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

MARJORY ELLEN SEARING

Interviewed by Charles Stuart Kennedy
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MARJORY ELLEN SEARING

Background
- Born and raised in New York State
- Harpur College of the State University of New York;
  Georgetown University: Catherine Gibbs
- Grandfather

Department of Commerce: East-West Trade 1967
- Night courses at Georgetown U.
- Bureau of East-West Trade
- Investment in East Europe
- Prague Spring
- Georgetown PhD oral examination
- Relations with State Department
- Political/Military interests

Department of the Treasury: 1968-1979
- East-West Economic Policy
- Secretary of Treasury William Simon
- Promotions to super-grade
- Brzezinski influence
- Johnson-Vanik
- Afghanistan invasion
- Treasury role in policy
- Simon's Eastern Europe trips
- US-USSR Commercial Commission
- COCOM
- Mike Blumenthal
- Human Rights
- Tito
- Relations with Soviet bloc embassies
- Soviet Union
- East Europe entrepreneurs

Treasury officials' expertise
Marriage and family

Department of Commerce 1979-2001
Chief, Office of International Sector Policy
Deputy Assistant Secretary for Science Electronics
Chief, Office of Uruguay Round
Chief, General Agreement on Tariffs and Trade (GATT)
Political influence
Auto industry
Japan
Voluntary restraint arrangement effects
Japanese intransigence
Relations with Unions
United States Trade Representative (USTR)
Foreign Commercial Service creation
Steel
Tony Solomon's trigger price mechanism
European labor policies
US flexibility of workforce
Trade liberalization
Advisory Committee System (Tariffs)
Product committees
European obstructionism to Uruguay Round
American-Canadian Trade Agreement

Deputy Assistant Secretary for Asia and Pacific

Deputy Assistant Secretary for Japan
Trade competition and litigation
Staff
World Trade Organization (WTO)
Threats of sanctions
GATT
"Disk fix list"
Administration changes
Japan meetings
Japanese negotiating style
Cultural differences
Asia-Pacific Economic Cooperation (APEC)
China
Japanese "bubble burst"
Establishing relationship with Japanese negotiators
Negotiating tactics
Agreements to promote access for American firms

INTERVIEW

[Note: this interview was not edited by Ms. Searing]

Q: Let's start at the beginning. Can you tell me when and where you were born, and something about your family?

SEARING: Sure. I was born in Cambridge Heights, Queens, New York.

Q: When?

SEARING: In 1945. I'm almost a baby boomer, just before the war ended. Basically I lived my first five years in a town out on Long Island, Lindenhurst, with my mother and father. When my parents divorced, I was moved to my grandparent's home in Nassau County on Long Island.

Q: Let's talk a little about your parents' background. Your father...

SEARING: My father was a fisherman by training. My mother was a telephone company operator. But my grandparents were really my family.

Q: Which side?

SEARING: Those were my mother's family, and that's who I really grew up with.

Q: Their name was...

SEARING: Ridley.

Q: What was their background?

SEARING: My grandfather was an electrical engineer. He worked for the Navy for over 40 years, which I really think is where my inspiration for public service really came from. And my grandmother was a homemaker.

Q: What sort of education did your grandparents have?

SEARING: My grandfather had a bachelor's in engineering.

Q: Where did he go to?

SEARING: He went mostly to Pratt Institute. He did most of it at night. He actually had gone to Bookman Tech as a child, and then actually began work immediately because it was during the depression.

Q: Yes, because that's what one did then.

SEARING: Exactly, and no one had the money at that time to go to school. So, he did his education, slowly but surely, worked practically as an engineer. In the Navy at that time

you could get an equivalency and then, eventually over time actually did the coursework to complete it. And he then worked in the Department of Defense in the Navy department on weapons.

Q: Was this in New York then?

SEARING: It was in the Brooklyn Navy Yard until it closed.

Q: How about your grandmother? What were her interests? And what was her education?

SEARING: As I remember, I doubt she graduated from high school. I could be wrong.

Q: Well, that was an era when women often didn't...

SEARING: Exactly. She was actually born quite well to do, in 1890 I believe. Her maiden name was Annin, and her family were the founders of the Annin Flag Company, which actually still exists. They were quite well to do until the stock market crash, and in fact they were one of the real casualties in 1929.

Q: Let's talk a bit about the home life there with your grandparents. Did you sit around the dinner table and talk about things or did you read, how did this...

SEARING: They were my gift in my life...(laughter) because had it not been for them, I don't think I ever would have become an economist. My grandfather was an extremely (he's still alive, by the way) smart person, and was not particularly good with the babies; but once you became at least a person, and could have an interaction with him, he was a real inspiration. Very interested in the field of Astronomy; he discussed it at home. My grandmother was just devoted to him and they really had a very close marriage, a very good marriage. That really was my base, I think, in my life. Interestingly, though, my grandfather did not think that it was a good idea for me to bother getting educated. He really thought it was a waste of money for a woman to get educated. He was of that generation.

I grew up in a community that I think was another gift. It was a very ethnic community, half was Italian, half was Jewish. This was in the '50s and '60s, and they had track systems in the schools on Long Island. I was a smart kid, and I was in all the honors classes. When you got into high school, junior high and high school, the really, really smart Italian ethnic group went to a lot of Catholic high schools, the private schools on Long Island. So what was left in the really smart group were mostly Jewish kids all of whom were goal-oriented and education-oriented and I just got swept up in that.

Q: Was there any Jewishness, or whatever you want to call it, in you family?

SEARING: None whatsoever at all. I had no experience or exposure to it.

Q: Religion?

SEARING: We're Protestant, just sort of anything Protestant.

Q: Well before we move on and talk more about this, how about the family, was it a Democrat or Republican family?

SEARING: My grandfather was a dyed-in-the-wool Republican.

Q: Good God!

SEARING: My grandmother didn't vote because she knew if she did she'd be voting against his vote (laughter). So she was very quiet about her politics.

Q: It seems interesting about someone involved in the Navy because Roosevelt was so instrumental in getting the Navy going.

SEARING: He was NOT a Roosevelt fan. And to give you a feel for my grandfather, this was when I was around 22 years old, I really knew I couldn't discuss politics with him. We were having a discussion around dinner, and he looked at me and said, "Well, Marge, I still think Nixon was an honest man."

Q: Well, going back to the school, this is an interesting thing that in these ethnic schools you did find much more goal-oriented students. These were people who came from somewhere else and said, "Boy, you've got an opportunity, you grab it."

SEARING: Exactly. The way to be successful is to get an education. That's basically who my friends were so it was really peer pressure more than anything else. I was smart, but it was really peer pressure that broadened my horizons in terms of what was happening for me. But, with resistance from home, it began as early as ninth grade. My grandfather felt that the best thing for me to do was to shift from an academic program in the school to a commercial program, where I would learn secretarial skills, so that when I got out of high school I could actually get a job.

I went to my ninth grade advisor to sign up for business arithmetic and stenography and this sort of thing. He looked at me, I'll never forget him, Mr. Grecco, God bless him. He said to me, "Marge, you don't go from ninth grade honors algebra to tenth grade business arithmetic." (laughter) He said, "There is no way should you be doing this." So I signed up for all these honor classes in tenth grade and then I had to go home and tell my grandparents. So I went home and told my grandmother first, who was the softy, and she would support most anything I did. So she basically helped me break the news to my grandfather and he basically said to me, "Well I think this is a mistake, but what we'll have to do then is you'll have to go to Catherine Gibbs." Do you know who Catherine Gibbs is?

Q: Yes, oh yes, Catherine Gibbs was the preeminent school [for secretarial training]. But you graduated, in that early era, from Smith and then you went for a couple of months or the equivalent to Cathy Gibbs to get yourself a job as a typist or something.

SEARING: Yes, so that was his mindset, so he was able to make his peace with this, because he figured, well there's a plan (laughter).

Q: So that was the plan, there's always Cathy Gibbs.

SEARING: Exactly.

Q: What about while you were in elementary school and high school. How about reading, what sort of things interested you?

SEARING: Well I was always a reader just naturally, and I also think that helped me. It was not what I would call scholarly reading, it was fun reading. There was not this burning pursuit of anything. I was a veteran of the Nancy Drew books, those kinds of books that were read back then. Those are the kinds of things that I remember reading.

Q: Well, as I look at it, the most formative things for people involved in foreign affairs in the United States, for the women was Nancy Drew and for the boys it was Tom Swift. You know... (laughter)

SEARING: Yes, I think we all got our grounding in those. This was not a family that was steeped in international affairs. My grandfather knew what was going on, but that wasn't really what we talked about at night. His core interests were in things astronomical, mathematical, and that governed what we did. So my initial plan was to major in mathematics and physics and kind of follow in his footsteps when I went to college. I did that for a couple of years when I went to college, and then shifted to economics.

Q: Well, in high school, where'd you go to high school?

SEARING: I went to school at Elmont Memorial High School, a public school in Elmont, New York.

Q: Well now, what was it like?

SEARING: It was as I described. I had a great time in high school, and it was very much this ethnic dominated community. I was in honor classes so I had some really good, incredible learning experiences. I got a great education for no money, and there were memorable teachers there.

Q: Could you name some? I'd like to memorialize them.

SEARING: Yes, people that I'm not sure you could capture now in the public school system. Dr. Rosenberg, who taught us physics and made it possible and really cared if you understood it. Mr. Gollati who loved math and you could tell, and therefore you were anxious to learn it. Just people like Mr. Grecco who was the social studies teacher. Educated men were teaching in high school. I'm sure there is some of that now, but it's an environment that I don't know whether it still exists.

Q: Were there any extracurricular activities you were involved in?

SEARING: I was involved in some after school stuff. More like the newspaper kind of things. I was totally not athletic. Back then women's sports were not what it is today. So I was totally non-athletic. I don't specifically remember some of them, but I might have been in language club. There were clubs, there were these clubs that lasted for an hour. But now, looking at the way my daughter's school experience was, kids did go home pretty much right at the end of the school day. Now, school goes on and on because there's nobody at home (laughter).

Q: You mentioned your school being the ethnic divide and I can't think of a harder thing for a young Protestant girl, because I'm sure all the Jewish mothers are asking their sons to bring home a nice Jewish girl, and all the Italian mothers are saying bring home a nice Italian girl.

SEARING: Exactly. My big sadness that I remember about that whole era was that I didn't have a date for the prom.

Q: Oh, boy, oh my God (laughter).

SEARING: Because back then, the theology of the parents, and I understood that because I understood what their life experience had been. They didn't even want their sons to date a non-Jewish girl or a non-Catholic girl.

Q: Oh yes, in that era I remember where I was a Protestant boy and I could feel uncomfortable if I dated a Catholic, even in my own family. It's hard to imagine these days.

SEARING: And my grandfather, who certainly grew up in that environment, because he was a Protestant growing up in Brooklyn and my grandmother too. He certainly had his biases and his bigotries, but having said all of that, he didn't impose on me, which was actually a blessing. Absolutely a blessing. My grandmother was Miss Love personified, so she didn't care what you were. I know he still has those bigotries, but he didn't live it.

Q: Those things were picked up at an early age and our generation went through a lot of work to work this out of the system.

SEARING: Yes, I know, and he would recall these awful experiences that he had in his

neighborhood and it was Catholics and Protestants, and the hatred between them.

Q: Gang fights, fed by the ethnic and religious differences.

SEARING: They were very good about that. I was in an environment where I didn't have "a group" so therefore I learned that I needed to be accepted in all groups.

Q: Well, you were getting out of high school about 1963?

SEARING: I graduated in 1962 and then I went to, at time it was called Harpur College, but it was a state university in New York State at Binghamton. That was right around the time that Nelson Rockefeller was the governor of New York. He had transformed incredibly well what were state teachers colleges into these liberal arts colleges. He threw a pile of money at these schools. There was a ranking in terms of the best to the less good, and Harpur College was the most difficult one to get into. You had to be in the top 3% of your class. I got in there, and the interesting thing was that it was a replication of the, well half the school or more, was a replication of my high school ethnic community experience. All the downstate kids like me that went up there, I'd say 80-90% of them were Jewish.

Q: This was often seen as a problem. Today now Asian is the problem, like the University of California where the bright kids are Asian. In your era the bright kids were Jewish. This is sort of a fact of life, of a certain percentage. Some of the schools are trying very hard, such as Harvard, they say we'll only take so many from high schools in New York. This was because they didn't want to have a preponderance of Jewish students. They wanted to get a diversity. It's not necessarily prejudice. Was that going on there at all?

