaving the OECD and going into being the director of an office in the European bureau. Can you tell us about it?

MORFORD: Yes, if you recall, after trying so hard to get into the European bureau and finally getting a job at the OECD, the European bureau offered me the job of Director of the Office of the European Union and Regional Affairs. It was one of the better offices in the State Department since it dealt not only with important bilateral matters but with issues all over the globe. Almost everything had some relationship to the European Union.

Q: Because they are always talking to them about worldwide affairs.

MORFORD: Yes. We spoke earlier about the New Trans-Atlantic Agenda (NTA), which I was able to work on a bit with Dan Hamilton in Policy Planning. It was adopted at the end of 1995, after I had left Policy Planning. With this new job, I all of a sudden became a key cog in the intricate machinery of this complex, ever evolving joint action plan. The NTA itself laid out issues on which the U.S. and EU would work together. It was a long, broad list, addressing peace and security, democracy, human rights, global issues, trade (of course), other economic cooperation, and strengthening the links across the Atlantic in a slew of areas.

The U.S.-EU structure to carry out the Agenda had also evolved considerably. It consisted of a US-EU summit every six months at the end of each presidency. To support the summit, we had at least two senior level group meetings at the undersecretary level every six months. We had the Secretary getting together with all EU foreign ministers at each summit, at lunch at the UN General assembly and then frequently another time or two. There were regularly scheduled working level meetings on most regional and functional issues. And a host of meetings at higher levels, some in formal structures of their own. For example, the new Transatlantic Economic Partnership, launched in 1998 the year before I got to ERA, sought to give impetus to trade and investment cooperation. USTR chaired for our side. Several non-governmental groups also advised us. There was

the Transatlantic Business Council, the Transatlantic Labor Council, and the Transatlantic Consumers Dialogue. There was also an environmental and legislative dialogue.

Pulling this all together was ERA. My boss, Principal Deputy Assistant Secretary Tony Wayne and later Charlie Ries, and I would meet often with our European counterparts and hold regular Task Force meetings. We weren't doing this alone. ERA had a staff that varied between 15 and 18, with a deputy for economics and a deputy for politics.

Again, we were meeting with the Commission, the Council, and the rotating Presidency. At the beginning of each Presidency, we would get together and discuss what we want to accomplish and what should be addressed in the summit at the end of the six months. Each Presidency, of course, had its own special interests and all of them wanted to add something new to the U.S.-EU agenda. Some issues would carry over. That resulted in long "to do" lists. For example, during the Portuguese Presidency there were 26 items on our agenda. That was common. Our job on the Task Force was to initiate, monitor, and prod implementation of that agenda. In our office of ERA, we were the planners, the initiators, the monitors, and the prodders on the U.S. side.

When I arrived, the EU had already long had full responsibility for trade and for some elements of investment, but it was expanding its diplomatic role and was trying to expand into more areas and issues.

Q: So, when you say the EU had full responsibility that means that individual countries like France and Germany were not negotiating their own trade deals. Now, it was the EU?

MORFORD: Right. Even when I was working on the Uruguay Round in Geneva back in the mid-1980s, there would be a group of member state representatives sitting at the table in the GATT (later WTO), but they sat behind the European Commission negotiator who was the only one who spoke. (The nomenclature is a little technical here since names have evolved; at the time, the European Community (EC) was still in charge of trade, but it is now the EU, so I'll just use EU.) For the European Union, they looked at issues based on whether they had full competency, mixed competency, or no competency. I had exposure to dealing with the European Union for three years at the OECD. For most domestic issues each member state had competency so we would deal with them individually but for trade we would deal with the European Commission representative and for a lot of issues we would work with both.

When I arrived, the EU had just named its first High Representative for Common Foreign and Security Policy - former Spanish Foreign Secretary and Secretary General of NATO, Javier Solana. So, one of my first jobs was to set up a system of memos for what became Secretary Albright's weekly call with the new EU foreign policy troika: High Representative Solana, the new Commissioner for External Affairs—former Chairman of the Conservative Party and the last British Governor of Hong Kong—Chris Patten, who was named to that post in the fall, and the Foreign Minister of the revolving Presidency.

The High Rep wasn't the complete answer to Kissinger's reputed question: "Who do I call if I want to call Europe?" but it was a step in that direction.

One of the big issues was enlargement. EU member states were divided on whether it was more important to deepen cooperation within the European Union or to enlarge the Union to bring in new members. There was tension since an emphasis on one could slow progress on the other. New members were unlikely to be able to go as deep into cooperation as members who had a history of cooperation going back to the European Coal and Steel Community. Nevertheless, both proceeded while I was in ERA. Enlargement became one of the strongest tools of EU diplomacy and of reform in potential new members. Countries that wanted to become a member had to make their policies and their administrative and judicial systems consistent with EU rules and the body of European law that had developed.

Q: So, in general we were positive toward enlargement.

MORFORD: We were positive towards enlargement, yes. For deepening, it was more issue by issue. In some areas we wanted greater EU coordination and competence; in others we preferred consulting with individual countries. We welcomed working with the EU to develop the Stability Pact for Southeast Europe, place sanctions on Serbia, or resolve the East Timor issue. We were more nuanced on the European Security and Defense Initiative or EU competence in Justice and Home Affairs.

Q: On the trade side, there was more friction, I suspect. My sense was that the Europeans were putting things into the agreements that would give Europe trade preferences.

MORFORD: With anything you want, you almost always find some caveat. Candidate countries negotiated free trade agreements with the European Union and eventually adopted the EU trade regime. Sometimes the terms would not be as good as what we had beforehand, whether in terms of tariff rates or non-tariff barriers. That too was a subject of negotiations and eventually WTO cases.

Q: And the first waves of enlargement were Poland and the Czech Republic?

MORFORD: Yes, in the mid-1990s a couple handfuls of countries that had been part of the Soviet bloc or the Soviet Union itself began negotiating with the European Union for membership. They included Poland, Hungary, and other central European countries and all the Baltic countries. There was a lot of potential. This was the time when Southeast Europe was a bit of a mess, so those countries were not part of enlargement negotiations at the time. We worked closely with the European Union on how to address those issues too.

Q: So just before leaving the trans-Atlantic partnership, I don't know if it is a framework for what you are doing or do you consider it a topic but I know that at one point one of the presidents, Maybe it was President Bush turned to an aide and said, "Can you tell me again why I have to do a summit every six months." Did it work?

MORFORD: Summits every six months was a bit busy. My first three summits were with President Clinton in December 1999, May 2000, and December 2000, respectively under the Finnish, Portugues, and French presidencies. After the 2020 election, President Bush's first US-EU summit was again a half year later in Goteborg, Sweden in June 2021. But in the spring before then, we had proposed a host of NTA reforms, one of which was to move to an annual summit with the outgoing and incoming Presidencies both attending. Then September 11 happened and regular scheduling gave way to more urgent meetings with the EU. President Bush met EU leaders, including the Prime Minister of Belgium, which occupied the EU presidency, but there was no formal US-EU Summit. President Bush next hosted a formal US-EU summit in May 2002 during the Spanish Presidency. So, I got to plan for five formal U.S.-EU summits along with a host of other meetings—that's a lot of summits in three years. They are now generally held once a year.

What that structure did though was give us the ability to move issues all the way up to the top, which could give them more priority in the EU agenda. So, our conversations in all the lower meetings, including the Senior Level Group (SLG) that Tom Pickering led, knew there could be follow-up higher up.

Q: Pickering was the undersecretary for political affairs?

MORFORD: Yes, he was the Under Secretary then. We generally had two SLG meetings during each Presidency. As I said, there were a lot of meetings. Aside from the summits, however, one of the advantages of the six-month Presidency was the planning process it required. Looking ahead each six months, we had to check with the various parts of the U.S. government to review what we wanted and how we should orchestrate our approach to the European Union. We would look at issues that might be ripe for resolution or new areas where cooperation could prove beneficial. Or areas where we might be able to get ahead of the curve to avoid potential future disputes. We would sit down with our EU counterparts at the beginning of each new Presidency and chart out the six months ahead. Yes, it was a very cumbersome time-consuming apparatus. But it also forced us to do what diplomats should do to be not just reactive but forward looking.

Q: I think we will come to that. In another part of the world, we had the Gore-Chernomyrdin process with Russia. We had China dialogues that lasted I don't know how many years. So, I think you get to that point where a framework or dialogue helps to keep a lot of progress moving for issues that are considered. So, shall we talk about 9/11 and what happened?

MORFORD: I was in ERA for three years and there were a lot of ups and downs in the European public's perception of the United States. Aside from trade issues, such as bananas and beef hormones, and sanctions policies on issues like Helms-Burton, the Clinton administration had a relatively good reception in Europe. Then soon after we moved into the Bush administration, President Bush decided not to move forward with the Kyoto Protocol on climate change. That was not popular in Europe and our

favorability rating went down quickly. Sentiment changed again quickly after 9/11. The Europeans really wanted to support us.

Q: In NATO they invoked Article V?

MORFORD: Yes but our remit was the European Union. It was a completely different environment. They wanted to help. We needed to figure out what we wanted. I looked at my notes from the EUR staff meeting on September 12. The priority was to build a coalition against terrorism. The Secretary had already talked with Solana. The question was how. What did we need? The US and EU held a ministerial meeting on September 20. Areas that had previously been off limits became topics. We pressed for a freeze in terrorist assets, investigation and extradition of suspects and exchange of personal data at an EU level.

Q: This is about exchange of data about air travelers?

MORFORD: That was one of the data privacy issues. Because of the differences in U.S. and EU data privacy laws there were a number. We found ways to address that airline passenger information issue, although data privacy is still a contentious issue in aviation and other areas.

It was a very busy fall. I chaired or otherwise participated in meetings with not just EU foreign affairs folks but with justice and law enforcement officials. A fast-paced series of meetings yielded a US-EUROPOL agreement, the first EU terrorist list, invitations to EU meetings on border controls and transportation security, and the launching of negotiations for EU-wide extradition and mutual legal assistance treaties. We in EUR also worked to make sure that the EU was included in major initiatives. For example, the EU was initially omitted from participation in our Afghanistan planning. We got them included. When I last looked, they had donated over \$4 billion to Afghanistan reconstruction!