SEARING: No, because it's a state school. I mean, it was pretty well by the numbers to get in there. You took the regent's exam, which of course for smart kids was really a joke. We all got regional scholarships, everybody at that school had regent's scholarships. There were three things they looked at: they looked at your SATs, they looked at your rank in class, and they looked at your regent's region exams. You had to meet 2 out of 3 standards, and basically if you met 2 out of 3 you get in, but they were tough. It was things like top 3% of the class, 700s on your SATs.

Q: Was there any teacher in high school who was pushing you towards schools?

SEARING: No. My school selection was the stupidest thing. I applied to the schools that my friends applied to (laughter) . The whole time that I was applying to school, I did not have clearance from home that actually I was going to go. I was still going Catherine Gibbs (laughter). So it was really very dumb. I applied to Cornell, Harpur, and Stoneybrook, and I got in all three, which was really very remarkable for Cornell because this was a new high school and it was always hard to get the first kid in. I think I might have been the first kid who got accepted into Cornell. But there was no money to send me to Cornell. There was no way I could have considered it, so it was a foolish application.

Q: When you were in high school, did you have any after school work or anything like that?

SEARING: Employment? No. We didn't have a lot of money, and then my grandfather was a salaried GS-14 or something like that. We didn't have a lot of money but, no, there was never any pressure for me to work.

Q: You were at Harpur from 1963 to 1967?

SEARING: I started in September of 1962 and graduated in June of 1966. As I said, I started majoring in physics and math, did that for about two years. Felt after about two years, that while I could do this, I was never going be great at this, and really was not inspired by it. I didn't see the practical, why did...

Q: Was there any feeling of being of a woman, and not going to....

SEARING: No, not at that school. That was the blessing of going to places like that. That was the blessing of being in tracks. The only place I ever really got that was at home. I never felt that, so I always felt I could do anything I wanted to do. My high school experience, and I think everybody at Harpur felt this way, was a blessing but also a ruiner. You know you went to Harpur thinking you were absolutely brilliant and then you found out that there were 350 other kids were at least as smart as you were (laughter) .

Q: Yes, at one point I was giving the oral exam for the Foreign Service, and these are people who had always been blessed, you know, and 2 out of 3 were telling them "No thank you" and I think it was the first time they'd ever done anything that smacked of academic display that they weren't going to go.

SEARING: Exactly. So this was for me, and I think for all kids, suddenly you realize that, and I felt in that field, physics and math, I was really very average, and I didn't want to be average. I wanted to do something in which I could really excel and not be average. So I switched into econ which for me was great because I was mathematical in my thinking, and therefore in econ I really did excel.

Q: At the school, this was 1962 to 1966, this was a very interesting time you went through.

SEARING: It was an interesting time, and this was the most liberal school on the face of the planet. I mean, marijuana was already there. You already had that SDS.

Q: Did you inhale?

SEARING: No, (laughter) I was too good, and my grandfather's _____ (laughter) was already ingrained. There was no way, I was too pure. That SDS, Students for Democrats...

Q: Yes, Students for a Democratic Society.

SEARING: Yes, that was already active on that campus and that was early for that. You already had the beginning of the anti-Vietnam group. Many of them were very active in civil rights. Many of them went down to Washington for the civil rights demonstrations, that sort of thing.

Q: Did you get involved in any of that?

SEARING: The civil rights one, I did. And I also did a little bit with the anti-Vietnam.

Q: You started there during the short time of the Kennedy administration. Were you caught up in the Kennedy thing despite your grandfather and all that?

SEARING: Yes, despite my grandfather's fatal flaw. I think all, well maybe that's not true, but certainly in the world that I was in, of educated young people, Kennedy was this inspiration to us. This young person who had vision and ideas and was exciting and had charisma. So, yeah, very much so. It was an inspiration vis-à-vis public service and the sense that there was a contribution that you could make and should. Those kinds of values that he spoke of really did reach people who were in my world and, of course, his death was devastating.

Q: Yeah, how was that perceived on the campus?

SEARING: Oh, it was, I will never forget that day on campus. Because as I said, this was the most liberal school you could possibly find. My grandfather had no clue it was liberal, you understand. But, it was bad, very bad, and for some people, permanently destructive in terms of making them cynical. Permanently. I tend to be an optimistic person at my core and still believe in those high-minded principles, so I was certainly hurt by it but not permanently.

Q: What about a school such as Harpur, I would think that the after hours discussions in the dorms or the commons or something, it must have been a rather heady atmosphere.

SEARING: It was heady and depressing. This was not a group who knew how to have fun. I used to describe it as we used to all sit around and feel sorry for ourselves (laughter).

Q: Nobody understood you?

SEARING: Exactly, that was it. You just reinforced it as you dwelt on each other's problems, I mean for four years we did that. It was very, very depressing (laughter) . This was not a party school. But it was a school where people took themselves very seriously, and were determined to do something and be something. It wasn't money driven, it was

value driven.

Q: Was there such a thing in that era as the campus Communists or not?

SEARING: We were called by the people in Binghamton, but consider the source.

Q: Well, Binghamton being an industrial city...

SEARING: (laughter) Yes, we were called the Communist School on the Hill. I think there was a Communist movement there, but we didn't really see ourselves as that.

Q: I was wondering, looking back on, or even at the time, was one of the things about the SDS and some of these activists that you watched, and these were bright kids who were manipulating other students and an awful lot of it was just plain power and destructive, trying to bring down and so on.

SEARING: They were not that aggressive, at least not there, and my memory of it was not that. My memory of it was to focus on Vietnam. Quite frankly, because I was not a zealot on anything, nor a leader on this stuff. And because clearly I was not going to be threatened by Vietnam because I was not going to be drafted, and I was in my teens. I did not get caught up in this. I remember kids being caught up in it. This was a school that had 50 causes, and that was one of them. (laughter)

Q: You all had to stand up for your causes.

SEARING: Yes, and it was funny because after I left there, I didn't, obviously I haven't had any interaction with academia since I left Georgetown. When I took my daughter around to colleges we went to visit the University of Wisconsin. The day that we got there was for some reason when the sun came out and they actually thought it was warm. Silly children. It was freezing as far as I was concerned but they thought it was warm. There were all these guys out on the quad with tables with the causes (laughter) and I got a chuckle about it. I said to myself, "Oh boy, this stuff still goes on."

Q: Keeps them off the streets right?

SEARING: Right. Well the causes continue at that school.

Q: How about social life, did you date?

SEARING: No. I did not really date that much in college. We would do things socially, but we would do things as groups.

Q: Sort of get together and go out for beer and pizza and that sort of thing.

SEARING: Exactly. This was not in any way a party. You did not develop socially at

Harpur College. (laughter)

Q: What about international events? Did this, I mean outside of...

SEARING: Outside of Vietnam? No. I don't remember international events impacting that environment. I'm sure there were kids that were into that, I simply was not.

Q: Cold War?

SEARING: Being as liberal as that school was, it had a non-militant attitude, let's try to get along with these people, not a real comprehension of what it was about.

Q: My daughter in the 1970s went to Clark and she came out sort of a mild Marxist. Marxism flourished and then finally died on campuses. Was Marxism around as a philosophy, not as a ....?

SEARING: Yes, it was around. Certainly when I got out of there I probably was as liberal as I was ever during my life. Then shifted back and kind of got into the real world. My roommate's – who was my best friend for most of college until she went up to Elton and ultimately transferred to Berkeley – parents were Communists, members of the Communist party. So there was exposure to that, there was a lot of that around. But I never went over the line in terms of really feeling that.

Q: What about economics, what sort of economics were you getting and what were your impressions?

SEARING: Fabulous, I had a fabulous economics program. They had a fabulous economics program there. It was the basic Keynesian, macro-micro industrial economics, international economics and then I took a lot of mathematics and econometrics. The professors were fabulous. These were people who would normally have been teaching at places like Harvard except that they were getting so much money from the state. They chose to do this instead because, number one, their life was much more pleasant. It was great for us because we actually had professors, in classes that in econ were 12 kids. I had a fabulous experience. I didn't realize it at the time, because I had no frame of reference; but I realized it when I went to grad school. I came down to Washington to go to grad school at Georgetown and to get my masters. That masters program, I did not experience anything new in that entire masters program in econ.

Q: Was there a thrust to the economics? You know there are various schools of economics in all this.

SEARING: Right. I would say, this was not Chicago. (laughter) I think professors reinforced the liberal nature of the student population there, and they would have probably been uncomfortable there had they not had the same inclinations. So, yes, the public policy there was much more Democratic in its focus than Republican.

Q: Well while you were taking this course and all, were you thinking of ____ Marjory?

SEARING: No, kids are different today. I was just bumbling along here. (laughter)

Q: Welcome to the crowd.

SEARING: Exactly. I often say when I speak to young people today that if you look at my career it looks incredibly well planned and terribly strategic. Well, it was all really dumb luck. I was bumbling along. I had no idea what I wanted to do, truly. When I finished college, I had a bachelors in economics. What had happened in my personal life in the meantime was the Brooklyn Navy outpost closed and my grandmother had died. My grandfather was by himself and he moved to Washington. So I decided I needed to go down to Washington so he wasn't by himself. So I only applied to two grad schools. I applied to grad school because quite frankly I didn't know what else to do.

Q: Well, grad school is known at the parking spot in a way.

SEARING: And of course back then you could actually get stipends and fellowships at grad school, and I did. I got both in Georgetown, both full ride, plus a stipend, and also at George Washington. So I went to Georgetown. I really came to Washington because of my grandfather. So I started going to Georgetown, still not really having a plan here. I guess I was thinking I'll do this for a while and then probably teach or something (laughter). Right. I was going to end up being a teacher, but I figured I'd teach in a university.

Going back to my comment about Georgetown, I was bored out of my mind in those classes. What I found, which made me quite unhappy, there was no community associated with this grad school. Graduate school at Georgetown, at least then, was a commuter's school.

Q: Well, it's an undergrad school.

SEARING: Yes, so there was no world. So I was commuting to this school and had no life basically, no community. So I was lonely and bored, and had no idea really why I was doing this. So after my first semester, I quit. Back then you could actually get a job with a BA in economics, and I applied to the commerce department and had seven different opportunities offered to me. So, I took one that got me into researching countries in Eastern Europe.

Q: This was when?

SEARING: 1967. I started in March of 1967. I started in the commerce department and I was there about 4 months when I realized that I really wanted to make it to the top. I really wanted to move up and I needed to have something that made me stand out and

made me so qualified that they couldn't turn me down. Because from my perspective, anybody in a senior position was an old white guy (laughter). Right? There was no room in those jobs for me and I really needed to be different. I really felt that. That was my incentive.

Q: Well, this was really the first time you really took a look at things and said alright I am a woman, and unless you're extra special, you're limited. Did this sort of dawn on you?

SEARING: Exactly. It really dawned on me because you see I grew up in this cocoon where, as I told you, I didn't have this experience. I really felt that everything was open to me. There was none of this. I never saw it in high school, I never saw it in college. But then I'd gotten used to this fabulous salary which was like $5,000 a year (laughter). So what I did was I went back to Georgetown. They welcomed me back, but I didn't quit, I continued to work.

Q: You did it at night more or less?

SEARING: I did at night for the masters, because at Georgetown you have to get a masters and a PhD, they didn't have a PhD program by itself, at least not then. So I did it as a masters and then a doctorate. I finished the masters first. I got that done in '69.

Q: Now, Georgetown in the economics scene, was there any thrust to the Georgetown economics place or was it pretty similar...

SEARING: I thought it was pretty similar to what my experience had been at college, except that at the master's level, many of the econ courses were in conjunction with the Foreign Service school. For many of the econ classes, you had both econ majors and foreign affairs majors. I think this steered somewhat in the direction of being somewhat more international than you would normally get.

Q: As they were doing this, was economics, seeing as how the American system worked, or what to do about the third world or something like that?

SEARING: You were exposed to that by choice. The master's program at Georgetown was a rehash of what I already did. So, in that, you did basic microeconomics and macroeconomics, which is all about really how the capitalism system works. Then you built around that and after that what you did was based on your interest area. So there were developing economy courses and there were Communist economy, non-market economy courses, but you kind of picked where you wanted to go. I concentrated in the same fields that we talked about before, international economics, which is not really about different economic systems.

Q: (laughter) No, no, to me you are explaining...

SEARING: Ok, international economics is about international trade and introducing the external economies into the U.S. economy. That's really what it's about. And then, because of my quantitative inclination, I went down the path of mathematics economics and econometrics. So it was much more economic theory than applied economics in different social systems.

Q: Were you finding that being in Washington and being a commuter in grad school essentially... one of the strengths of this can be 1) that the students are older, and 2) that the professors and the students bring practical experience in. They are working during the day; did this mix it up a bit?

SEARING: I didn't have much of that at Georgetown. I'm sure that was there, it just wasn't in my particular pursuits. The students there, you are exactly right, were older, but the nature of that place then was that there wasn't a lot of interaction among the students. You went to class, you left. You got to know three people. So where my interests were really stimulated was at work. That's where I started going down a certain path.

Q: Well, were you at Commerce?

SEARING: I was at Commerce, and I was doing research on different eastern European countries.

Q: How did you find Commerce at the time?

SEARING: I walked into econ, I mean this was really sophisticated, right? Econ, I figured that there were only a couple of places, agencies that would be interested in somebody with an economic background: commerce and treasury. The first place I went to was commerce. It was during Johnson's "great society" where there were jobs up the kazoo available in the government; we were a growing operation. Commerce, unlike now, had one central employment agency downstairs on the first floor. You didn't have to go to every different agency to even get your application in. I went into this little office and they took my application and they sent it out to all the agencies within the Commerce department. I got so much response from that that I never went to Treasury. There was no great thought put into this. The position that I took, I took because there was an international component to it.

Q: What were you doing?

SEARING: It was an interesting office. It was an office whose focus was demographic analysis as opposed to economic analysis. While it was in the commerce department, it was actually in the census bureau. Most of its funding actually came from the agency.

Q: By agency you mean the Central Intelligence Agency?

SEARING: Right. And I think later on I thought, but this could be wrong, that the reason

why they did this was because they were able to hire people to do this research that probably would not have been able to get into the Agency. One of the guys working on eastern Europe with me was a guy from Czechoslovakia. There's no way he would ever have gotten through it, but obviously he was a great resource. There was a guy there from Lithuania. That is probably why they had this program. They asked us to do various studies on various countries looking at the demographic analysis, what were the implications for their economy, what were the implications in terms of their educational system, what kind of people they were turning out, how literate they were. Basically, basic research.

Q: Sounds like you had a lot of fun.

SEARING: It was great. And it was perfect while I went to school because this was not stress. In fact, I was one of these kids as a student who could really turn the stuff out, really fast. The first study I did with them was actually not on eastern Europe, it was on Nicaragua. For the first study they wanted me to do, I did what any half-way smart person would do, I got the one of the old studies in the office and looked at what everybody else did and I put this thing on Nicaragua together. I finished in about fours weeks. Well, that was much too quick (laughter). There had to be something wrong with this.

Q: That's right, it sounds like a year's project. (laughter)

SEARING: Exactly, this was much too quick. So they sent it out there and of course they were appalled that I'd put such little time into it. And that was the biggest criticism. They really didn't find that much wrong with the study. So I learned that I needed to slow this down. It was ok to be a little faster than average, but this was a little bit too fast. They expected these to be done like in six months; I would do them in three. So, as a result, this is not stress. I had lots of time, I didn't have to work late, it was a 9 to 5 job. It was perfect while you were going to school, especially since after I got my masters, I decided to go on for my doctorate.

Again, there were still all these white guys. It hadn't gotten any better in the three years I was there. At Georgetown, in order to get your doctorate, you had to be a full-time student. They would not let you go part-time. And for my master's I was taking two courses a semester. So I knew I had to take four courses. I first thought about transferring to George Washington, because they did have a real part-time PhD program, but they weren't going to transfer half of my credits, so I would have had to do a lot of my master's over again. So I said nuts with this, I'm sticking with Georgetown. So I took four courses a semester and worked full time. I did that for three years.

Q: Tell me something about Commerce. Now I came in 1955 into the Foreign Service and the reputation of Commerce was that it's not a very inspiring agency and one of the problems, that I'm told can exist today, is that it's often a place that at the top they put an awful lot of political appointees of one kind or another so you don't get really fired up direction from the top because it's almost like a parking place for political appointees.

Where you were, we kind of go back to the '60s time, what were you getting?

SEARING: This first job, I was not even aware of that. This job, this was the kind of organization that maybe exists still somewhere, but doesn't exist in most places anymore. This was an organization that was part of the census bureau, but very much a stand-alone operation. The guy that headed it, there were maybe 40 of us in there, was an office director, Mr. Myers. I worked there five years and I saw this man three times (laughter). In five years. We had an office director, we had division directors, we had something-below-that directors, you know this was so hierarchical; I was so removed from anything political. I had no clue. It was really something. In fact, it was a good place to be from going to school.

When I became a grade 13, I think this is right. Or maybe it was when I was a 12, to go to 13. I actually finally got to see the office director. (laughter) And I went in to him because I wanted to talk about how can I position myself to move up. I was extremely ambitious.

My boss was a grade 14 and he literally said to me, "Marge, there's really no point in us promoting you to a grade 13 because next year you're going to come back and you're going to want a grade 14." And my inclination was to say, "Yeah, well so what's wrong with that?" (laughter) And he said, "You're just too ambitious for this organization." So, I was just finishing up my doctorate at that time. I finished my dissertation, I finished my orals, I had a PhD, and I said I have to get out of this place because I have to wait for this guy, a grade 14 I work for, to die before I'm going to move up.

Q: Did you have a feeling that you had a bunch of elderly people who were very happy in their ways?

SEARING: Exactly, and not going anywhere. And they weren't all that old, they were 45...

Q: They didn't look like they were going to die very soon, right?

SEARING: Exactly, they all looked pretty healthy to me (laughter). So to me it was a death, a blanket, a death. So I started looking around since I didn't really know who I was. I had this PhD in economics, I'd done all this mathematical stuff. I thought, "Oh, I'll look for something else in commerce and the Bureau of Economic Analysis sounded really good." Of course they swooped me up. Here was this kid who had this doctorate, she was 27 and was already in the government 5 years, with proven research skills. So they hired me to do their econometric work. I HATED it! (laughter) Talk about being in an ivory tower with no interaction with people, having no sense that we were doing anything that related to anything real, I hated it.

I stayed there, because back then this was a suitable thing to do. I stayed there for a year, and spent the entire time scheming how I was going to get out. But I did get a better grade, I was promoted to a 13 when I went there. So I got my 13, and I was a grade 13 for

a year. Then, right around that time, the Bureau of East-West Trade was created at Commerce. What I learned in government is, if you are interested in being given a lot of challenging assignments, and you want to have a chance for real upward mobility, go to a new organization. This was new, they had lots of jobs and they didn't have enough people and they had a lot to do. This was when Nixon was president, we were into detente, we were trying to get along with the Soviets.

Q: We were having trade deficit problems.

SEARING: Exactly. We were trying to promote investment into Eastern Europe and the Soviet Union at the time, so there was a real opportunity there. I went over there and I took a job that wasn't the best position, but I also learned that sometimes you take what you can get and then move later on. I moved over to the Bureau of East-West Trade.

Q: OK. Before we go on, let's talk a little bit about the PhD. What was your dissertation on?

SEARING: Remember I was working at the Commerce Department on Eastern Europe. My dissertation was on Education Attainment in Hungary and Poland and its Relationship to their Economic Growth.

Q: It's interesting because these are two places that have made the transition. Were there any forebodings of this ... Hungary and Poland...

SEARING: I may be wrong about this, but I think there were very few people who were experts on Eastern Europe and the Soviet Union who back then forecast what was going to happen. We knew it was a mess, we knew it didn't work. We knew there were lots of flaws in the system and, with a few visits to the Soviet Union, you knew that beyond a shadow of a doubt. I think we felt that the control by the state was so extensive and so total that there was no way this was going to disintegrate. I was working on this during the Dubcek thing, ...

Q: The Prague Springs...

SEARING: Yes, Prague Springs, I witnessed that...

Q: And then... when did you get your PhD?

SEARING: In '72.

Q: So '68 was when the Prague Spring was crushed.

SEARING: Exactly, and I was already working in that research. So I already had an appreciation, but we were really optimistic during the Prague Spring, that maybe Czechoslovakia was going to break out of this. Then, clearly, it all went south, and clearly

we were not part of helping them escape this. By the '70s, the people that I worked with were pretty pessimistic about this evolving in the direction that it did.

Q: While you were doing your PhD, were you able to control what you were doing? So often PhD candidates end up by doing research and dissertation on something that the professor wants and something that they had not interest at all.

SEARING: There was very little. No one at Georgetown tried to steer me differently. I had an interesting experience at Georgetown, but it was not about my dissertation, it was about my PhD orals.

Q: How did that go?

SEARING: It was horrendous. PhD orals are horrendous to begin with. I actually took several months off from Commerce to prepare for them. Which they did, the joy of being on a research job is that they put me on leave without pay. Another gift. There were three people on my panel, two of whom I picked. The third I did not control. You were allowed to pick two of the three. One of them was this guy who was my econometrics professor, whom I thought very highly of. The other was this guy who was my international economics professor. I always got all A's from him. And there was this third fellow, I don't remember his name, who was from Eastern Europe. He did not know about what I had done, about my research, because this was only orals. It wasn't related to that. So this guy, I may have been the first woman to ever get a PhD in economics at Georgetown, he clearly did not think that women should be doing this. And literally asked me in my orals why I didn't just stay home in the kitchen where I belonged.

Q: Oh my goodness!

SEARING: Yes. The atmosphere in those orals was, they would ask you a question and when you began to give them the answer, they would cut you off and say, "You obviously know that, let's move on to something else." These were three hours, so it was three hours of these three guys trying to find holes in what I knew which, in three hours you are going to find holes (laughter). You know, when you've studied six fields that you are supposed to be totally expert in, and when they would find the hole, they would ask question after question after question. Talk about destroying confidence. I will never know how I passed.

Q: I've given the oral examination for the Foreign Service. We still do this in a very short time. We look for holes, but we see how they responded, not so much what they do, but are they able to say in some sense "I don't know" and maintain equilibrium, because that's what we're training, that's what you expect a diplomat to be able to do.

SEARING: And I understood that. I passed, so I assume I did that. I didn't pass with distinction, but I didn't really care about that. But with the guy thinking I should be in the kitchen, I already had a couple of strikes against me (laughter).

Q: You should have brought some cookies with you (laughter).

SEARING: Remember who I was. I never confronted this stuff, so I was never really good at dealing with this because I was always shocked when it happened to me, and not prepared for it. Now I think I know how to respond to it, but at the time it almost made me cry.

Q: How were things going with your grandfather and yourself, were you living with him?

SEARING: No, he lives now out in Arizona. He went out there to live in a retirement community, and he, of course, is very unwell now because he's very old. I'd go out there every weekend. But we're very close.

Q: But I was talking about at that time...

SEARING: Oh, then, I'm sorry, yes. I was not living with him, I was living near him. In that time he actually remarried. We remained close my entire adult life. He's always been my rock.

Q: You were terribly busy, so I assume you didn't get overly involved in activities here in Washington.

SEARING: I did nothing until I finished my doctorate because I had no life. This was insane in reality.

Q: How did you find the people you were working with, because one of the joys I have found in the Foreign Service is your colleagues, they're bright people and they're kind of fun to be around.

SEARING: That was exactly right. My colleagues in this research, these people were great. First of all, most of them were foreign born, so for me they were a whole new world of people to get to know and understand. And smart people, you're right. Even now, I loved my time in government, I was ready to retire when I did, but what was most precious about it was the rapport and camaraderie of being with a high-performing group of people, in general. There are always bad apples, but in general.

Q: You went to this East-West Trade, what was that all about?

SEARING: That was what we would call a DAS-ship, a deputies and secretary's ship. My first exposure to anything political, because the guy who headed that was a political appointee. He was knowledgeable about east-west trade, so I didn't have any bad feelings about that. It was broken into several different units: there was the geographic desk, a trade promotion unit, and then there was a unit that ran the interaction that Commerce had with these countries. We had these commercial commissions so we had these meetings

with many of these different countries at the secretarial level, and that's the group I went into. So it wasn't actually that substantive. It would have been more logical for me to have gone to one of the desks, but there was no opening on the desks. So I went into the commercial commission group which was really good for me because that's where I really had much more exposure to dealing with the political establishment at Commerce, how to make it function, the organizational part of managing events. A whole skill set that was new for me.