Q: There is discussion in some of these interviews about how strongly the Department of Defense and the vice president felt that going ahead with help meant tying your positions up from their experience during the Gulf War. And some of the defense department even though Colin Powell was our secretary of state.

MORFORD: Yes, that was short sided. I will say Colin Powell got along really well with the European foreign ministers. I got to see him with them a few times, once as the only U.S. notetaker in the room at a U.S.-EU ministerial dinner. Colin Powell was impressive. Not only thoughtful and well-spoken but charismatic at the same time.

Q: Were you there to see the change from like no, we don't have any allies involved, and we don't need a coalition to oh we need a lot of sharing. Did you see that happen in the administration?

MORFORD: I wasn't actively involved on the military side on Afghanistan. While some in the EU wanted an EU peacekeeping force, the military side went through bilateral and

NATO channels. Several EU countries did supply military personnel. I do know that it wasn't long before we welcomed economic support from the EU and elsewhere. And the EU became one of the largest donors. Yes, I did see the changes happening.

Q: The Germans actually had some very creative ideas that helped, right? They formed a trust fund, I think.

MORFORD: I don't remember the details. I do know that at the January 2002 Tokyo pledging conference, the European Union pledged half a billion dollars for 2002.

Q: Oh, and so they did and also in I think it was December 2001 I think it was the Germans who had the meeting of the Loya Jirga of Afghanistan which selected Karzai to lead an interim government. So, the Europeans were involved during that year, right?

MORFORD: Within the EU, various members took the lead on different issues. What was particularly interesting for us was to see the European Union expand its activities in the security sphere. In a sense, there was a new actor. While the EU had long given more development assistance than the U.S., it was now active beyond just economic assistance, whether in Afghanistan or in a more direct way later in Southeast Europe.

I had mentioned that public support for the United States rose after 9/11. That didn't mean we didn't have other issues. In 2002, for example, we blocked UN peacekeeping unless U.S. nationals were excluded from the International Criminal Court's jurisdiction. European countries were committed to ICC, so that was extremely unpopular in Europe.

In some areas we tried to influence U.S. policies to make them a bit less confrontational. I mentioned the pullout early in the Bush Administration from the Kyoto Protocol on Climate Change. Shortly before President Bush went to his first US-EU summit in Goteborg, Sweden he announced the creation of a climate change research initiative. That didn't help much. Charlie Ries, my new boss and EUR PDAS, asked me to look over a memo he had drafted after the summit. We knew we weren't going to commit to reducing greenhouse emissions, so his memo proposed reducing the growth in emissions relative to GDP growth. I don't know anything more, but later that year, the Administration adopted that as its contribution to addressing climate change. So good for Charlie.

Biotechnology was another contentious issue we tried to address. While use of GMOs (genetically modified organisms) was not banned at the EU level, individual countries began to raise barriers due to public concerns. Monsanto became the chief villain with its Roundup resistant crops. Anything grown in a field where RoundUp was used became "Frankenstein" food. Public concern was high, especially in England. This was a time not too long after the Mad Cow outbreaks, so the public was highly sensitive. Environmental and some food safety groups called for banning all GMOs in human food. Science did not back the conclusion that foods containing genetically modified or as others countered "biotechnologically enhanced" ingredients were necessarily any more harmful than natural ingredients. And with third world hunger and climate change, the potential of modifying plants genetically to get higher yields, drought and heat resistance,

or other desirable traits was considerable.

We proposed a US-EU biotechnology consultative group of experts that would address the issue and release their results to the public. We got it off the ground in May 2000 and it reported at the end of 2000. Norman Borlaug, the Nobel prizewinner for the green revolution, led the US side with 10 scientific experts and representatives from civil society on each side. The report was not a “win” for the industry or its opposition. It highlighted the need for regulation and addressed issues like labeling, the EU’s precautionary principle, and substantial equivalence. It also looked at the potential in biotechnological advances in food for addressing global hunger and other challenges. Importantly, while it endorsed labeling for genetically modified food, it did not favor across the board bans. The EU has never banned GMOs but some member states were blocking the approval process for new GMOs.

Q: OK so let’s take a second and untangle this. So mad cow disease did not have anything to do with GMOs, it was just the concern about what happens to our food and what happens to our health.

MORFORD: That is exactly right. They were concerned because they had faced a real health scare, and some were warning that GMOs could be the next threat.

Q: OK, now what we do with our food and how it affects our health, so that is not an irrational thing.

MORFORD: Not at all.

Q: Then glyphosate is not a GMO. That is something like a herbicide, right?

MORFORD: It is an herbicide. But seeds were genetically modified so that they were resistant to the herbicide. The concern was that genetically modifying the plant in this one aspect made it more dangerous to human health. Science didn’t appear to back that up, but since the crops being modified extended to soybeans and corn this was a substantial issue.

Q: And the Europeans were putting this into their association agreements. So, it wouldn’t just be Europe, it would be Africa, everywhere.

MORFORD: This gets into other issues. One is the trade ramifications. If new products aren’t approved in the EU, that restricts what other countries can export and in turn may influence whether they want to purchase genetically modified seeds or the new products that might go with them. Another issue is broader. The EU tended to move faster to regulate new areas than the United States. That meant they could have an outsized effect on regulations the world over. Thus, it was important for us to be involved early on in understanding and giving our input into the process. One reason the EU does move faster and may look at issues differently than the U.S. does is the precautionary principle. It made European regulatory agencies more cautious than U.S. regulatory agencies.

Q: Why were they so attached to the precautionary principle? Was it a difference in philosophy or did they use the precautionary principle as a way to be more protectionist, saying we don't care if the science doesn't show it yet. We think that it is possible in the future, so we are going to use the precautionary principle.

MORFORD: The feeling was: we don't have evidence of any problem, but we don't know, so let's be cautious. We often discussed the precautionary principle in both the Transatlantic Business Dialogue and the Transatlantic Environmental Dialogue, not to mention in meetings between our regulatory agencies.

One of the issues we tried to get an early start on was nanotechnology. As you can imagine, this was beyond most FSOs' experience, and I was fortunate to get one of the early Science Fellows added to ERA's staff. He helped us put on a conference with the EU at the Meridian House on uses and regulation of nanotechnology.

Another way to get ahead of regulatory problems was through Mutual Recognition Agreements. We sought those in the new Transatlantic Economic Partnership that USTR headed. We achieved MRAs on Telecommunication Equipment, Recreational Craft, Electrical Safety, Medical Devices, Pharmaceutical Good Manufacturing Practices (GMPs) and Electromagnetic Compatibility (EMC), for example, during my three years in ERA.

Aside from the US-EU issues, as I mentioned, the office also had responsibility for the Council of Europe, the political side of the G7 and the OECD. I said I'd let you know what happened in Washington after our success in OECD reform and budget cutting. Confirming the saying that "no good deed goes unpunished," IO rewarded the OECD's three-year budget stringency and reform by lumping it with other international organizations and proposing to straight line every budget - another budget cut in real terms. So, we mobilized, this time from the Washington end, rallying support from all the interagency users of OECD who had gone through the budget cutting process, drafting memos and meeting with IO. In the end, we got the OECD exempted from the across-the-board freeze and a modest increase, so we kept our word at the OECD.

Q: Did the OECD know all that was going on?

MORFORD: The Secretary General did. Both Ambassador Bondurant and I briefed him.

Q: So that is one of the busiest jobs in the department.

MORFORD: You don't know how many issues we have until you get into a place like ERA that has most of them. The EU was important to us not just in terms of bilateral or regional issues but also all the global ones. Whether it was sanctions on Serbia, nuclear cleanup in Russia, East Timor's independence from Indonesia, addressing global hunger and infectious disease, HIV Aids in Africa, or developing the information economy, our cooperation with Europe was important.

Then, of course, we had trade issues. I mentioned bananas, beef hormones, biotech, and regulatory issues in general. There was also Boeing and Airbus, the Foreign Sales Corporations (FSC) and issues over sanctions, in particular the Helms Burton sanctions on Cuba.

Q: OK you want to talk about that a little bit.

MORFORD: As the Director of ERA, I spent far too much time talking with the Cuba desk and on occasion Helm's staff.

Q: The problem with the Helms Burton act was that we were trying to take our sanctions against Cuba and put them on branches of U.S. companies in Europe.

MORFORD: Any European company that traded or invested in Cuba was subject to U.S. sanctions under Helms Burton. Their executives and family could be banned from coming to the U.S. There was also a provision regarding expropriated property that the U.S. administration kept waiving that could affect one Spanish company in particular. I still remember the name, Sol Melia.

Q: Was there anything more to talk about on the foreign sales corporation?

MORFORD: Another piece of ancient history. We had a program called the DISC which the EU challenged in the GATT back in the 1970s. In the 1980s we replaced it with the Foreign Sales Corporation.

Q: Were they being subsidized?

MORFORD: The idea was to encourage exports. U.S. exporters could get a reduction in their income tax rate for profits from exports if they went through a foreign sales corporation. Other countries had territorial tax systems and didn't tax overseas earnings. They also had indirect tax systems like the VAT (value added tax) which did not apply to exports.

Because of some decisions at the WTO, the dispute came back to life while I was in ERA. The EU went to the WTO and claimed the FSC was an export subsidy. A WTO panel agreed. I accompanied Stu Eisenstadt, who was by then Deputy Secretary of the Treasury, to Brussels, Paris, and London to see if we could find a resolution. We couldn't. The dispute continued.

Q: So, you were there until December of 2002.

MORFORD: Until the summer of 2002.

Q: Just for the record, you started in the summer of 1999.

MORFORD: That is right.

Q: So, in 2002 were there rumblings about invading Iraq yet?