Q: So you went in there when?

SEARING: This was 1972, right after I got my doctorate. So this is Nixon, we're still détente-ing. (laughter)

Q: What were these commercial commissions?

SEARING: We had one with the Soviet Union, Poland, several other east European countries, and also had working groups. They would meet annually; they were created to try to facilitate business development between the countries. So they worked on solving business issues, commercial issues. They worked at doing some match-making in terms of introducing U.S. companies to potential investment opportunities, that sort of thing.

Q: What were you doing?

SEARING: Because we were in sort of like the Secretariat, we were doing events. I would describe it now as event management. We were managing the event, developing the agenda, coordinating with the units – we were coordinators, event managers, that kind of a role that we played. We didn't do contact, the contact was done by the desks, so it wasn't that substantive. Therefore I was not that happy with it, but I realized it was a good experience for me.

Q: Were you getting a good feel for international complexities to kind of mesh two very disparate systems.

SEARING: Yes, agenda development is a learning experience in and of itself. That's the guts of your interaction on a particular issue with a foreign government. The other thing that was good for me was that I learned the interagency process. These were Commerce led, but not Commerce only. So there was a team of people that you had to work with, so I began to understand the complexities of the policymaking process within the government and how you reached closure on a particular issue before you went abroad.

Q: When you got there, what was the reputation from the Commerce point of view of the State Department and how it dealt with things?

SEARING: In my mind, it was very positive. We worked very closely with the comparable State desk people. I got to know them very, very well. This was before the

creation of the Commercial Service. So you would not only have the econ folks there, you also had the commercial types at State. So they were our resource on identifying business facilitation issues in the countries abroad. We didn't have our own people to do that. So we worked a lot with State. I had nothing but positive feelings about that experience. Same with people at Treasury who we also worked a lot with, because Treasury had an unusual role back then.

Q: What was there role?

SEARING: Well, at that time, when Nixon was president, Bill Simon was Secretary of the Treasury. Bill Simon was quite a character and, in many ways, extremely expansive in defining his role, and had a lot of influence within the White House. So he was able to gather turf under his agency, that since then, really Treasury has not had. It was before the ascendancy of the USTR. There was no separate trade coordinating agency; well, there was a teeny tiny one with maybe ten people over there. It was when CF existed, Council on International Economic Policy, that existed in the White House, but there were like five people there and they weren't big enough to do anything but coordinate. So there was a real void to fill and Simon was a void-filler. He was building Treasury into this very substantial agency for trade. So for me over at Commerce running this commission, even though it was led by Commerce, you had to have a Treasury involvement.

Q: Did you find you had to worry about elbow room with Treasury?

SEARING: Yes, yes, very much so. So much so that after about a year I went over to work with Treasury. (laughter)

Q: If you can't beat 'em...

SEARING: Yes, that's right, exactly. And again, they were creating an office for East-West Economic Policy, and I went over there as the deputy and was given a promotion on transfer.

Q: Let's stick to Commerce right now. Did you travel at all?

SEARING: For the Commissions, when I was at Commerce, I don't remember traveling, because there were more senior people in the office who did the traveling. So, no, I think the first time I traveled was after I went to Treasury. I think that's right.

Q: With all this exposure to Eastern Europe and all that, did you have sort of a thirst to get out there and work...

SEARING: Very much so. I found myself in the situation at the time that was really kind of ironic. I think the reason that I was able to do as well as I did was I had spent five years studying these countries before they became fashionable. There were not a lot of East European experts floating around the U.S. government. There just weren't a lot of us. We

were a rarefied group of people so we were given the opportunity, and yes, the idea of traveling there... back then there was also money in these units. So when you signed up for these units, they'd send you on orientation trips. They never put money into that anymore. Back then, they'd send an officer over for two or three weeks just to meet with people and get an understanding of the countries they were responsible for. And I was expecting to have that opportunity, but then I moved over to the Treasury department and have in fact gotten it in a different way.

Q: Again, I come from the Foreign Service perspective, and to have somebody who is talking about Eastern Europe and all that, and if I had met you at the time, I wasn't a commercial officer, but I'd like to say, well, I've spent five years in Belgrade. It's nice you've been studying it. Did you find this almost an inhibitor or something like that?

SEARING: No, not at Commerce. I'm sure it would have been elsewhere. Not at Commerce, because there was no one like that there.

Q: I'm trying to capture the spirit of the time. Was there almost a spirit of we can really learn an awful lot sort of academically and from statistics and we don't have to go out and see the place and kick the tires of the European cars.

SEARING: No, I think that there was a view that you needed to go there, but the fact that you hadn't been didn't necessarily keep you from being given the opportunity. It was mainly because stateside there were limited people with any knowledge and, of those people, even fewer who were interested in coming to Commerce. Because historically, I think, the interest in Eastern Europe and in the Soviet Union was not among economic or commercial people. It was among the political, military strategist types.

Q: Well, what were you going to trade with them?

SEARING: Exactly, there was no economic relationship.

Q: You could get a tower of roses from Bulgaria and apples from Yugoslavia.

SEARING: Exactly. So there was not a lot of people who had developed really much expertise on that side. Even if they had lived there. I'm not saying they didn't know it, but they didn't dwell on it.

Q: They weren't producing much.

SEARING: No, exactly. And I knew stuff about some of their product categories that I'm not sure you would have known about it if you had lived there for four years. So there was a little bit of uniqueness about what I knew that wasn't available stateside.

Q: Then you moved over to Treasury.

SEARING: Yes, Treasury and that was the best decision I ever made.

Q: I'm so used to the Foreign Service thing where you're within your own, and the moving from one department to another, how did this work? Was this difficult?

SEARING: No not at all. It was not at all difficult and it was again going back to Mr. Myers, my grade 15 who said I was too ambitious. (laughter) May God rest his soul, right? I was a 13, and had been a grade 13 for a year.

Q: Grade 13 is in military rank, where is that?

SEARING: I'd say it's really an upper midlevel position.

Q: Lieutenant Colonel or something like that?

SEARING: Probably. Upper mid-level, but mid-level. And the last job you'll have before you actually have to manage people. Usually by the time you get to the grade 14 you're beginning to supervise. So I was there and not doing a lot of content. I got to know people; I heard of this opportunity with the Treasury. Now, Treasury as an agency was another story. Treasury hired me, because I had a doctorate, my gimmick to stand out. In terms of hiring standards, it was a much harder place to get hired than Commerce was as an economist. Even though the work I did was really no different, it was really because I had that doctorate. The guy who was the deputy assistant secretary at Treasury who hired me was a political. And that's why he hired me.

Q: Again, I'm trying to capture the spirit of the times. Was there any feeling at that time about, well, I can get a two-fer, I can get a woman and a Ph.D., because later on this became a real factor.

SEARING: Yes, in Treasury.

Q: You had to show everywhere that you were hiring women.

SEARING: Exactly, but it happened about a year after they brought me over. When they hired me, you talk about the last bastion of male dominance (laughter)... I thought Commerce was bad, but at least I knew when those guys died there was hope. At Treasury there was no hope even if they died. So when I went over there, first of all, when I transferred to Treasury I was given a promotion on transfer to a grade 14. That's unheard of now. That is how easy it was then. The hiring practice was a month at the most because they knew of me and I was an international economist grade series, so I was very easy to move in terms of all the rules. I went over and I became a deputy of this new office that had three people in it. It went Office Director, Deputy, and then another person. We were to do East-West economic policy, and they didn't have an office like that before because Treasury historically only really had offices on countries that actually had financial markets and economies. (laughter)

Q: So that puts the east in its proper perspective.

SEARING: They hadn't even bothered having any expertise, it was completely off the map. But you had Simon as the Treasury Secretary, and Nixon doing his detente thing. So there had to be resources in there and they didn't have any, so they brought me in. Again, this is very personal, social, but interesting. The two guys that were in there, who had been there a very long time, one of them my boss, was about in his 60s, and the other staffer was over 70, and then there was me. I was then 28, the kid. (laughter) I became the go-to person because these two guys came from a different era. They did follow these countries for the Treasury department, but the Treasury department didn't care about these countries. They were out in a backwater someplace, so I was really brought in to basically do this work. This was great for me. Talk about exposure. I was suddenly known by the DAS, the Secretary, the Undersecretary. I was on call at any time. Simon would call me up at any moment at any time for anything. I was really on the firing line. I worked my butt off, but I got a lot of visibility.

Q: When you went over there, was there a different persona at the Treasury than at Commerce?

SEARING: It was a far more professional organization.

Q: It's always had that reputation.

SEARING: It was far more professional. Talk about being surrounded by competent people -- these people were really very smart, dedicated, hard-working people. I felt I was in an environment in which I really did not stand out but was able to be a part of. It was Harpur College. I was ok in that group, but I was the only woman. About a year after I got there, then everybody began to feel guilty. I moved up very quickly once I went to Treasury because the rules seemed to be interpreted much more liberally in Treasury. I came in as a 14, and I became a 16 in two years.

Q: That's a big deal.

SEARING: A big deal. That's a supergrade, you've already reached the top, which when I was 30, I was a supergrade. You could never do that now. So I clearly wasn't running into any stone walls here, and I became suddenly the benefactor of the fact that no woman had ever been given senior positions in that building. So they made me this supergrade and I was running this office and the old guys rearranged the deck chairs and put me in charge of them after about a year and a half (laughter).

Q: Here you are only about 35 years old.

SEARING: Can you imagine what princes they were to really take that? And I really tried to handle it with grace, but really, how hard was that for them? It was really hard for

them, but they were great about it. The one guy retired, but the older guy stayed and then the office got bigger and all that stuff. When I became the supergrade was right around the time that there was all these requirements imposed on agencies to show what they'd done with women. Treasury put out this publication for the Office of the Secretary, which is what I was in: "Two Hundred Years, Successes of Women" or something like that. Well the first sign that this publication had a problem was that it was only three pages. (laughter) And one of the accomplishments in this listing of three pages was the fact that I was promoted to a supergrade.

Q: Early on, did you find yourself not suffering with but dealing with men who were being overly polite, running around opening doors, or could you be one of the boys?

SEARING: No, you could not be one of the boys. I was tolerated, and I'm really being honest about this in my sense of it. I felt, and I don't have a chip on my shoulder and it's not as if someone had been hurt by it. I was tolerated, mainly because I was not working on the real stuff.

Q: It was east-west stuff...

SEARING: It was a side show that Simon was interested in, but it wasn't the real stuff. I was there from late '72 through '79. Well, by '79, East-West had gone south. Brzezinski was the NSC (National Security Council) director, Nixon was a very weak faded memory, and we were not talking to the Soviets any more. Our commercial studies dried up and I was bored out of my mind. This office had no reason to be. So I started looking around for other opportunities in the Treasury pond because I didn't like being bored. One of the things that Treasury had were these great attaché jobs. There's the junior attaché job and the senior attaché job. Well, in reality, I was so senior that there was only the senior job.

Q: I think there would be a problem.

SEARING: I couldn't have done the junior attaché job, but the senior attaché job I was the right rank for. Now, to be fair, I had not grown up in the traditional Treasury department, so I didn't really have the skills set. But I was too young to look at that rationally. What was said to me when I asked about am I going to Rome or going to one of these, unlike the Foreign Service where you actually have to go to bad places, there's no bad places in the Treasury with Simon. I had talked to them about what would be the possibility of my applying to one of these jobs. The one that was open at the time was Italy. The answer that came back was, well the Italians have a really hard time working with women, with professional women. We really don't think it would be appropriate.

Q: While you were doing this east-west thing, did you get the feeling that it was almost a fading thing?

SEARING: I could feel it, certainly. You just saw it dying and after Simon left. When we got into the Carter administration, initially the Secretary of the Treasury was Michael

Blumenthal who had originally come from, I think from Eastern Europe, when he was very young, and escaped the Nazis to China and then ended up in the States. He was great, I liked him a lot. He obviously had a history there that you wouldn't always find. So he had a special interest in east-west. And initially, in the early part of Carter, things were still happening. But slowly and surely, Brzezinski really carried the day in terms of the atmosphere, in opposition to the Blumenthals, even Vice President Mondale, Warren Christopher, those people, who I think would have preferred a different approach. But Brzezinski carried the day.

Q: Looking realistically at the east-west thing did you feel there were any opportunities?