MORFORD: Let me just say yes. I mentioned that after three years in ERA, EUR asked me to stay on for a couple of months to lead a strategic review of our relations with the European Union. Our EU Ambassador Rockwell Schnabel and the U.S. ambassadors to EU countries recommended such a study. All interested US agencies participated. We focused on the next three to four years. We looked at the state of the evolving EU, its global role and importance as a partner. We then reviewed five issues for lessons. We looked at biotech, Macedonia, standards, terrorist finance, and the UN Commission on Human Rights. Some lessons were easy. For example, on biotech, we recognized that it is difficult to turn around public opinion once a full-bore NGO campaign is underway. We need to get ahead of the curve. Finally, we agreed on recommendations. Some were in standard areas such as resources, training, doing business, intelligence and analysis, and public diplomacy. We highlighted the importance of more attention to standards and the regulatory area. We then addressed several areas ripe for further cooperation: countering terrorism, the environment, development, and human rights.

Q: Why don't we go ahead and summarize those.

MORFORD: I already summarized biotech but in looking at the UN commission on human rights it was clear that UN dynamics often increase the difficulty of dealing effectively with the EU.

Q: What were the lessons on Macedonia? Was it on the name or on something else?

MORFORD: It is much easier to win on substance if you let the EU get equal credit or more.

Q: And on terrorist financing my understanding of that is they have a different legal system. So, helping them find a way. It wasn't so much they didn't want to.

MORFORD: I think the lesson for us is to recognize mixed competency. That requires dealing with an issue at multiple levels.

I left EUR in September after completing the review. The Deputies approved the recommendations in December 2002. You asked about Iraq. Three months later, the US invaded Iraq. That put a severe crimp in our forward agenda with the EU. In a sense, the recommendations were overtaken by events at least for a while.

Q: I think we can cut here. Do you want to start talking about the MCC next time?

MORFORD: I think so. Let's start there next time.

Q: Good morning, it is Wednesday November 11, 2022. I am Robin Mathewman and I am continuing my conversation with Dick Morford. So, I think we finished up your time in EUR. Let's talk about your next job. What were you trying to get and what ended up happening?

MORFORD: Well EUR had kindly put me on the list of potential ambassadors for some African countries including Zambia. In the end after talking with my wife we decided we weren't going to go overseas right then. Kids in school, those kinds of things.

Q: What rank were you at this point?

MORFORD: I was a Minister Counselor (MC) and had been since I got promoted in Korea. I was promoted to Counselor (OC) out of the Japan desk back in 1990.

Q: That clock was really ticking.

MORFORD: Yes. I had two years. As you know, Foreign Service Officers have 14 years after entering senior ranks to get promoted to Career Minister and not many do. Serving Ambassadors were exempt.

I was interested in one ambassadorial job that was located in Washington. That was the U.S. ambassador to APEC—Asia Pacific Economic Cooperation. I had worked on it off and on from 1979 when I went on the trip to gauge ASEAN interest in greater Pacific Basin Economic Cooperation. A decade later, APEC happened. I continued to be involved in APEC for much of my career, for example, as the go-between with South Koreans for the third APEC ministerial in Seoul in 1991 that brought in Taiwan and Hong Kong. And then, I was the APEC advisor to Undersecretary Spero when she was in charge of arrangements for APEC's first summit in Seattle in 1993. And I worked on President Clinton's aborted trip to Osaka for the APEC summit in 1995. I knew quite a bit about APEC.

Unfortunately, I had been away from EAP, the East Asia bureau, for nearly a decade. So, while the Principal Deputy Assistant Secretary remembered me favorably, I was a complete unknown to Assistant Secretary Kelly. I interviewed but it was clear he had another candidate in mind, so I went looking for something else to do.

That is when I was approached by my old boss Tony Wayne, who was now the Assistant Secretary for Economic and Business Affairs, and Janice Bay who was the Deputy Assistant Secretary for International Finance in EB. They asked me to be the Coordinator for the Millennium Challenge Account. That sounded interesting.

Q: And what was that?

MORFORD: That was new. In March 2002 President Bush went to Monterrey, Mexico for a development summit hosted by the Inter-American Development Bank. There, he

launched an initiative. He proposed a new compact for global development that would link greater contributions from developed countries to greater responsibility for developing countries. He promised the United States would lead by example. We would increase our core development assistance by 50% over three years and \$5 billion of that would go through something new, the Millennium Challenge Account. Its investments would go only to countries that were governing justly, investing in their people, and encouraging economic freedom. That was the grand announcement and the birth of the MCA, now usually referred to as the MCC – Millennium Challenge Corporation,

Q: Now he just didn't do that on the fly, right? Somebody had to build up the plan.

MORFORD: No, there was quite a bit behind it. I was still working on EU affairs then, so I wasn't following it. I do know that once it was announced, Washington agencies had a lot of details to figure out. I'm not sure whose idea it was originally. I do know there was a high-level steering group, chaired by Gary Edson who was the Deputy National Security Advisor for Economics. Al Larson, who was Undersecretary for Economic Affairs, was the State representative on the steering group and he also led the interagency Development PCC. So, I think both of them had something to do with the planning for the MCA. No one was talking about originating the idea except Bono. He claimed fatherhood from when he had talked to President Bush. I think National Security Advisor Conde Rice and Secretary Powell both thought they had something to do with it too. There were probably a lot of other people who were happy to claim some parental role. That said, after the Summit, the interagency steering group had to figure out how we were going to do all of this.

Q: How did the five billion dollars for this effort compare with the U.S. agency for international development (USAID) budget?

MORFORD: I don't recall the USAID budget, but the \$5 billion would be a big increase in development assistance. USAID gives other types of assistance that isn't technically development assistance and, of course, the State Department gives out a lot of money for security related assistance and the Defense Department also provides military aid. So, there is a lot of foreign assistance that wouldn't be counted as core development assistance. With the MCA, there would be a source of funding solely dedicated to encouraging development and economic growth. We were going to boost the money we give to those countries which focus on economic development. The \$5 billion proposed for the MCA may have been close to the 50% increase in that type of development aid that President Bush spoke of.

Going back to the steering group, as I said, it was run by Gary Edson but also included Robin Cleveland from OMB, John Taylor from Treasury, and Patrick Cronin from USAID. They all reported to the Principals Committee, that is Secretary Powell, Treasury's John Snow, USAID's Andrew Natsios, etc.

All the working level reps also met regularly. When I came on board in September 2002, they had already been at it for nearly six months. They had divvied up responsibilities

among agencies. Treasury had made quite a bit of progress in identifying indicators we might use to determine which countries govern justly, invest in their people, and encourage economic freedom. USAID had identified several options for delivery and use of MCA funds and kept putting out paper after paper, each longer and more detailed. State was responsible for outreach – part of our diplomatic thing – but also worked on many of the organizational issues.

I became part of the interagency team that was supporting the steering group. Janice had been doing this and she was delighted I was on board. She remained involved but had many other responsibilities. I was dealing with Rodney Bent and Delia Welsh at OMB, Clay Lowery and John Wingle at Treasury, and many folks from USAID led by Patrick Cronin. I read everything and talked with everyone I could in that first month and then, based on what I had learned, went ahead and wrote my own recommendations for legislative outreach, MCA procedures, how the MCA might operate, even an organizational chart. It was a little premature, but I figured one way to get into this was to embrace the totality of it. I would learn more about what would work and what wouldn't over time, but first I had to get started. The exercise introduced me to the main issues and gave me many reasons to ask questions. I thought that first month went pretty well.

I then turned my attention to the legislation. I started interviewing other small USG agencies, like the African Development Foundation and the Inter-American Foundation. I then wrote up what they thought were their strengths and weaknesses, what they thought of their founding legislation and current structure, and what lesson they thought we should learn before we do anything. I shared it all with my interagency colleagues. The next step was to put together the Administration bill. From the beginning we knew that a primary objective was to get an administration bill before Congress. Without that, either nothing would happen or whatever happened wouldn't be anything near what we wanted. So, in October OMB was tasked with putting together a draft bill.

We knew certain things about it. We knew we would have a limited staff. We didn't want it to be a big organization. We knew that if it had a small staff it would have to have really flexible personnel authorities. And since each agreement was going to last multiple years, we needed to have the funds that were appropriated in one year to carry over. Normally that funding would have to be spent in the fiscal year it was appropriated. We would need carry-over authority.

We didn't know, however, how it would be structured or where it would reside. I can tell you that USAID wanted it to be within USAID; State wanted it to be in State. Treasury even put in a bid. It was clear, however, that some members of the Steering Group, including Robin Cleveland at OMB, did not have a great appreciation of how USAID operated and saw the MCA as a way to take aid in a whole new direction. There were others who just thought it would be difficult to try the new ideas in existing agencies and others who felt we might never get the flexibility needed if it resided in any of our existing organizations. The White House said fairly early on that it did not want it to be in the White House.

Q: You mentioned “each agreement,” so the idea of country agreements was already born?

MORFORD: The agreements. Yeah, at that point we called them contracts. The idea was to be a bit more businesslike. And that extended to personnel authorities. We wanted more flexibility than if all employees were government civil service.

Q: The contracts or the agreements would be with the developing country.

MORFORD: With the developing country. The U.S. would have an agreement with the country and that contract would say what was going to be done, how it was going to be done, and how much it was going to cost. Of course, the concept was still under development. We also knew that we wanted the countries to have a large role in deciding what would be funded. So, there could not be earmarks in the legislation. There were a lot of other things that we needed to make sure we got into the legislation to differentiate it from what we were already doing or else we could end up with people asking, “why MCA?” This was a Republican administration. Some of them were not totally happy with USAID and how it was operating. They were seeking something different. Other people were just happy to see an increase in resources and if it had to go through the MCA, fine, I think USAID was thinking, if we could get an extra five billion dollars and MCA is part of USAID, this is great. So, there were a lot of different thoughts going into this. Those were all reflected in the steering group.

Q: One thing I would just point out on earmarks is that AID has a whole lot of legal strictures put on it by Congress. These affect their efficiency sometimes as a development agency but they are intended to enhance accountability. Right?

MORFORD: Right, I think the feeling was, over the years USAID had developed more and more barnacles and that slowed its ability to move forward, and a new entity was needed to try out something that would allow us to move in a different way. It might be difficult to get anything new through Congress as a part of USAID. Also, institutions have their institutional cultures and changing those is also difficult. We felt we needed something new to try something new.

Q: Do you remember who in Congress took a particular interest in the development of MCA?

MORFORD: Well Jim Kolbe on the House side. He had a big interest in the MCA. On the Senate side, Richard Lugar, who was chair of the Senate Foreign Relations Committee. We were also able to get first or second term sponsors who did quite a bit of the groundwork on both the Republican and the Democratic sides. We had bipartisan support. Senator McConnell was also instrumental in this, as he was a supporter. But I would say as far as supporters, Lugar was the most important individual on the Senate side and Jim Kolbe on the House side.

OMB led the process to draft the legislation. I coordinated the State comments. We had a lot of interested bureaus. The draft grew. By late November 2002 the NSC sent inter-agency recommendations for the legislation to President Bush, and he went down the list and said, "Yes, let's limit the eligibility to IDA countries." That was the definition for low-income countries which at that time had under about \$1500 in annual per capita income. The target countries for this new account would have relatively low incomes. There would also be a small amount each year that could go to lower middle-income countries with per capita incomes up to about \$3000 per year.

The President also agreed to 16 indicators that would determine which countries qualify: six for governing justly, four for investing in people, and six for encouraging economic freedom. The methodology would require that eligible countries score better than the median compared to their peers for most of the indicators. The President made an exception for the corruption indicator. That, he said, has to be pass-fail. If they do worse than their peers on corruption they are not going to be in this program.

He agreed that the organization would be a standalone public corporation, with a board chaired by the Secretary of State. They would make the final selection from among the qualifying countries with their recommendation sent to the President. That was pretty much the package we had in November with Presidential approval. So, with that guidance, we sent legislation to Congress in February 2003.

Then our outreach began in earnest. I organized a briefing for the Washington diplomatic community in January. We had another one in May and a business/NGO briefing in April. I drafted speeches and Al Larson gave one to the committee on voluntary aid right after the bill was introduced. I spoke to a couple of large gatherings, including the International Consortium on Governmental Financial Management in Miami. We were all doing informal briefings on the Hill. Part of my responsibility was keeping all of our posts and Bureaus informed of what was going on. Somehow, I ended up being the inter-agency Q&A guy. I don't know why. But I ended up preparing over 100 questions and answers, some of which were posted on the website USAID was running for us and some went into congressional briefings. I also became the PowerPoint guy and had all kinds of PowerPoint pages ready to plug into presentations. Undersecretary Larson and others testified on the Hill. I drafted Secretary Powell's "From the Secretary" column in the June 2003 State Magazine. There was a lot of outreach.

By early spring 2003 we had the legislation on the Hill, but we realized we were going to need a more dedicated interagency effort to stand up the new organization. Having everybody work within their agency even though we were coordinating closely, just wasn't enough. We needed a task force so we could be ready to move as soon as legislation came out of Congress. State put together a proposal that Secretary Powell shared with other Principals to constitute a task force to develop options on all the issues we would face. On March 28, 2003, Principals charged the steering group with doing just that and with developing a plan to stand up the organization to manage the Millennium Challenge Account. That organization, of course, would become the Millennium Challenge Corporation (MCC).

At this point the House was moving pretty quickly on legislation. The Senate, not so fast. Since things were moving in at least one of the houses, we had to move as well. Operationally we needed to know up front how to select and notify countries. Then we needed a process for evaluating and developing proposals. And, we needed much, much more. Administratively, we needed a financial management system, a personnel system with a staffing plan and position descriptions, contracting procedures, office space and equipment, and an IT system among other things. Before all that, we needed a place to house the task force. I found space at State twice, but we decided to set it up in the New Executive Office Building. OMB found empty office space. The task force became a working group since Vice President Cheney's Energy Task Force had given task forces a bad name.

Q: That is an interesting link I hadn't known about.

MORFORD: Yeah, we became a little less formal sounding as a working group. Everybody was still working for their agencies but a few of us moved in together in July into empty offices in the New Executive Office Building. Our original little group included Patrick Cronin, who was USAID Assistant Administrator for Policy and became the Working Group Director. He was accompanied by Drew Luten also from USAID. John Wingle and Nick Williams came from Treasury. Delia Welsh represented OMB and John Dyke, Commerce. I was the State rep, joined shortly thereafter by Kevin Saba. Soon after the group formed, Jerry Dutkewych, who had been Peace Corp Director in Ukraine, joined to help with human resources.

At Patrick's request, I put together a spreadsheet with 34 tasks and a timeline on how we could get them all done. So, I became not just the Q&A guy but the task list guy as well. I kept revising and expanding that task list throughout the life of the working group. In September, Patrick left for an outside job in the NGO sector. Clay Lowrey, a Deputy Assistant Secretary at Treasury, replaced Patrick as Director. I was officially named Clay's deputy. We had three main streams of work: operations, administration, and legislation. The latter involved following and keeping tracked side-by-sides of the Administration bill and evolving iterations of the House and Senate bills. OMB prepared the side-by-sides and we all chimed in as to what was acceptable and what was not. The comparative side-by-sides grew to about fifty pages.

We completed our first interim report for the steering group in September after a couple of months of work and then delivered a second report in October. Within the Working Group, there were some issues on which almost everybody agreed and others where there was no agreement at all. One of the big outstanding issues was the question of the role of the country in program development and execution. The working group was composed of both long-time government employees and Bush Administration appointees, many from the private sector. Those from the private sector tended to favor having the MCC determine program priorities and oversee program implementation. The government folks emphasized the importance of country ownership and finding ways to have the country lead the process while the MCA developed controls to make sure that programs were

well-designed, meaningful, and effectively carried out. The issue created some tension and we had increasingly detailed versions of alternative process diagrams. You know the circles, triangles and squares going this way and that, all hoping to lead to a successfully carried out development program. In the end the steering group backed country ownership and that is where the MCA came out.

Q: When you all talked about this, did you have in mind the kind of projects that you sought or the kinds of efforts that you thought were going to eventually come out?

MORFORD: Some people did. And some people thought that was the beauty of it; we didn't know exactly. All we knew was the MCA wanted to fund projects that promote growth and reduce poverty. A lot could fall in that basket. Around this time, in mid-October or so, the Administration had identified someone who might become CEO of the new corporation. That was Paul Applegarth. Paul had worked on the financial side of development, particularly equity investments in development.

Paul became an advisor to Undersecretary Larson. He wasn't with the working group, but he was someone we could consult with. We didn't know when the House and Senate would agree on a joint bill, but it could happen as early as November. So, we were rushing, trying to complete as much work as possible and figure out all the things we still needed to do.

When we got to November, the Senate and House were both in the final stages of negotiating the authorization and appropriation bills for the MCA. Both draft bills differed from the Administration bill in several ways. The Senate bill had the MCA as a part of State. The House bill changed the composition of the MCA board, including the Secretaries of State and Treasury as in the Administration's bill, but adding the heads of USAID and USTR and leaving out the OMB Director. The House also wanted to add four voting non-governmental board members, something not in our proposal and seven non-voting U.S. government agencies. We ended up accepting all the board changes except for the seven extra agencies and insisting on an independent government corporation. The House proposed extensive congressional consultations in program development and earmarks. We opposed the restrictions on MCA flexibility in areas we felt it was necessary such as compensation, procurement, and operations. We were comfortable with the language on selection in both draft bills and accepted some other changes. Our "contracts" became "compacts." The USAID inspector general became the MCC inspector too. We had proposed time limits on MCA personnel, similar to the Peace Corps—other small agencies had warned of the dangers of lack of staff turnover in a civil service type system in small agencies—but that fell out. A Threshold Program was added to help countries that didn't qualify for a compact improve their performance on the indicators.

In mid-November, the working group was working really hard on administration. Setting up a new agency raises insanely numerous and often complex administrative decisions, all of which require some thought. Just within one area, say personnel, you have many questions. What are HR policies? What are your compensation and benefit plans? What

positions do you need (each requiring a position description)? What about overseas staff? And of course, there are other important issues: security clearances and procedures, IT systems, financial accounting among others. We solved one problem when State offered temporary quarters for the new organization in Rosslyn in a former OBO office. The beauty of that was it was already wired for State internet.

As a small agency, we knew that MCC was going to have to contract several functions. So, we had a three-way contest for who would do the MCC financials. The Department of the Interior won. State would provide badging. USAID would do security clearances. You get the idea.

We were figuring out who would help us with things on the operational side as well. We had developed MCA principles, country selection procedures, operating procedures, and a model contract, now “compact.” To envision how monitoring and evaluation would look, we used the fictional nation of Tambia as an example and went through all of the steps in the process that we thought would be critical.

I was working on the mission statement. We wanted it to encapsulate what we were trying to do and differentiate the MCA from other foreign aid. We also needed a motto or tagline. I came up with “reducing poverty through economic growth.” I called Paul Applegarth and he said, “That’s good but get rid of the economic.” So, “Reducing Poverty Through Growth” is what you can still see on the letterhead and website. If you put it in quotes in a Google search, MCC still pops up. I also did a whole set of precepts and procedures, many of which remain unchanged.

Q: So, when President Bush approved the indicators, how specific was that? I mean, did he approve a measure of performance on education and then you all later had to come up with the actual indicator?

MORFORD: Treasury had done a lot of work on indicators. They were really good.

Q: Did they know where they were going to get that data?

MORFORD: Yes, Treasury had identified and the Steering Group had approved what we proposed to use, whether it was from the UN, the World Bank or Freedom House. There were several sources for the 16 indicators.

Q: But the idea was to have something that you could measure for countries all around the world?