SEARING: There really were no opportunities, and things got even more difficult. Jackson-Vanik was passed during that time...

Q: Which put all sorts of sanctions unless Jews were let out of Russia.

SEARING: Many major companies and investors were really beginning to shy away from doing any further business there. So you were really losing the business interest, the politics were going in the wrong direction.

Q: And of course, by December of '79, everything went down the drain with the invasion of Afghanistan.

SEARING: By that time I was out of it. The only other thing I want to say about it is that was when I first traveled, when I worked for Treasury, because I went on these trips with Simon.

Q: This is the first of August 2002. Marjory, let's talk about Bill Simon who was an important, quite a powerful Secretary of Treasury, and going on trips with him and how did you see just how he operated, but also when the Secretary of Treasury goes, just what does he do?

SEARING: This was at a time where, and in part because of this time, the Treasury department had a much broader role in policy than I believe it does today. I think more recently it has very much focused on the economic and financial part of U.S. policy. But at that time, they were really in the broad spectrum of policy issues. The East-West office that I ran at the time was responsible for, and this was a little bit unique in Treasury, not only for the financial side of the relationship with those countries, but also with the broader relationship. So we did everything in our own office. Simon was, at the time, the chair of the East-West Foreign Trade Board. This was a Congressionally mandated board that was supposed to, among other things, decide on export control cases, but basically outline our broader policy toward the eastern European countries and the Soviet Union. In that role, he took quite an interest in those countries, and because he was such a strong person in the Cabinet, he had far more influence than perhaps any secretary I've worked for since. So it was a very good time to be in the Treasury department for me, being so

interested in policy.

He was not a particularly fun person to work for. He would treat almost all of us as if we were truly the hired help, and had absolutely no sympathy and no patience. He did not suffer fools gracefully at all. He didn't even suffer smart people particularly well, but he certainly didn't suffer fools. You needed to know your stuff and you needed to know the answers when he called and asked and he would call anybody, including me as an office director, directly for answers. He went through secretaries monthly, chewed them up and spat them out. So it was a very stressful environment to work with him, but it was also a time when there was a lot more direct interaction with the senior people in the building. The office of the Secretary was really quite small then. The office of the Assistant Secretary of International Affairs was very small, so it was really fun for a young person like me, and I was 30 at this time, to have this interaction with people of that level. It was a real charge, really a turn on for me as a government employee.

I traveled with him to Eastern Europe or the Soviet Union three times. The first time, we went to Moscow, and this was maybe '74 or '75. Later we went to Eastern Europe and we went on two different trips to eastern Europe. One included Romania and the other included the former Yugoslavia, when Tito was in power, and to Poland. We went to Romania with Ceausescu. This was a different time than today, very much so.

People knew, and these countries knew, of Simon's power and his influence and we saw the highest level of people, including heads of state. My job as head of that office was to staff him for those trips. The thing that was rewarding about Simon, which I didn't understand or fully appreciate then, because it was my first time dealing with people like this, he really did take to what he would tell them to do. What he recommended is what he did. What a charge for a young person. Really, really. So I felt I had a tremendous amount of responsibility, but I also felt very early that I could make a difference in government with that experience. It was great.

Q: Do you recall, when you went to the Soviet Union, what sort of issues you would be dealing with?

SEARING: I always look back at that with a little bit of humor. He chaired what was called at the time, the U.S.-USSR Commercial Commission. The counterpart on the Soviet side was a gentlemen by the name of Patalechek. He was the Minister of Foreign Trade, and had been the Minister of Foreign Trade since the end of the war, and I believe was the Minister of Foreign Trade until the Wall collapsed. We did this Commission for ten years – the agenda never changed.

Q: There was an acronym for the Ministry of Foreign Trade, I can't recall, but it doesn't make any difference.

SEARING: Yes, and I wouldn't remember, it was just so long ago. But basically what we really focused on at the time, this was when Nixon was President and we were in this

mode of detente. We were really trying to promote U.S. economic opportunity in the Soviet Union, and especially big projects. We used major projects, like U.S. energy companies, you know, and we used this Commission to kind of problem solve. It really served as the good old action forcing event, when you are dealing with a huge bureaucracy, this was the way you primarily got things to move. The minister was going to have to meet with the U.S. Treasury Secretary. Decisions would be made in advance that otherwise would have taken much longer. And that's how we used it strategically.

But the agenda itself was the same, with five general categories of topics, and then we would change the individual content on the way. Negotiating with the Soviets was extremely difficult. They were very intransigent, and part of that was their style at the time, but a part of it was because it was the United States. The very fact that we asked almost resulted in this knee-jerk response to say "No." So it was tough and very frustrating. When I finished working on the Soviet Union, I was very happy to move on.

Q: How about COMCON? Did that play much of a role in what you were doing, does this come up as an issue?

SEARING: It was an issue because of the Secretary's role in export control. We as an agency, and really in conjunction with Commerce, and to some degree some parts of State, tended to be more liberal than the more military-strategic parts of State and Defense in terms of approving some of this technology for export there. We, as a group, sort of served that interagency process that ultimately fed into COMCON, although that was not my primary responsibility. I got involved in it when we were working on particular cases.

Q: When Simon got involved in negotiations, how did it go? Were you sitting behind him with others sitting behind him handing...?

SEARING: Yes, basically, although this may be an inaccurate representation of reality, but it is my reality. I've worked obviously for 33 years for the government so I've worked for Republicans and Democrats. I was included much more, ironically, in Democratic administrations in the room where the final decisions were made where I would sit behind in the situation room, or whatever. Then I backed down myself during the Republican administrations.

Q: Were they more comfortable with you?

SEARING: I don't know if that was it. It may have just been coincidence. But in the case of Simon, when it came to really those kinds of deliberations, he had an assistant secretary, who was my second-level supervisor, but the one that I tended to work more closely with, his name is Gerry Parski, and Parski was extremely close to Simon, and Parski was the one who did that. Actually, that was a blessing because he was also a buffer because Simon would come unglued without much provocation.

Q: So it was protection. It's nice to have somebody in between.

SEARING: Exactly. I had that experience, but not so much with him. When Nixon left, and Ford came in, Simon stayed under Ford but when Ford lost the election and Carter came in, then Mike Blumenthal came in. I was there for about three years of that time, two of which were with Mike Blumenthal, and then he was succeeded. He was great, not nearly as influential in the Cabinet, but much more kind to staff. He had a fascinating history himself. I think he was born in Romania and fled the Nazis to China and grew up there and then finally ended up in the United States, because he was born before the war. So, he had a background on these countries. He became quite reliant on me. My assistant secretary, the one who replaced Parski was Fred Bergsten but he was actually not that interested in east-west, he was more interested in economies that actually functioned. So I tended to work directly for Blumenthal on the stuff that we were involved in and that was great.

He would bring me to meetings. My best anecdote on that was a meeting I was in with him that was chaired by Vice President Mondale. Brzezinski was in there as well as Warren Christopher. This was really one of the critical meetings that was moving our policy away from detente and back into this emphasis on the military-strategic factor and kind of a rekindling of the Cold War. With a lot of disagreement on the part of Christopher and the Vice President and even Blumenthal, but Brzezinski really carried the day in that meeting.

Q: The Carter administration, came in with the idea of if he put Mr. Watson in we can do business with the Soviets and somehow or another, and then of course the Brezhnev Doctrine, and human rights intruded, and particularly the invasion of Afghanistan.

SEARING: That's right.

Q: It changed the whole thing, but it was real change, and so this is what you were seeing.

SEARING: That's exactly right. That's what I was witnessing, and I know that Blumenthal felt strongly that, in spite of those elements, and it's not that he didn't care about human rights, my goodness with his background. He just felt very strongly that if you really want to influence human rights you don't turn off the economic spigot. The way you influence human rights is by having a presence there, by investing there, by being there, by showing them what openness is, and making it very difficult. And that's how he felt.

Q: On these two other trips you made with Simon, what were these about?

SEARING: We were already very much under the under the influence of _____ so on all of our trips, even though we were an economic agency, we very much focused on human rights and trying to get them to release prisoners, and that sort of thing. And that was very

much the issue in Yugoslavia. I remember this, we had a list of about 15 to 20 people who were political prisoners that Simon went over there and negotiated their release. And working with Eagleburger at the time and he was...

Q: Ambassador

SEARING: Exactly. From the perspective of Tito, the visit of the Secretary of the Treasury of the United States gave Tito legitimacy, and that was the price he was willing to pay, releasing some of these political prisoners, for that visibility. Same with Ceausescu.

Q: When you were getting ready for these trips, I would imagine political prisoners would be coming out of the State Department.

SEARING: Yes they were.

Q: What would you be doing?

SEARING: East-West was really the peak involvement I had in an interagency generated activity. I can't speak for State, but my perspective on State was that State recognized Simon's influence and clout, both in the administration and his reputation internationally, and it was in their interest both in Washington and at the Embassy to make this visit work. So I was the head staffer at Treasury, but I didn't put this trip together by myself. This was a coordinated agenda that was developed interagency with the other players, and the political prisoner issues were..., the content of that came directly from the Embassy into the State Department. And that was the case on many issues.

Q: Secretary Simon pretty well followed the book...

SEARING: Yes.

Q: Which is always a delight for people because often your boss could stray or it is too uncomfortable to raise something or they're in a hurry or something and you know vital things get left out. How about Mike Blumenthal? Did he follow the book or was he...

SEARING: Mike Blumenthal was extraordinarily smart, and yes, followed the book but was able to build on the book. The difference between the two, and this sounds cruel, but it does reflect the way it was, as a person who only had to interact on a trip basis with a particular country with these people maybe once every other year or once a year, so there were big gaps in that person's interaction with that country. With Secretary Simon there was "No learning curve!" You started at the very beginning every time you staffed him for any country. So it was very difficult for him to build a relationship because he just didn't remember. Unlike Blumenthal, who really took this stuff on and remembered it, so in your second meeting with the foreign dignitary, he remembered what he talked about in the first meeting, he remembered what they said back (laughter). And you could tell

Simon that, but he wouldn't necessarily build on it. Blumenthal built on it. Blumenthal perhaps was more interested in this stuff because of his personal involvement, but also he was really rewarding to work with because you could really see this building while he's talking.

Q: Did you find yourself in Treasury a bit isolated or put down or saying well all the people at your level and all, we're working on real stuff and you're dealing with political issues and there ain't no money in what ...

SEARING: I'm sure there was a bit of that, but I didn't care. I enjoyed what I was doing. I had a PhD in economics so they can only put me down so far, and many of these guys doing "real work" didn't have my background. I was doing what I loved doing. I actually found that my strength and my interest were much more in political economy than in pure economics. So I liked the nexus in politics and economics and the Eastern European and Soviet Union relation really brought that out. In fact, it exists in every relationship but really pertained there.

Q: Was there a first secretary at the Soviet Embassy, did you have people come talk to you from the embassies and all?

SEARING: When they would come to town? Yes. They would do their visiting programs, you know how they do when people come back for home week and typically I would be on the list of people they would go to see.

Q: I was thinking about the Soviet Embassy here in the United States.

SEARING: Yes, to some degree they would. Not so much Eastern Europe.

Q: Because a good embassy in the United States learns that the power, you don't just mess around with the State Department, you want to go to the Pentagon, the Treasury, Congress, the media, and all that.

SEARING: Yes, and they would. Later on in my life when I worked with other countries they did that. There would typically be a couple who developed relations with individuals around town and would come to see them. Those were the people you worked with when you were putting something together, a meeting or a trip or whatever, or a visit. It was very similar to any kind of country work now. Although, it was a little bit beyond that because, at the time, and I didn't experience this with other countries, there was also great FBI concern about what these people were actually doing. So, typically, I would be visited by one of these people that I was working with, and then about a day later I would get the FBI phone call asking to come in and talk to me about what so and so wanted (laughter).

Q: We were just dickering over the price of state secrets.

SEARING: So there was a little bit of that. They were probably worried about national security and I had no problem with that. I know that's an important role they played.

Q: Did you notice, not just in personalities, when the Ford administration and Simon left and the Carter administration came in, was there a change in attitude, approach that was obvious at your level?