MORFORD: That is right. There were a few things they had to be. One, they had to be independent. They couldn’t be U.S. government indicators. We didn’t want anything to look like we had tipped the scale one way or another. Not all indicators included data for the poorest countries in the world, so we couldn’t use them. The indicators we used had to deal with all of the countries in the world. They also had to be done by organizations that we thought were fair and reliable. Obviously, indicators differ on what they measure

and how they measure it. Some were done by survey; some were actual measurements of performance. Over time, MCC added and changed the indicators it used but the purpose remained the same: to use independent criteria to select the countries performing best in areas that enable and encourage poverty reduction and growth.

Treasury looked at many indicators and identified options. There was considerable interagency discussion around which indicators would best predict which countries were likely to be successful.

We had the selection indicators, but we didn't have the whole selection process worked out. So that was a big emphasis in December. Things were coming together on the Hill, and we were likely to get legislation sometime in January.

Q: You are talking about January 2004?

MORFORD: January 2004, right. One thing that we all agreed on was that once we got the OK from Congress we had to move quickly. There were some clocks in the legislation. For example, after the Board indicated which countries were candidates to be in the competitive pool, there was a minimum 90 day waiting period before the Board could select the countries it would invite to actually prepare a compact proposal. We needed to have a Board meeting as soon as possible after the legislation passed so we could get the process moving.

As the Deputy in the Working Group, I still had my checklist responsibilities, so I prepared a list of everything big and small that needed to be done before that kickoff Board meeting. We needed to finish the financial management, the security, and the procurement procedures, and establish a Treasury account. We needed an initial organizational chart; we needed initial staff requirements. A draft of our pay system, including the part where we made it more performance-based, so it was a little more like the private sector. We needed interagency procedures for detailees, recruitment ads, and an orientation program for new employees. We needed bylaws for the Board to adopt at their first meeting. We needed to prepare congressional notifications and have procedures for FOIA (Freedom of Information Act) and ethics. Other urgent issues included our communication plan, our outreach materials, and the design and content of our website. What kinds of advisory groups did we want?

On the operational side there was a long list starting with what we would need to tell candidate countries. How do we explain and make sure they have access to the indicators? What do we give them in terms of the additional information we will use to assess country qualifications? The notification would need to go out right after the Board meeting. We also wanted to have a draft model compact ready. And we needed to decide how we would assess country fiduciary risks, statistical capacity, budget transparency, and all of the things necessary to carry out programs. The list was pretty long. Everybody was assigned a task and we got to work.

On January 24, 2004, President Bush signed the Millennium Challenge Act into law. It was go time. The working group now turned to a new checklist for what we had to do for the first two weeks. I was still in the working group technically working for State, so for the Board meeting on February 2, I prepared the State briefing memo for Secretary Powell and the draft cable to go out to posts to the field right after the Board meeting to announce candidate countries who could compete to become an MCA country.

John Dyke, who went on to become the general counsel at MCC, provided a separate memo to Secretary Powell, a memo that once the MCC was established would come from the MCC's Chief Executive Officer. I am sure that practice continues as each agency writes their memo for their principal and then MCC writes its memo for the Board and for the Chairman of the Board. The Board met and they named Undersecretary Larson the interim CEO and adopted bylaws.

It is funny how little things often get overlooked. We knew we had to get the congressional notification—the federal register notification—out quickly because that would start the 90-day clock toward when the Board could meet again to select compact countries. That was on my list, but nobody knew how to get a notice into the Federal Register! So, I ran over to State, talked to the guy in charge of Federal Register notices and then caught a cab to the Government Printing Office. I hand-carried the notice reporting the Board's action so that we could start the clock at the earliest possible moment.

By January 30 we moved into our new digs in Rosslyn. It had been abandoned by OBO so there were holes in the wall. It felt empty and unkempt but once you looked out the window you forgot that. We were on the 14th floor of 1100 Wilson Boulevard with a great view of the Potomac and DC in the distance.

At the end of January 2004, when we moved in, there were seven of us plus Acting CEO Larson. Every morning, we would begin with a circle of chairs in our large, vacant office space and at 9:00 Al Larson would come over from State and we would go over what needed to be done that day to keep the ball rolling. We seven were all detailed from our agencies. Over time the number grew as we seconded additional U.S. government personnel and then eventually began to hire from outside.

An initial priority was getting the word out to the world that we exist. Right after the Board meeting, Al Larson briefed the international press at USIA's Foreign Press Center. I was sent to Paris! The World Bank was hosting the annual meeting of its Parliamentary Network there, so I spoke to them and then went over to my old stomping grounds at the OECD to brief the Development Assistance Committee and its Chairman Richard Manning. There was quite a bit of interest. We set up our own web site: www.mcc.gov.

By early March we were completing the 30-day public comment period that kicked off with the Board decision on candidate countries. We held public meetings. Completion of the public outreach allowed us to report on the criteria and methodology for determining eligibility for compact development, a congressional requirement that had to be

completed at least 60 days before the Board could determine compact eligible countries. We were doing everything as fast as the law allowed, not wasting any days. While helping out with these issues, I kept updating our Q&As and drafted responses to numerous congressional queries.

Q: Now the money had been established so you would know how much money you were going to have.

MORFORD: Basically, we had about a billion dollars the first year more or less.

Q: So basically, you were going to do contracts that would total about a billion dollars?

MORFORD: Yes. We didn't know exactly how it was going to work. Remember we had the authority to carry money over the next year. So, we didn't have to obligate everything in FY2004. It could rollover and if we got another billion into FY2005 then we could obligate all of that to compacts in FY2005 or rollover the unspent portions to FY2006.

After finishing the public outreach, we were working through the compact development process. We needed answers to some questions right away. What do we need to tell a country that becomes eligible about the process? How will we appraise compacts? How will we disburse? Consideration of these latter issues went on over the summer.

Sometime in March, I was officially detailed from State to MCC. We were actually beginning to get full-time MCC employees! Then, on May 6 the Board met again to select the compact eligible countries. Paul Applegarth had just been confirmed as the new CEO and was able to attend the meeting. The Board selected 16 countries as eligible to develop an MCA compact.

Q: Was that selection an attempt to keep the list geographically balanced?

MORFORD: That had been a big concern. I remember that Brookings and the Center for Global Development had both been concerned that because we were choosing countries based on how they do against their peers worldwide that Africa would be underrepresented. When we got the numbers, Africa wasn't underrepresented. Yes, they had bad performers but when you look at the median, they also had better than median performers, and so the distribution didn't turn out to be a problem and we did it based upon the indicators, not trying to distribute regionally.

Q: The first screen is the per capita income, right? So, in Latin America there were four that year if I recall.

MORFORD: If I remember it was three: Honduras, Nicaragua, and Bolivia. El Salvador came later. Not all 16 countries developed compacts. Some fell off the table for one reason or another.

After the board chose the 16 countries, their Washington Ambassadors and all of us at MCC were invited on May 10 to the East Room of the White House. President Bush congratulated the eligible countries and stressed the opportunity they now had. It was a great way to welcome the countries and publicize the MCC. I had already sent out the cable to our embassies conveying the board decision and the process through which compact eligible countries had been selected.

Q: You sent out a cable to the embassies and the embassies would deliver the message?

MORFORD: Yes, and then we put newly drafted compact proposal guidelines on our website. It described what steps were needed in developing a compact. This answered some questions but stimulated many more for which we would need to develop answers. For example, countries asked what constitutes a broad consultation process? Is our Poverty Reduction Strategy Paper sufficient to describe our country's overall strategy for growth? What are our constraints to economic growth and how do we measure them? How do we define who the program's beneficiaries are?

Q: Those are already in the bylaws but now they had to be fleshed out.

MORFORD: Our compact guidelines were out there. You have to have a consultative process. You have to describe your country's strategy for growth. You have to identify constraints to growth and how the compact will address them. You have to identify the beneficiaries. You have to define the programs' goals. All of those need to be in the compact proposal but what exactly the MCC required for each was still a work in progress.

Q: The reason I asked about the money earlier was that we in the embassies started talking to governments about developing proposals, but they needed to know what the order of magnitude size was, and there was no answer for that.

MORFORD: We didn't have a size in mind. It depended on the proposal. That confused and created consternation among many countries. Normally the money was up front and then you work back from that. We weren't working that way. This was all different. The MCA was an attempted paradigm shift in how to do development. There were bound to be questions. We knew that we had to go out and talk to everybody as quickly as possible.

Q: All 16 countries, right?

MORFORD: All 16 countries. And we only had about 30 employees at that point. Not all of them could travel and not all were on the policy side, so we didn't have a lot of people. We divided into five teams, with two or three on each team, and headed off into the field toward the end of May. I went with Paul Applegarth and his chief advisor Maureen Harrington. We stopped in Tokyo to brief the Japanese and then went on to Shanghai for a World Bank conference on "Scaling up Poverty Reduction," where Paul described the MCA. There was considerable interest. Then we were off to Mongolia. We had good talks and I got to ride a Mongolian horse! Paul and Maureen then headed for Europe to

the Republic of Georgia, and I flew off to Sri Lanka, where I joined David Nummy, who was our new financial management expert, and the two of us welcomed the Sri Lankans and answered questions.

It took the five groups until the end of June to brief all the countries. After the trips, we debriefed the teams, and I collected three pages of things we learned that needed to go into our future considerations and questions that we needed to answer.

We were slowly becoming more established. For the first seven, it had been all hands-on deck all the time for anything and everything. We gradually began to get roles as we slowly picked up staff in the spring and then more quickly added staff in the summer.

We did a lot of work over the summer in developing how to evaluate programs. That was the subject of extensive internal deliberation over the summer of 2004. We were waiting for countries to submit compacts. We needed to be ready. The evaluation of compact proposals involved constraint analysis and economic rate of return measurements. These became a standard feature of how we operated. We developed draft model compacts. We established an Investment Committee which included all the vice presidents and the CEO. It would review compact proposals and vote on whether a compact was ready to go to the Board for final approval.

I became the Acting Vice President for Congressional and Public Affairs as we searched for someone with the appropriate background. (That wasn't me!) When we finally hired the new Vice President, my role became Managing Director for Donor and Multilateral relations. In other words, I was kind of MCC's diplomat.