SEARING: Clearly you could tell there was a change in the overall approach to eastern Europe and the Soviet Union. Yes, I could see that. The interaction within Treasury and the philosophy within Treasury did not change that much. I'm a great believer that within broad policy strokes, the personality of the individuals that are leading within each agency really comes forward and influences the details. And while they were very different people, Simon and Blumenthal, Simon being much more political than Blumenthal was, they were basically both businessmen. They had a core belief in the promotion of U.S. business and the view that that would only have a positive effect on the overall relationship with these countries. And that didn't really change that much. In fact, in general in trade, over the last 33 years, there were not major differences between any administration on trade. Maybe on particular decisions, but not in terms of our world thrust.

Q: Were you getting any feel, when you were dealing with the Soviet Union, that here's an entity that's not working very well...

SEARING: That's very interesting. You certainly knew that things did not work. Anything outside of the military establishment appeared not to work. Certainly any product that you interacted with did not work. You would marvel to yourself about how did they ever manage to get to the moon, or how did they build these missiles when they can't do this stuff. But you also knew that there was a huge outlay associated with what they really cared about and this stuff that you struggle with every day really was not their priority. Did I get the sense from what I was witnessing that this was a system that would collapse as rapidly as it did? No. And I think there were very few experts that would have predicted that.

Q: I can't think of any, because there always people, but these people are really on the outside. I think conventional wisdom had taken over for all of us. And, to be fair, there was a point where the will of the leaders, particularly Gorbachev, that no longer was no longer willing to hold this together. It could have happened quite differently had you had...

SEARING: Had you continued to have zealots instead of someone who wanted to turn it... I think you are right. But it was definitely not anything I would have predicted. It was a quirky place and terribly oppressive and extraordinarily depressing. I only went in the winter, which was probably part of my problem. But also you are dealing with a population that, in my humble opinion, has been oppressed for their entire existence. So, from their perspective, communism was only the new version of oppression. So, unlike

the east Europeans, who were actually very different. If you got outside of the government, actually China was actually more like them, if you got away from government involvement you were relating to people who actually behaved normally, were entrepreneurial, they had that kind of spirit and hope. Maybe you found that outside of Moscow, but it was very hard to find in Moscow. These were people who were afraid to interact with you at all.

Q: Was there any feeling that this is our competition? You are looking at the economic side, this is a competition or there isn't any competition there or was there any feeling that maybe this socialized Communistic system may take over?

SEARING: Well, there was certainly arrogance, so you got a bit of that. That's a very interesting question. There were certainly people that exuded confidence in the system, or if not confidence, a moral adherence to the system as opposed to us immoral bucks. So you did get a little of that, but it was really very individual. My experience was much more working with people to try to get the job done. You didn't build the kind of relationships you build when you worked with your counterparts in the UK where you could actually become friends. You couldn't do that, but we did work together collaboratively.

Q: When you were getting Simon or Blumenthal ready for one of these trips, were you getting any good information from the CIA for example?

SEARING: Yes, in fact it was my first exposure to the breadth of what we have available. Very much so, and I was cleared for foreign stuff. So, yes, it was extremely helpful. But again, in a narrow area, I was doing the economic commercial stuff but in that area yes. I certainly valued and benefited from that. I benefited from that again later in my career, but then I remember it was very useful. It was very much available for Europe, too, with Tito, for example.

Q: Tell me about the department of Treasury when Carter took over. We talked a bit earlier about Commerce and how political an organization it was, and I hate to use the term, but it was sort of a dumping ground for political appointees, if you had to do something, so an excess [superfluidity] of political appointments went there mainly to take care of political debts more or less.

SEARING: Treasury is never approached like that. Treasury had quality political people that came in who were vastly better. Under Blumenthal, the undersecretary was Tony Solomon, who was terrific, and Fred Bergsten as the assistant secretary. These are quality people, whether you agree completely with their ideology. They had depth and background. That was the real charge about working there because you really worked with great people, and the people in the building itself were more professional than Commerce. And there were deputy assistant secretaries. Most deputy assistant secretaries in Treasury are career, not political. And some of the assistant secretaries are career, not political. That's not the case at Commerce.

Q: Did you feel you were part of an elite team?

SEARING: Yes, I definitely did and I felt I was in the elite of the elite. I was treated very well at Treasury. I moved up very quickly. We talked about this before. I was given perks, I was given a lot of responsibility and my views were listened to. It was a good time.

Q: Yes. Well, getting something like that. How long did you stay with Treasury?

SEARING: I stayed until East-West truly went south because it really did.

Q: That would be after '79.

SEARING: That was about '79, exactly. Things were changing in the executive branch too. In 1979, there was a major trade reorganization which created the International Trade Administration of Commerce, which pulled the U.S. commercial service out of the State Department and sent it to Commerce and which removed a lot of the economic and trade policy responsibility for Eastern Europe and the Soviet Union from the Treasury. The East-West Foreign Trade Board I believe was abolished. So Treasury suddenly shifted into being a traditional financial house. While I believe I had that skill set, I didn't particularly have that interest. And I was very bored heading that office. So I decided to go see what I could find. I started in '67 working on Eastern Europe research; now we're talking '79. I'd been working on these same countries for 13 years. I was lucky to find anyone who would give me a chance at something different.

Q: I come from the Foreign Service background, and after 3 or 4 years you move on. You've been there, done that, and you may be the greatest expert, which is a great strength of say Treasury and all that but, at the same time, it depends on your personality...

SEARING: Exactly. For someone who wanted to move up and do new things, you can imagine where I was actually by then. You are exactly right. I learned from that experience quite frankly that I could probably take something for about 5 years and then it was really a good idea to start thinking about something new. That was about my limit because new bright ideas I had on the subject had already been used up (laughter). I didn't feel challenged, I was very bored. But on the personal level, it was a very good time. It was very slow there. That was when I had my daughter, I didn't have to travel.

Q: You didn't mention, but I pick up little things, I take it that somewhere along the line you found a husband, or you just had a daughter, which has happened.

SEARING: Yes, I did find a husband, but briefly, for 20 years I was married. I got married in 1972.

Q: What was his background?

SEARING: He was in a completely different world. He was in the world of thoroughbred racing. A completely different world.

Q: Good heavens!

SEARING: Yes, it was bizarre. We were married for about 20 years and we had one child, and there were step-children too. He brought children; it was a blended family. That was another whole personal experience, it was very illuminating, which I don't know if you want me to share. When I had my daughter, it affected me in ways I never expected. I learned a lot from that, which I do speeches on now and that is: you don't realize how you can feel until you have a child, and once you do, they are the priority. And, at the time, it didn't necessarily work in the career.

Q: I was going to say, while I'm doing this, these are not focused on somebody being a woman, but I try to pick up on the gender thing. How did you find in the system? Was it child-friendly?

SEARING: No, not at all. Remember, I was at the Treasury too. This was the agency that I was the first woman they promoted to a supergrade, and then they suddenly had this supergrade that was pregnant. I'm sure I was the first woman who was in either of those categories. So they didn't actually know how to handle this. I basically continued to work the entire time I was pregnant and after I'd had Stef, I came back to work relatively quickly. But I did not want to travel.

Having said all that I figured pretty quickly that there really was a "mommy trap," as they call it now and, that at that time, if you were a woman and you used family as an excuse, it really could hurt you. It wasn't even about moving up because I already was about as high as you could get. It was about influence and who were the go-to people, and you wouldn't be dependable and would quickly be in the category of "oh, you can't count on her, she has a kid" there was really that attitude. So I was really careful during that entire time about how I dealt with family.

Having said all that, Stef was my priority and I went to all her recitals and her games and everything else. I was able to do it by picking the jobs that I picked during that time. One was this Treasury job which had gotten very slow. When I went back to Commerce, I got completely out of East-West because I really wanted to do something new. I worked in an office on U.S. trade policy, in particular industries, not on a country.

Q: This was 1979?

SEARING: 1979-1980. I went right after the creation of the International Trade Administration.

Q: And you were with Treasury until when?

SEARING: About October 1979. I went back to Commerce and headed an office which was called the Office of International Sector Policy. It was an office that worked on industry policy issues, so it was industry in its focus which meant that I actually didn't have to travel that much, because it was the geographic types of travel. So we worked on steel, we worked on autos, that was kind of interesting.

Q: All these things are highly political.

SEARING: Highly.

Q: When you get right down to it, the decisions, this is what Congress and administrations do. It's the steel workers, it's the auto workers, it's the automaker top management who contribute politically. The whole focus isn't about "we're going to promote better steel."

SEARING: Exactly. They are all highly political. I was in the world, which continues to exist, of U.S. trade policy which is governed by the squeaky wheel. This is what it's about. Later on when we talk about this, when we talk about Japan, there were some attempts during my career of the purists of the world who came into these positions of wanting to really only focus on those issues in which the U.S. economy can get the biggest bang for the buck. That's a laudable goal, but in reality the politics will not let you determine your agenda that way. At the time that I first started working on the automobile industry, there were almost 2 million people who had jobs in the auto industry, either the direct manufacturers or the parts manufacturers. Each of those 2 million people went to the ballot box, and you couldn't ignore those people. Plus they were represented by a union that had an extraordinary amount of wealth and resources at its disposal. These aren't bad people, you can't ignore that, that is a formidable constituency that you have to respond to.

Q: Why don't we take the sectors as we go? Let's take automobiles to begin with.

SEARING: Autos continues to be an issue. Whenever you say autos, it was always autos from Japan. The first time I worked on autos was around 1980, and this was not too long after the oil shocks and the sudden surge of Japanese cars in this market, in a market that historically had been only for American cars. In reality, it wasn't at the time that the Japanese were so brilliant and we were so dumb, it just happened that they were manufacturing in Japan a car that was tiny and fuel efficient because that's all that fit in Japan. You couldn't make a big car there and gas was very expensive. So that's how they had this particular product, and they had this particular product suddenly when the world changed for autos, and that was at the gas lines and all that kind of stuff. So these huge gas guzzlers that we made were rapidly falling out of favor, and that's really how the Japanese started to get into the market.

By 1980, it was really making the big three U.S. automakers crazy. The Japanese were

really gaining market share very rapidly, it had moved beyond fuel economy to quality. The big three wanted these imports stopped. The first thing we got involved in was that we went to Japan and we negotiated. I was on the staff at the time. We negotiated the first voluntary restraint arrangement on autos. The goal of this was to get the Japanese to voluntarily agree to control the level of exports to the United States. We did that because that is, in fact, what the auto industry wanted. The irony of that policy, and hindsight is always perfectly clear, is that it did two things. One, it forced the Japanese to invest in the United States so they could get around the voluntary restraint arrangement. From the perspective of American jobs this isn't a bad thing, but from the perspective of both the auto parts manufacturers and the big three, that wasn't necessarily a good outcome. And secondly, in addition to raising the amount of investment in the United States, it also forced the Japanese manufacturers to move upscale on their product line because they were allowed only so many units in. Each manufacturer agreed to only so many units. So for them to maximize their profits, they were much better off shipping in a higher value added car so they could make more money. So while initially they were sending in here Corollas, they moved up the line. So, ironically, what that policy did, which goes to the point that you're better off with free markets, was to create more competition for the big three in the long run than they had.

Q: What role did Commerce play and what were you doing in this sort of thing?

SEARING: Commerce was the negotiator. With respect to Japan, and it had already begun in 1980, and I felt _____ again later on when I actually was the deputy assistant secretary for Japan, USTR would cede some as their issues, in terms of lead. At that time USTR had gotten relatively large and ceded to Commerce the lead on autos. We would always joke that they would cede the dog issues to Commerce, but they did cede that issue to Commerce. In fact, the negotiator was my boss, a guy by the name of Frank Parker. He was a deputy assistant secretary.

Q: How would he come back from these meetings with the Japanese? Was this like rolling a rock up a hill?

SEARING: Yes. I used to often say that the Japanese, twenty years later, reminded me for all the world of the Soviets; for different reasons, you ended up in the same place. They were just as inflexible, and just as intransigent, but not based on a similar background. They were very, very difficult. My whole experience with Japan, I feel very blessed that I had that experience, but it was an incredible education. Very tough. The most prepared group of people you would ever have to deal with, and extremely difficult to effect change.

Q: Did you deal with MITI?

SEARING: Ministry of International Trade and Industry, yes. It's called something different now, but that's what it was called then. That was my first encounter, both with Japan and with industry trade policy issues. As I said, because I wasn't really responsible

for a geographic area, I was able to limit my travel. This was really important to me until my daughter was around 6 or 7, and then she at least understood where I was. As she got older, my job actually was good for her because I became a role model for her about what's possible in life. But when they are little, and this is just my view, when that kid is two years old and you leave, they have no idea where you are. You are just gone. I think that's very destabilizing and I was not a believer in it.

Q: With the automobile industry, what would happen when your boss would get ready and negotiate. Would the automobile manufacturers come up to you, to the office, the trade union, Congress?

SEARING: In the case of autos, I don't remember what we used as committee, but it wouldn't matter if we had or not – it would be the same people. In all the issues I ever worked on, and this still is the case, you developed a very close relationship with the complainants (laughter). And the complainants would identify who their representatives were and in the case of autos it was the big three and the UAW. We had very good relations with the people in the Washington offices really, but it wasn't only them. On some of these negotiations, the heads of the companies would interact with higher level people in the Commerce.

Q: How about the consumers?

SEARING: No, Commerce. Treasury represents the consumers.

Q: Well I was wondering.

SEARING: That's a very good question.

Q: Did anybody say on your side, "For God's sake, fellas (I'm talking about the big three), why don't you produce a better car to the unions?" I remember the word was you don't want a car that was built on a Monday...

SEARING: Because they'd been drinking that weekend (laughter).

Q: Because they'd been drinking that weekend, and the point is and still holds today, that a Japanese model car... I have a Toyota and you look at Consumer's Reports and it's got a much better track record than a Ford.

SEARING: You are exactly right. Personally, I've had Japanese cars since 1981. (laughter)

Q: Is somebody saying this is how it works?

SEARING: Yes, from my perspective this is how it works on trade issues. Each agency serves a role. USTR was created to be the coordinator and they're supposed to be less

responsive to one group although I think that's changed over time. Commerce really sees itself as the spokesman for U.S. industry and I think rightfully so, just like agriculture does. The agency that would raise the views you are expressing, and they did, was Treasury, which was responsible for the overall economy. But, these were political issues. They would typically get "hollered down" as we would say. It was just very difficult on something. Now that's not always the case. I've been involved in trade issues where you really could make an economic decision that was best for industry and the American consumer, you could factor both of those in. But autos did not lend itself to that kind of thinking, not if you wanted your president to get reelected.

Q: You are talking about two extremely powerful, not very forgiving, groups. One's the big three autos at management level and the other is the Union.

SEARING: This was like winding your way through incredible landmines, and still coming up with an outcome that 1) was not a violation of international law (laughter) and 2) would not result in a huge consumer backlash. We did try to some degree to take the consumer into account, or at least somebody did around town. It was tough, what we did. Now the criticism that I just gave to you of the auto deal that we negotiated, no one around the table said, "this is what's going to happen if you did this." That's hindsight, that analysis. No one was smart enough to figure that one out up front. There were certainly people who were concerned about the more basic things that you typically look at: if you control the level of imports from Japan, what's going to happen to the average price of a car in the U.S. Those kinds of economic things would come into play and would influence what we would actually ask for, with the understanding that what we asked for had to ultimately make the auto industry happy.

Q: Had the U.S. trade representative been established at this point?

SEARING: Yes, it had already been established during my time in Treasury before, early in my time in Treasury and it was becoming increasingly powerful.

Q: Well, in USTR, when you were in Treasury, was there concern in Treasury that these guys might take over?

SEARING: Yes, there was. In fact, there were some people in the trade office that moved to USTR because they felt that's where the action would be. And they were right. One of the reasons why Treasury lost its ascendancy or its power in trade was because of the USTR. They were right about that.

Q: The foreign commercial service had been established when you moved over to Commerce, is that right?

SEARING: Right.

Q: Were you involved in this?

SEARING: I was not involved at that time at all.

Q: Did you have any feel for it?

SEARING: I did. In general you got a feel for it because I worked with them on country issues. But I have a good feel for what happened because I ran the organization later. Yes, it was established then, it was originally staffed by a lot of the economic guys who left State to go over and go to the commercial service. Its functions were very similar to the broader econ commercial functions that State carried and I believe was created really because of Congressional desire to split this function from State at the time.

Q: I think there was also the feeling, that I don't think was unjustified, that State was not giving it its due importance.

SEARING: Exactly. And I think it was pretty well understood at the time, rightly or wrongly, that the econ cone at State was not exactly the favorite cone. If you had any hope of doing well in this community, you had to be on the political side. I think, to be fair, there was probably some degree of truth to that, and the agriculture department already had their own agriculture service, so having a Commerce department commercial service was logical.

Q: So, you had what else in Trade?

SEARING: When I went over there, and it's still the same, there was the commercial service, there was a geographic desk unit, there was an industry trade unit, and then there was import administration and export administration. At that time, they were DASs not administrations, so it was the anti-dumping countervailing duty law and U.S. export control.

Q: But what other industries did you have?

SEARING: What I remember working on was autos and steel. I had two more, but I can't even remember what they are. (laughter)

Q: Well let's talk about steel.

SEARING: Steel is just like autos. It's a problem that never gets solved.

Q: I was in Italy and they had some big steel mills there just about the time you were there and they couldn't close the damn things because they were government sponsored producing an unsellable steel, but a good steel mill will employ 5,000 people.

SEARING: Exactly, and it hasn't gotten any better. We weren't particularly competitive in steel, but there were lots of workers associated with steel and steel and autos were not

unrelated. So with the auto guys getting in trouble, steel was affected by that. The economy, we were just coming off of the Carter administration, so we'd had "bad pat" shall we say, economically, so the steel companies were really struggling. There was a lot of unemployment, a lot of people losing their jobs. To be fair to American steel, the worldwide industry is a huge cartel, government supported huge cartel. It's very difficult to compete in that environment. Very difficult to have the incentive to invest, so therefore they didn't mind us. This is a very sad story, and there's no right answer to that unless you make the cartel go away. It doesn't necessarily mean the steel plants would still survive, but presumably the plants that are actually competitive would survive somewhere. That was the environment and, at the time that I was involved then, we had just come off the creation of Tony Solomon's trigger price mechanism, and I think by the time I took over steel that was already recognized as not working so well (laughter). We did not negotiate a specific agreement, but we had a lot of bilateral conversations on steel, encouraging restraint.

Q: Were people in Commerce, where you were, looking around because these two pieces that you had sort of became the core of what was known in the Midwest as the rust belt. Was that beginning to happen?

SEARING: That was beginning to happen. We were going into the '80s where the rust belt was just the tip of the iceberg. The '80s was the time where America was convinced that their 15 minutes in the sun was over. Japan was number 1, they had the system that wouldn't quit, and you had these other Asian tigers beginning to develop and there was a lot of concern that we were the decaying empire. Now to be fair, there were a lot of problems with manufacturing and there was a huge effort on the part of U.S. manufacturers to clean house and to cost cut and to downsize and to streamline, inspired a great deal at the time, ironically, by Japanese management practices, to our benefit. I think we came out of this, not everybody, but those who came out of that decade came out as far more competitive, far more strategic, far more effective manufacturers in terms of really succeeding globally. That's what was going on at that time.

Q: I watch French news, we get it locally here, and you watch the _____ that now have a rightist government, and before that a socialist government. The French, and I think the Germans, were doing everything they could to protect their industry which meant that there was very little flexibility. You couldn't hire and fire people.

SEARING: Right.

Q: And the British had been like that, but Margaret Thatcher was sort of doing her thing about the time you were there. Were you looking at other countries and thinking, well in the long run we've got the edge up because we can maneuver.

SEARING: I don't know whether that was actually recognized as a strength at the time. It clearly is now. Our ability to adapt to change, the mobility of our workforce, all of that, I think is now seen as a real strength but that was only beginning then. When you and I

think back, our parents stayed at the same job for their whole lives. Most of the Dutch side of my family came over, truly, with Peter Stuyvesant. I'm not making this up. My grandmother, the other side of my family came over and settled in Liberty Corners, New Jersey. These people never got beyond this 50-mile radius of that area until I was born. We were the first generation who moved away from New York. You know (laughter). People didn't move, they didn't relocate, they didn't change jobs. We were like that. This happened very quickly here, this change. They say now the average American changes jobs 11 times in their career. I didn't. Now, in the government, I had 11 jobs or more, right, so you didn't have to change. This flexibility of workforce, this factors of reduction is a new phenomenon.

Q: Was there anybody in Commerce thinking big?

SEARING: If they did, I didn't know them (laughter). There are people at Commerce, I'm sure, who analyze long-term. I used to joke, that they actually get paid to think. I didn't get paid to think. I was in policy, and you can tell from my career that I tended to work in those areas that were extraordinarily political, had extremely short deadlines, and where the decisions and the issues had to satisfy multiple needs and users. I loved that stuff, but it didn't lend itself to being particularly strategic. This was firefighting. That's really what I did was firefighting.

Q: Well were you noticing what later became so important, the electronic service industry, was that just not much of a ...

SEARING: For a while during the '80s, because I had several different jobs during the '80s, which was another something that happened to me after I went back to Commerce. For about a year I was acting as the deputy assistant secretary for science electronics. This was about in 1985. You were beginning to get the sense that although initially there was great resistance to this, concern, not resistance. You were beginning to get the sense, this whole sense of the relative importance to manufacturing and the nature of the economy and how it was changing, and what other things mattered, and the services-based economy. Of course we had become predominantly a service economy, I think in the '30s, in the '40s. I think the recognition of the implication of that really began to surface in the 80s, with a lot of concern that, if we don't make anything, does it really have value? I think that's still out there. There was some of that going on at the time. I worked on these industries issues, then I ran this electronics group, and at the time that that was happening, the U.S. government was trying to launch a trade act, especially with Clayton Yeutter. He was trying to get a round off the ground because, politically, the deficit was growing and there was a great deal of interest in coming up with policies that would be seen as an effort to solve the trade deficit, or at least to tackle the trade deficit, and a trade round was one of them. More trade liberalization abroad would result in increased economic growth, more openness and expansion of U.S. exports. So I got caught up in that whole policy effort when Yeutter was successful in actually getting a round launched.

Q: What launched?

SEARING: When Clayton Yeutter got the Uruguay round launched in 1986, I was asked by the undersecretary then to head up an office, which existed but was small, to staff the round in Commerce. By then I had become known in that building, that if you have a problem and have a tough assignment, you give it to Marg. By then that had happened, after steel and autos and electronics. So I went over and headed this office for the Uruguay round and we built it up. It had 5 people initially and we moved to 36, we had these 14 negotiating groups.

Q: Could you explain what was the Uruguay round?

SEARING: The Uruguay round was the negotiating round in the GATT, the General Agreement on Tariffs and Trade, that led to the creation of the World Trade Organization. It was the umpteenth, maybe seventh or eighth, in a series of these sorts of trade rounds. The one most recently before that was the Tokyo round and the one before that was the Kennedy round. Each one of these rounds of trade negotiations resulted in multilateral tariff reductions of very substantial proportions around the world by all member countries. This Uruguay round that I got involved in was really, although some work could have been done in the Tokyo round, the round where we started to work intensively on non-tariff trade liberalization. The reduction of standards, improvement in customs treatment, opening government procurement around the world, and other kinds of things to outsiders. When that round was started, because we were covering so much more than tariffs, they literally created 14 negotiating groups. There was one on intellectual property rights, there was one on investment barriers – it was very complex. So, the USTR, the U.S. Trade Representative's office, by that time, was in charge of the round, but they had not ability to staff it. So they really looked to Commerce to come up with the staff to support it, and the office that I built was the office that did that.

Q: Of course, some of these rounds and some of the things you are talking about are very political and all. In the first place, what were the pressures to get involved in this or not to get involved in this? Because for every time you get a good concession from other people, you are giving one.

SEARING: Right. During most of my career, despite the fact that I think it's getting harder and harder, the majority view is that trade liberalization is good for the U.S. economy. There are always people who get hurt in that process, you are exactly right.

There was a mechanism developed in the Tokyo round that was called the advisory committee system, and it was actually created by the Congress legislatively, and it continues to exist. The Congress created these industry sector advisory committees. There are also advisory committees on labor, on agriculture, on investment, on services. Congress was responsible for administering 18 of these committees and these committees are membered by people representing the industry who are cleared national security wise. You can actually have confidential conversations with them, and that is your source of advice, both good and bad.

We had a committee on footwear (laughter). We had a committee that covered steel. They keep, to some degree, the executive branch honest because they not only report to the executive branch, they also have to report to the Congress. These committees have to be in favor of the deal if the Congress is going to vote approval for the round. So that's a mechanism that's been place that Congress is responsible for administering. I actually ran that program for about five years. It matters.