Q: What was the key goal of the coordination? Was it that if, let's say, a country made a proposal related to agriculture and then other donors might have projects to coordinate? That there was some kind of coordination going on in the system?

MORFORD: It gets into that and a lot more. Over the summer I was still continuing outreach. In June I went to Wilton Park in England to speak at the Chatham House session on poverty reduction strategies. I consulted with the British in London, the EU in Brussels, the Dutch in the Hague, and the French and the OECD again in Paris. I went to the UN in New York to talk about the MCA at an outreach event on sustainable development for business and nonprofits. I went back to the UN in September with Paul Applegarth for meetings surrounding the high-level opening sessions of the UN General Assembly. It was a good place for consultations, and we went every year.

At the end of September, I retired from the Foreign Service. After a 33-year career, my time had come. I was going to take a week off before being hired back by the MCC on a personal services contract (PSC) in the same role. But then the head of administration told me at the last minute "Wait, we want to use fiscal year 2004 money So you can retire on the 29th but be back at work on the 30th?" So, my wife and daughter took me out to the Inn at Little Washington on the evening of the 29th and I was back at work the next morning.

Q: You were too busy to go through all those retirement training classes.

MORFORD: I never did any of that. I didn't attend the retirement seminar or learn how to find a job. I just kept working, but for MCC not State. As a PSC I could no longer aspire to be a vice president at MCC, but it allowed me to collect my pension and a salary which was quite useful with two kids in college. I was happy working in what became our four person Office of Donor Coordination. I continued in that position for five more years until near the end of 2009.

You asked about ensuring that donor coordination is embedded into the MCC process. In the compact development process, we made sure that our teams coordinated with all the other donors and that we knew what the other donor programs were. Of course, in our model the host government is ultimately responsible for coordination, which should work well but doesn't always. So, we did a lot of work on our own as well.

We managed to make donor coordination one of the required steps in each MCC compact. Before our country teams went into the field, our donor coordination team did a survey of all other related donor financed projects and compiled a summary of other donor programs that we shared with our country teams. Donor coordination was a required topic when MCC staff talked to host governments.

That didn't mean we didn't have issues. Our approach was different. And some donors didn't accept it right away. The country teams would occasionally call in for reinforcements and we would go out to talk to the donor community. For example, the donor community in Tanzania was quite organized around the World Bank's Poverty Reduction Strategy Paper (PRSP) for Tanzania. They thought we should choose or have the government choose a part of the PRSP for their MCC program. We explained that we welcome the Tanzanian government using the PRSP, but we didn't hold countries just to their PRSP. We did not want to restrict the country from doing something that made sense whether it was in the PRSP or new and different and not in the PRSP. And, of course, we had our own evaluation process for proposals whether or not they were included in the PRSP. Suffice it to say we had considerable interaction with other donors. Our CEO, our VP of Policy Maureen Harrington, and I all did a lot of coordination in donor capitals and in international fora. And the Donor Coordination team supported our country teams in the field.

Q: I would like to continue to talk about the MCC work. I think it is important to document how the MCC developed during this period.

MORFORD: We can do that, if you have particular questions, I have to say I have a lot of material that I still haven't gone through.

Q: I thought we could explore how the MCC developed over time. What did the initial compacts look like and how did they do? There seemed to be a lot of variety in the approaches in different countries. Did the constraints to growth studies part of the

process start early in MCC's formation? Am I right that the initial compacts were smaller and later compacts were much larger. How does the monitoring and evaluation process develop? I know that eventually you were embedding those principles into the project from the start.

MORFORD: I'm happy to talk about those things. We were a small organization, so it was pretty easy to follow what was going on throughout the Corporation, especially at the beginning. My division was under the Vice President for Policy and Evaluation, that was Maureen Harrington who had been Paul's advisor. In addition to Donor Coordination, the Department was responsible for selection and eligibility, economic analysis, monitoring and evaluation, and the Threshold Program. Our offices were next to each other, so I had a particularly close view of how things developed in those areas.

There are some things we learned as we went. One was to get the monitoring and evaluation embedded early on. And really, monitoring and evaluation became one of the key differentiating aspects of the MCC from most other aid programs. There was a commitment to doing independent evaluations of the effectiveness of our programs. In fact, such evaluations were done on over half of our compact programs based on indicators selected during the compact's development. That meant that we were measuring not just after the fact but at the beginning looking at base studies and then all the way through the program.

When you look at it, one of the things that was interesting to figure out is — what contributes to growth? Different countries have different constraints. What is holding back your country's growth? Is it education? Is it health? Is it a lack of infrastructure? What kind? There are a lot of things that can stand in the way of economic development. We tried to address some of those issues through our indicators, selecting countries that were doing better than their peers on indicators related to growth and poverty reduction and we can talk too about what we called the "incentive effect" of the indicators. When it came time to invest MCA funds in compact countries, constraints analysis, a broad-based consultative process in the country, and measuring likely economic rates of return all informed the answer as to how best to use the funds to stimulate growth and reduce poverty, which naturally varied greatly country by country.

Q: Very good. I am looking forward to next time.

Q: Good afternoon, it is January 13, 2023. I am continuing the conversation with Dick Morford. So Dick we had gotten to the point where the Millennium Challenge Corporation is now a real organization. Is that the point at which you left State?

MORFORD: Not exactly. President Bush signed the law making MCC a reality on January 24, 2004. As I think I mentioned, seven of the working group members moved over to Rosslyn right away to become the MCC's first employees. We were all still officially full-time employees of our various agencies. State detailed me full time to

MCC in March 2004 and I stayed in that status until the end of September when I officially retired from State. Then, I became a full time MCC employee, albeit under a Personal Service Contract.

Q: You mentioned the first four countries. Was it considered then that these are the four or five that we were going to do this year? Or was it considered a flow over time?

MORFORD: We had no idea which countries would submit compact proposals first. By August 2004 we started getting proposals. I think Honduras was one of the first followed by Cape Verde. Some countries didn't submit a proposal but instead sent in a "concept paper." They wanted to get our feedback before they went any further. They may not have been sure what they wanted, or they may have believed we had a predetermined idea of what the program should be and were sounding us out. For each of the countries that submitted a proposal or a concept paper, we set up a country team to work on it. We were short staffed at the beginning but added staff and expertise as demand and the elements of proposed programs became clearer. So, no we didn't have a number. You could say we were demand driven. And, as we began due diligence, we didn't know how long it would take before we had a compact that we were ready to approve.

Q: And I expect that for various purposes you tried to have those four or five be geographically diverse?

MORFORD: You know this is an interesting thing. From the very beginning I remember there was a lot of concern that there wouldn't be enough African countries. African experts were concerned about this. They were afraid not enough African countries would score above the median on enough indicators to qualify. We said we don't see that in our initial looks at the data. African countries don't do worse on average than the rest. As it turned out, there were good performers and bad performers all over the world. That initial 16 was a very geographically dispersed group of countries and Africa did not fall short of having a representative number of countries.

Q: Do you remember which were the original four, that November?

MORFORD: Well, we got proposals in from Honduras, Madagascar, Cape Verde and, I think, Georgia. And there must have been another Central American country.

Q: That would have been Nicaragua.

MORFORD: Right, because El Salvador wasn't signed until 2006. Yes, it would have been Nicaragua.

Q: Now I just want to back up to clarify something. I think you said one of the early things you were working on was how to evaluate the program, so you were already looking at M&E?

MORFORD: As we discussed, we had a number of steps to make sure compact programs had broad support, would reduce constraints to growth, and could be measured. We required a broad consultative process in the selection of compact objectives. The constraints analysis gave the country a chance to identify areas where the investments could be most effective. The Economic Rate of Return analysis estimated the effect of the program on growth and poverty reduction. And, along with the development of compact objectives and specific programs, indicators of effectiveness were also selected that would facilitate monitoring of progress during the compact and evaluation afterward.

Q: That was at the very beginning?

MORFORD: Yes, pretty much from the beginning. All these steps evolved over time, most significantly over the summer of 2004, but they continued to evolve. They sort of built on each other. Where should a country start? I've already talked about the Poverty Reduction Strategy Papers where many donors thought we should start, but they were uneven. So, we decided a constraints analysis would be useful to get a sense of what the country found to be blocking their ability to develop. Other donors actually assisted some of the countries in doing their constraints analysis. Once we saw the country priorities emerge, then the next question was, where would MCC funds, which it is important to note are grants, not loans, over a five-year period, make the most difference? The broad consultative process was important for getting domestic buy-in and avoiding special interest capture. Another important question was how well any compact proposal would do in terms of poverty reduction. We ended up deciding on using an economic rate of return (ERR) analysis to measure what the result would be in terms of economic growth and poverty reduction, especially for those with low incomes. That too developed over the first year and evolved as we measured different types of programs and became more sophisticated. We were able to give technical assistance to some countries once they were in the compact development process.

Q: Once the initial proposals came in, did you look at the four of them at one time? Were they competing against each other?

MORFORD: No, each was looked at as it came in and they developed at differing speeds. Each potential compact proposal had a transaction team that would look at them. We called them the transaction teams - the country team plus expertise needed for program areas as well as for ERRs and M&E. Remember we originally wanted to call our compacts "contracts" and MCC was a "corporation." Our head was the "CEO" with Vice Presidents and Managing Directors for officers. We were still biased toward business rather than government terminology. So, transaction teams it was.

The transaction teams would review the compact proposal. When the proposal got to the point where the team felt there was sufficient viable content to warrant development, they would send an Opportunity Memo to the Investment Committee which if approved would initiate full fledged compact development and could unlock pre-compact funding for proposal development. Pre-compact funding was again something that developed over time – I think we started providing it in some cases in 2005. When the team felt the entire

compact proposal -with the terms of a draft compact – was ready, they prepared an Investment Memo for Investment Committee consideration. If approved, that would go to the Board for ultimate approval. A compact signing would then follow.

Q: What I remember was Honduras and Nicaragua were similar. They were looking at improving roads and other infrastructure in order to help agriculture in a very poor area there.

MORFORD: I remember they were trying to increase opportunities to produce and move more goods from farm to market. None of these programs were just “build a road.” Now building a road may have all kinds of effects. But that alone does not ensure that you get the kinds of results you are looking for in terms of economic growth and poverty reduction. So, I think in Honduras there was a lot that went into the productivity of farms and the technical knowledge that builds the skills of farmers augmented by reducing the transportation problems.

Q: I was an econ counselor in Honduras at the formation of the MCC and I was focusing on helping Honduras get ready. Ten years later in my position running the development finance office in State, I was going to board meetings and there would be questions about an African country capital city doing a major overhaul of their wastewater system. And there had been some very large, multisector compacts, like Salvador in 2006. So, it was interesting to me to see how these varied. In those early ones, were they all very different?

MORFORD: They were all different but not completely. So, as you said, the Nicaragua and Honduras proposals had road elements, an emphasis on access to markets. But Nicaragua also had a property rights element because their property rights system was poor. On the other hand, in Lesotho it was their health system and water. Cape Verde had three different parts to their compact, an infrastructure portion focused on roads and port expansion to reduce transportation costs, watershed management to increase farm output and a private sector development program.

I remember going to Madagascar, our first compact. One element of its compact also addressed property rights. Only 3% of the land was titled. I didn’t personally visit but I was told the title office consisted of rows of musty documents that looked like they had never been touched. The compact aimed to lower poverty by helping farmers transition from subsistence agriculture to a market economy. Having title to your own land was essential to obtaining credit and improving output. Georgia was one of the first compacts and it too had a road, but a reliable energy supply was really the big investment there. So, while there were similar elements in some compacts, everything was different and targeted to each country.

This was a little later, but Morocco had a diverse compact which encompassed supporting tourism and artisans in the Fez Medina, expanding microfinance to those with low incomes, and fruit tree productivity. There was also an element to encourage entrepreneurship. That element was interesting. It was technical assistance but neither we

nor the government of Morocco knew what would work best. So, the compact ran a contest with three different programs and then gave longer term funding to the one that had the best results.

With all these proposals in different areas, we needed to adjust our staff. For example, all of a sudden, we needed an expert in property rights. Our staff was built at least in part on the compact proposals we received.

Q: And were they permanent positions or tied to the compact and temporary?

MORFORD: We would sometimes get help from USAID or elsewhere for short term assistance on a specific issue, but if we knew we were going to have a requirement over time, we hired. It took us most of 2004 and 2005 to hire up to so that we were fairly fully staffed.

Let me go back to tie into where we ended our earlier segment. I think we pretty much wrapped up our first year of 2004. We had begun to receive concept papers and compact proposals and teams were analyzing them based on procedures and structures developed over the summer. I left State at the end of September and continued on as an MCC contractor treated pretty much as a full-time employee. Two weeks later I was in Geneva briefing developing country Ambassadors to UN agencies and the WTO about the MCA and the potential for their countries. And then in December, I was at the Paris Convention on Aid Effectiveness, with our delegation led by USAID Administrator Natsios. I got to know him through the regular early morning sessions we set up between the heads of MCC and USAID to keep the two agencies coordinated. I was the plus one for our side.

Q: You didn't get a break, but it was a busy time and what a good position to be in to retire and then get a personal services contract.

MORFORD: It was. And I liked my job as Managing Director for Donor and Multilateral Relations.

Q: And that was your job for the rest of the time?

MORFORD: Yes. There were eventually four of us in the section. Our job had four basic functions: acquaint other donors and international organizations with MCA's policies, programs and how to work with us; ensure MCA programs are well coordinated with other donor efforts; participate in international efforts to reduce poverty and spur development and keep MCC staff aware of international development trends and agreements; and, finally, represent MCC in the interagency process to determine our overall foreign aid and development policies.

I've already talked about the first two of these things. Regarding the last two, it was important for MCC to play a role in the international efforts especially with regard to issues like aid effectiveness. But there were also pushes on aid for trade and, of course, the Millenium Development Goals.

Q: So, Paul Applegarth was chosen to be the first CEO. How long was he there?

MORFORD: Paul became CEO at the beginning of May 2004 and left in the summer of 2005.

Q: So it wasn't really that long.

MORFORD: Well, it was a pretty important period of time. He was instrumental in shaping the organization, setting up the MCC structures and policies that allowed us to consider and fund compacts, and staffing the organization from ground zero. As I mentioned earlier, by the time we got to 2005, we were under increasing congressional pressure to get money out the door. Our belief in country ownership meant that countries developed their own compacts. The process wasn't always speedy. We didn't have canned development projects that MCC had dreamed up ready to go. We were also continuing to develop our own methodologies for compact development and evaluation.

Then there was the disconnect between the usual congressional way of doing things with annual appropriations and an expectation that all funds would be obligated in that fiscal year and how MCC was set up. MCC had no-year money and the expectation of five-year compacts that were obligated up front. That ensured there would always be a good deal of obligated, but unspent, money since even though we signed a compact, we wouldn't spend the money right away. In fact, most compact programs were anything but front loaded. With infrastructure, a lot of preparatory work is needed before you actually pay to dig the ditches or construct anything. This was exacerbated at the beginning by the amount of time it took to get the first compacts approved. Congress had appropriated a billion dollars in 2004, and \$1.5 billion in fiscal year 2005. We had spent very little of that. Then, in February 2005 President Bush requested another \$3 billion for FY2006. So, some on the Hill were saying wait a minute we have given you \$2.5 billion dollars and you've only spent a few million. You don't even have any compacts yet.

Remember, at the beginning we had been in a hurry to do everything as quickly as possible to get this process off and running for this very reason. When Paul Applegarth testified before Senate Foreign Relations in April 2005, he explained our process and the progress made. We had just signed our first compact with Madagascar. He compared our progress favorably to the amount of time it takes in the private sector to do similar big deals. He also laid out how much all the proposals so far would cost – well over \$3 billion with more coming – and thus the need for more funds.

Considering everything that needed to be done, we thought that less than a year to develop the first compact was pretty good. Compacts with Honduras, Cape Verde, Nicaragua, and Georgia were coming soon, and more were in the pipeline. Remember, countries didn't get notified until May 2004. That was pretty quick for a totally new process with everything from scratch. We were proud of ourselves. But not everyone in Congress was sympathetic and some asked why this money couldn't be used elsewhere until it was actually needed.

Q: Was Jim Kolbe still involved? Was he still in Congress?

MORFORD: Yes, he was still up there but I can't remember where he was on this issue. We got support for the President's budget from outside aid groups but countries that hadn't put in the effort to develop a compact or didn't qualify for the MCC were complaining as well.

Q: Did the expected cost for five years of the five compacts—did that equal one billion dollars or the \$2.5 billion?

MORFORD: If you look at them some are bigger than others. Georgia was about \$400 million. The others ranged from a little over \$100 million to \$200 million. So, they weren't the largest compacts but altogether the first five totaled about \$1 billion. Ghana came later and was bigger, around \$550 million.

Honduras was \$215 million. Cape Verde was smaller; it was \$110 million. Nicaragua was \$175 million. Those are the numbers and if you add them up it's a billion dollars for the first five and we could see quite larger compacts coming. We thought we were doing all right, but there was pushback and Paul got more of that than anybody else.

The MCC was non-standard. We also made countries responsible for implementing the compacts. So even after we signed a compact, there was a period before the compact actually entered into force – that could take as little as a month or as long as a year depending on how fast all the needed elements were put into place.

Q: And Secretary Rice became secretary of state in 2005?

MORFORD: Yes, early in 2005 and, of course, she also became Chairman of the MCC Board. After Paul left in August, Chuck Sethness, our Vice President for Monitoring and Evaluation, became the acting CEO.

Throughout 2005, the MCC continued to staff up, with country teams for each compact candidate and new expertise in areas identified as priorities by countries. As countries started signing compacts, we also selected Resident Country Directors to operate in-country.

I haven't mentioned it much, but our Threshold Program continued to develop as well. We set up a separate program for countries that were close to qualifying for compact eligibility. This was not designed like compacts to reduce poverty but to assist countries in their performance on the eligibility indicators. Unlike compacts, USAID, not the country, administered the Threshold Program. This arrangement may have helped allay some of the concerns USAID staff had about the new US aid agency. In July 2005, we approved our first Threshold Program with Burkina Faso to improve girls' primary education completion rates.

Our donor shop also began to standardize several practices. To improve program quality, we embedded donor coordination in the Transaction Team's activities. We researched other donors' activities in each MCC country and briefed Transaction Teams before they went to a country. After they came back, we debriefed them and updated guidance on donor coordination shared throughout MCC. We also helped them reach out to other donors in capitals and in-country to encourage aid that would complement MCC investments. "Other donors" included USAID and other US donor agencies by the way. One other thing we made sure of was that donor coordination was discussed at Investment Committee meetings where new Compacts and Threshold programs were considered. We made it a requirement that the transaction team's Investment Memo to the Investment Committee described how the proposed program fit with other donor efforts and how it was coordinated with other donors. Over time we negotiated agreements for broader across-the-board cooperation with several other donors, such as the UK's DFID, Denmark's Foreign Ministry, France's AFD, the World Food Program, the Alliance for Green Revolution in Africa, and the Trade and Development Agency.

Even after more than a year in operation we still needed to get the word out about how we worked and how to work with us. We were not inventing new concepts – country ownership, incentivizing reform, and measuring results, for example, were all widely supported. We tried to take many of the lessons that had been learned and just apply them in a unique model. Our work with donors was critical to MCC outreach – we still prepared a good number of Q&As for the website. I traveled quite a bit to reach out to donors, sometimes with the CEO, sometimes on my own and sometimes as a part of the US delegation. Just to give you a sense, in 2005 I was in London (twice), Berlin, Brussels, Naples (to again address the World Bank Parliamentary Network), Tunis (for meetings with the African Development Bank), New York (for a presentation on the MDGs and then again for meetings around the UNGA), Senegal (for the second conference on Aid Effectiveness), Mozambique, Ghana, Stockholm, Oslo, Copenhagen, Hong Kong (for WTO meetings) and Tokyo.

Near the end of the year in November, John Danilovich, our new CEO, came on board. John had been our ambassador in Brazil and Costa Rica. He was there through the Bush administration into 2009.

I would give both Paul and John a lot of credit. I traveled all around the world with both of them and got to know both fairly well. For developing the internal processes Paul did a good job. He selected a talented and diverse staff. Maybe we could have been a bit quicker in hiring but there is a trade-off there, right?

Q: When John came in, did he have different interests in strategic direction?

MORFORD: I wouldn't say there was a different strategic direction, but he beefed up our hiring. He also launched an internal assessment of where we were and what we needed to do. It is always good when you have somebody coming in to take a fresh look. It was still less than two years after we had begun but a lot had happened, so it was good to reassess where we were and relook at the structure of the organization. Did we have the right

personnel? Where do we still need top up staff? Are the hiring procedures good? What about the procedures for compact development, implementation, and appraisal? I think we kept most of the procedures but made some alterations. We concluded we needed staff in different areas. And, at the end of 2005, we were still staffing up. Remember this was going to be a small organization. Three hundred was our personnel limit, but in the summer of 2005, we were still only about halfway there. In addition to the 300 staff in Washington, we were also staffing up in the field. We would generally have a Resident Country Director and deputy in each country once we had a compact. They often came from the Washington staff. So, as they went out to country, they often left a hole to fill in Washington.

In addition to process adjustments and hiring, I also remember that John was an early and avid supporter of regional compacts. We didn't get the authority during his or my time at MCC, but Congress eventually gave authorization for MCC to make investments that could promote regional trade, investment, and growth.

So, by the end of 2005, we had signed and enacted compacts and started the Threshold program. I would say that from 2006 on, we were no longer a startup, and we began to operate more like an established organization. So, what was I doing in this now somewhat grown-up organization?

For another four years, I continued to travel on my own or accompanied the CEO and other officers to meet with donors and international organizations both in capitals and in MCC countries. I made it a point to visit not just donors but at least one compact country each year, going to Ghana, Senegal, Mali, Mozambique, Tanzania, and Madagascar.

I already spoke about how our donor shop had worked to embed donor coordination throughout the compact development process - in the Transaction Teams and Investment Committee, for example. Our objective was to improve program quality. As countries began to implement their compacts, they sometimes found additional funding could improve the program or add additional beneficial features. Since our compact amounts were fixed over the five years, we would help them reach out to other donors, which were often willing to assist.

In addition to coordinating with donors to improve MCA programs, we also had an active program of donor outreach to increase their recognition of and support for the MCC. We did this through talking points for principals at IMF/WB meetings, consultations with the EU, G8 meetings and the DAC peer review. We utilized the CEO's and other officers' travel, speeches, interviews, op-eds and participation in donor conferences. There were also automatic emails to donors and US embassies on MCC developments and a donor coordination site on MCC website. We held internal training and wrote talking points, so MCC employees knew about the Paris Convention and other international donor agreements. We also prepared reports on how the MCC was contributing to aid effectiveness, trade capacity building, the Millennium Development Goals, etc.

We also sought to learn and share lessons from other donors with MCC staff to increase

MCC effectiveness. We investigated how well other donors were doing with aid modalities we didn't use, for example, budget support and pooled funding, and how they carried out activities that could be helpful to MCC, such as capacity building (including procurement and financial management) and private sector development activities. My last big project at MCC in the summer and fall of 2009 was coordinating an MCC-wide study on the use of country systems.

Finally, we tried to contribute to and represent U.S. development policy. I represented the MCC in the Development PCC and international outreach activities at the WTO meetings in Doha and Hong Kong, at the OECD, and at the UN and its agencies. We kept senior staff up to date on international and USG development strategy so we could incorporate USG development policy into MCC public and private messages. We were active members of the USG team, attending the NSC's interagency meetings on development and not just representing MCC but contributing to promoting U.S. overall development interests. For example, I informally chaired the U.S. delegation to the Infrastructure Consortium for Africa. (I say informally because while I sat in the chair, my role as a PSC did not allow me to formally chair the U.S. delegation.) I also saw one of my earlier efforts come to fruition. If you recall, in the study I led back in 2002 on improving US-EU relations, one of the recommendations was to increase cooperation on development. I accompanied USAID to Brussels to launch that effort, albeit many years later.

Q: So, can you explain what that means about using country systems? Does it mean feeding the money through the ministry of agriculture or the ministry of transportation, for example?

MORFORD: Yes, I mentioned that in 2009 I coordinated an MCC-wide study of the use of country systems. The objective was to get an agreed approach that was consistent across the organization and across countries. It aimed to set criteria for when and how we would use country systems and looked at four areas: procurement, public financial management, environmental and social assessment, and monitoring and evaluation. You are pointing to procurement, which is what people probably first think of when discussing country systems, but country systems also apply more broadly including to areas that don't even involve funds. Could the country do its own environmental or gender assessment, for example?

Regarding procurement, we had discovered acceptable systems of procurement in a few of our early compacts, Tanzania, for example. In cases where we couldn't use established government agencies, the countries set up an entity dedicated to the MCA program like MCA - Cape Verde. This was similar to what the World Bank had done for specific projects in some countries. These were country specific entities set up by the government to manage the compact. They would often do the procurement. This was by far the most common procurement method for our early compacts. In a few cases, when capacity was particularly weak, we used other entities. For example, in two early cases, countries selected the German Technical Cooperation agency GTZ to run their procurements. MCC's procurement for its own operations was done just like other US agencies under

federal procurement regulations but compact grants were different with the law just requiring “open, fair, and competitive procedures.” So, we developed procurement guidelines for all MCC country procurements. If the government could meet those guidelines, then we could work through the government and, if not, they set up something that could do so, or we looked for a third party.

By the spring of 2009 I had been working at the MCC for more than five years. I had been working on the MCA concept for nearly seven years. My annual work cycle had become somewhat predictable. If you recall back at the beginning of planning the MCA, based on advice from some of the small U.S. agencies, I had advocated, and we had put in our original draft legislation, a general five-year limit on MCA employees. That way new talent was constantly reinvigorating a relatively small agency. I had already been at MCC longer than that. Besides, come to think of it, I had never been in a job for longer than three years in my whole career!

Sitting there in the spring of 2009 though, my biggest concern was whether the Obama administration would support this Bush administration creation. We didn’t know of course. Then in May, President Obama made it clear that he would. So that same month, I told my boss, Maureen Harrington, the Vice President for Policy, and Rodney Bent, who was Acting CEO for a while after John Danilovich left, that I would be leaving at the end of September – the five-year anniversary of my retirement from State and hiring by MCC.

We got to September and there was one more surprise. As we entered that last month, USAID asked if I would extend a month and act as the OECD DAC (Development Assistance Committee) representative in October in Paris. The incumbent DAC representative was one of their best Pakistan experts and they needed him there for a short TDY. You know, that didn’t sound like a bad way to go out. So, I said all my farewells at MCC and took off for a month in Paris.

Q: And then you retired from U.S. government work.

MORFORD: Yeah, I left MCC. Actually, I’ve worked at State in a part time role for several years since then, but that was really the end of my formal continuous career in the U.S. government. It lasted from September of 1971 until the end of October in 2009.

Q: Would you like to offer any reflections on your career?

MORFORD: At the beginning I had not a clue. I very much learned on the job. I must say I never had a bad post. I was lucky my family got to go with me wherever I went. I had exciting jobs. I was never bored. And sometimes we really did make a difference. Afterwards, I went off and did some consulting for a few years but that’s another story.

Since we’ve been talking about the MCC today, I will say that it was particularly satisfying. It was an invigorating challenge to help develop a new agency that was trying to do something in a new way.

Trying to find a way to incentivize good policies was particularly appealing. We liked to talk about the “MCC Effect.” Could the prospect of MCC investments encourage reform? Only by improving policies and governance could countries qualify on the indicators. I liked to think of it as the US equivalent to the admittedly more powerful accession requirements that the European Union used to leverage reform in countries seeking to join the EU. It also gave reformers a supportive platform to back their efforts and arguments. That effect seemed to be particularly strong in the early years. We weren’t getting the \$3 billion requested nor anywhere near the \$5 billion that President Bush had originally spoken of, but the amount was substantial and going up to \$1.75 billion in FY 2006 and FY 2007. And we could see the improving scores on indicators sensitive to policy changes, like Days to Start a Business. Of course, since then the annual appropriations stabilized at a little less than a billion a year and I don’t know what effect that has had.

Q: You say that the use of the indicators by itself has some real development impact on countries?

MORFORD: I think so. The whole idea is you are going to be working with better performers. Obviously in this case, these better performers are from a pool of the worst performing countries in the world, so you are not going to have universal success. And we didn’t; we had countries that fell off the program for all kinds of reasons. But choosing partners based upon them having better policies and better governance not only encouraged reform, which was good in itself, but it increased the odds of successful programs. Throughout my career, I looked for the best ways to encourage other governments to do what we would like them to. Clearly, you stand a much better chance if you can find ways to make it not just in our interest but in their interest. We often need to come up with fresh ideas on how to do that and MCC was one of those.

The other thing that I found really extraordinary about the MCC was that we didn’t measure our success based on how much money we spent. We measured it based on results. The results were quantifiable because we had started measuring them from the very beginning and continued throughout. As we speak today, MCC probably has a higher percentage of independent evaluations of their programs than any other aid agency. It’s not surprising either that MCC has been judged the most transparent aid agency in the world for several years running.

But to get back to my overall career, I can’t complain. I had the great honor and pleasure of representing the government and people of the United States. I had fantastic experiences, met wonderful people, and even had a few accomplishments. A brochure in the Wabash College Dean’s Office in Crawfordsville, Indiana led me not just to Germany and Austria, but to Singapore, Osaka, Jakarta, Fukuoka, Seoul, Paris, and all around the world. I’m glad I picked it up.

Q: Thank you so much.

End of interview