Q: It seems like shoes has disappeared from the scene.

SEARING: Right, it has.

Q: So I can't imagine any advisory group dealing with shoes would do anything other than say, "Don't do it."

SEARING: The position they were in was as follows. I became very close with some of the people, especially in the non-rubber footwear industry. You are exactly right, the industry was declining over time, and not only because of us, not only because of trade liberalization. The tariff wasn't their only problem.

Q: Oh, no. It was cheaper and good shoes were being manufactured.

SEARING: Exactly. So it wasn't just tariffs. The tariff helped. I would work very strategically with these guys on what tariffs... When you talk tariffs, you are talking 8 digits here of tariff classification. We were able to carve out proposals that would protect tariffs that were most important to that industry, but still make trade concessions.

Q: Can you give an example?

SEARING: Non-rubber footwear with crepe soles and tongues is Tariff Number [whatever]. And that tariff might be 48%. They knew the writing was on the wall, these guys knew that even if they went up to the hill and said don't vote for this, there was enough clout going up there saying vote for this that they were doomed. So their best strategy was to make a deal with me to try to save what they could. So that was that interaction.

Q: How did you find the groups of these industry representatives? By in large were they a mixed bag, or difficult, or with it, or ...

SEARING: The ones that were in the ISACS were, in general, very knowledgeable people. Did everyone get along with us? No. I do think that was one of my strengths. I was always seen as being very honest. I would give them a sense of what was doable and wasn't doable and they knew how to develop a strategy within that context and I then would work interagency to try to get it for them. These representatives tend to be, this sounds very biased, forgive me, Washingtonians, this is a very educated world we live in

here (laughter) I don't care what the industry is, they have very capable and very competent representation. You are at your own peril if you don't recognize that and treat them with that respect.

Q: Well, you kept moving from position to position...

SEARING: It's called the moving target theory (laughter), don't get shot.

Q: Well in the mid-'80s you were …

SEARING: They put me in charge of GATT. I did that for four years. This goes back to my comment earlier. After my Soviet experience, then what started happening, I actually never looked for a new job after that. I would start working on something, work on it for three or four years, something would come along and people would ask me to do. I really didn't look for jobs after that. Yes, I moved around a lot and I did the Uruguay round for about 4 years; I did that until 1990.

Q: Well, with GATT, for example, were you getting input from State about the political ramifications of various things or were these things, they existed on their own, you've got so many countries involved, you might as well just deal with "it."

SEARING: That's exactly right. Probably of all the things I've done, GATT may have been the least political, in the State sense, in the political, military, strategic sense. It was political in the U.S. domestic vote sense, but not in terms of State. That doesn't mean State wasn't involved. State has an econ section that is very strong, and much stronger now than it was historically, and players who gave advice and participated in the negotiating groups and helped in the work. Just like Commerce. They were certainly involved, but it was really very much an economic exercise combined with coming up with an outcome that would have political support in the United States.

Q: How about the White House? I think today in the Bush 2 White House, how all of a sudden you ended up with steel quotas and all which are really against everything we've been pushing but are designed for limited political use. Did you feel much White House pressure in those days?

SEARING: Not in the first four years. Remember the round lasted eight years. Although the U.S. had hoped that it was actually going to end after four. In the first four years, we were in Reagan, and Reagan, beginning Bush. At the White House presidential level, Reagan went out before the round was anywhere near ready to be closed. So it was not political yet because no one yet saw how all those offices were really going to be coordinating. So it was really down in the weeds. By 1990, it was too early for the White House to get hysterical about it again. USTR was involved on the most senior levels, and we did go to Brussels in 1990, with the hope of closing it, but it didn't happen. The biggest impetus for the round was agriculture. At the time that Yeutter got the deal to launch the round, the Europeans were at a moment in history where the common

agricultural policy had become so expensive that they actually demonstrated some flexibility in terms of really getting rid of it, or at least reducing it, substantially. Conditions changed very much after that and, for the next eight years of the round, that moment never emerged again. In 1990, when we went to close up the round (almost everything else was pretty well done) there were some countries that would not go along, the typical ones: Japan, Korea. But if we had been able to get the Europeans to move, they could never have been able withstand it by themselves. But the Europeans dug in, and that prohibited the conclusion of the round.

Q: That was the common agricultural policy then.

SEARING: Yes.

Q: Well, this continues to be...

SEARING: It continues. They ultimately, at the end of eight years, didn't get the common agricultural policy fixed. It's now an issue for this round. But initially that was the impetus for the Uruguay round.

Q: What about the American-Canadian trade agreement?

SEARING: At the time we were in the middle of the round, we decided that, because the round was taking so long, and in addition because trade liberalization was good for us, we first negotiated the Canadian agreement. Then, as you know, we moved on to NAFTA. That was the thrust of the trade policy during that whole time period where, while we were negotiating multilaterally, we would also contemplate the idea of having bilateral free trade agreements and the first two were with Canada and Mexico. That policy continues. Robert Zoellick is pursuing bilateral free trade agreements with a vengeance. Jordan and others and there will be many more once he gets trade negotiating authority.

Q: You kept with this GATT business for four years and then what happened?

SEARING: Again, serendipity. Remember now, backing up on my career, I became an office director, grade 16, then SES (Senior Executive Service) after that. I became an office director in 1976. In 1990, multiple offices later, I was still an office director because, at Commerce, all of the deputy assistant secretaries are political except for four and there were over 30 of them in ITA. I had acted as deputy assistant secretary, I reported to an assistant secretary in my GATT job. I didn't report to a DAS because I was in the office of the assistant secretary, but I was not a deputy assistant secretary, and I really wanted to become one. There were three career people who were in those positions and I was not.

I got a call one day from then undersecretary Mike Farren saying that there was an opening for a deputy assistant secretary and I'm thinking, "Oh, great," and I really want you to take it, and I'm thinking, "Oh, great" and I'm thinking, "Europe, maybe western

hemisphere." Unh uh (laughter). Japan. I had never even been to Japan. The only interaction with Japan were those warm and cozy moments I had with them in 1980 over autos which didn't exactly make me really want to do this. Plus it was a bear, it was the worst job. It was only one country, but it was the worst. There was no life in that job. The undersecretary was great. He was like the senior Japan desk officer, all he did was Japan,. So I really almost turned this down. But I thought about it and said, I'm never going to be offered this again. If I don't do this one, that's it. I'm going to be an office director until 15 more years later and I retire. So I said yes to this and what a great decision that was because I had a ball with it.

Q: You did this from when to when?

SEARING: I started in 1990. I did it nonstop until 1997. Then I was asked to be the director general to commercial service on an acting basis. I did that for about a year and a half. After they appointed a political to that job, I went back to the geographic area and did Japan but they also, as a bonus, gave me the rest of Asia, including China. That was supposed to be a reward (laughter). I did that for about a year and then I went back and then actually became the assistant secretary to the director general.

Q: Let's talk about Japan in 1990. What was the situation?

SEARING: The situation was bad. We were in the midst of, what I would describe as, ten years of a lot of trade competition with Japan. It actually had started under Reagan in 1986. Under Reagan, the U.S. government for the first time self-initiated several trade cases against the Japanese, in six different areas, and litigated them in a way that either solved them or ended up in a grievance. That was sort of the beginning of these kinds of confrontational negotiations where the U.S. would be threatening sanctions, or at least suggesting that they were threatening sanctions, trying to get the Japanese to go along.

When I walked in the door, there were several agreements in place that were either under review or having difficulty. Semi-conductors, construction, autos which was still not fixed 10 years later (laughter), tobacco, apples, legal services. The list was endless, there were like 25 issues. Because there was so much work on Japan, USTR actually gave the lead to Commerce on several issues, as I mentioned before, and the issues we had were autos, construction -- similar to autos in terms of being a dog issue, and medical equipment and pharmaceuticals which were great. So those were issues that I was going to negotiate when I took that job.

Q: What sort of team did you have?

SEARING: Fabulous team, thank God, or I would have been up the creek. There were about 15 people in the Japan office. Those who staffed it looked for Japanese experts. Commerce had no trouble attracting them. Most of these people spoke Japanese fluently, many of them had lived there. So that Miss Know-nothing shows up (laughter) and had a great team. Now why Mike Farren gave me this job isn't completely illogical. While I did

not know Japan, I obviously had huge experience in trade and trade negotiations and, in particular, I really did know U.S. trade law because of my GATT job. I understood what a trade case was, I understood when it was a legitimate case that you could take to the WTO (World Trade Organization) versus bilateral. I mean, I knew U.S. law. That was really his thinking, because you really need some expertise in that to be able to tackle some of the trade rows we have with a country like Japan. So that's why he gave it to me, but I sure didn't know anything about Japan.

Q: Were our threats credible?

SEARING: At times yes.

Q: Had we done some?

SEARING: No, during my tenure, we never really imposed sanctions. Increasingly, the threats were not credible and once we agreed to the WTO deal, anything we threatened was illegal. (laughter) So that made it a bit of a problem. That didn't stop us, we still would threaten, but the Japanese knew we wouldn't. Having said that, I'll tell you, especially in those days, the Japanese would not have moved on a lot of these issues had you not threatened them. I tried the nice approach. That didn't work.

Q: If somebody is treating you unfairly, you can respond can't you?

SEARING: Well, we are really constricted right now in terms of what we can do. I was part of this, so I appreciate what we did. We gave the WTO "teeth" mainly because we were very frustrated historically. We would take cases to the WTO (GATT) when, it didn't matter, because we had no ability to impose that panel decision, the finding. Now, if a country is standing in violation of a WTO principle and doesn't fix it, the grieving countries can take action and prescribe action. So there are rules that actually have teeth now at WTO but that takes away some of your own sovereign ability to act.

Q: Well, did you find the reverse? Did you get involved when we were off base?

SEARING: Yes, oh yes and it's very difficult for us to fix things. The infamous story of that disk fisk lisk, (laughter) there is a law, which we still haven't fixed, that was a credit, an export credit that we give to U.S. manufacturers. It's tax related. The Europeans took us to GATT on this forever ago, before I started working on the GATT in 1986. It was an illegal subsidy under the rules and we lost. We committed to fix it but it would take legislation to fix it. It took us five years to come up with legislation that we could get through the Hill. The Congress finally passed it and we finally fixed it and the Europeans took us again to WTO, about 5 years ago, saying that the fix was also a problem. We lost that one too (laughter) and we still haven't fixed that. I mean we aren't exactly as pure as the driven snow here.

Q: No. When you were doing this, did you find much difference between the Bush

administration and then the Clinton administration in your type of work or were they both more or less on the same side?

SEARING: Well, this is a generalization but certainly my experience, when every administration comes in, it has the attitude that the previous administration didn't know what the hell they were doing. And certainly on Japan because many of the trade issues continue even today. Those who simplistically think, and there are some in this administration and every other, that these trade restrictions actually have something to do with the trade balance, which they really have very little to do with the trade balance, but that's beside the point. There's a whole bunch of people who actually think they do. Therefore, they feel that the deficit only gets bigger and clearly you haven't solved the problem (laughter). So every new administration that comes in has a new idea. The Clinton administration came in repudiating what the Bush administration had done on trade and did a whole big Japan review with a new, renewed results-oriented approach and they got creamed by the Japanese. (laughter) This is the time they did the analysis because they only wanted to focus on those industries in which there was real economic value. We didn't want to do the autos or steel. Well that didn't last. Autos because one of the negotiating groups. (laughter)

Q: How about your Japanese counterpart? Did you get to know him very well?

SEARING: Very well and now many of them are friends, unlike my experience in the Soviet Union.

Q: Would you go to Japan?

SEARING: Oh, my gosh. I went to Japan at least 8 times a year for that topic.

Q: Oh!

SEARING: Oh, my gosh. It was dreadful (laughter) and of course we did it insanely. Initially, with the way Commerce is, I could only fly coach which in and of itself I was already too old for that. Because I had family, I would literally go Saturday morning, get there on a Monday and immediately come back. There were times I would go, hit the ground, go into meetings, and come back the next day. I did that several times. Oh! Insane.

Q: How did these meetings with the Japanese go?

SEARING: The meetings with the Japanese are quite an experience. The Japanese are extremely well prepared, so you really have to know what you are talking about, and if you are wrong, they will be very happy to point it out to you very quickly. So you really have to know your stuff and know what you're talking about. And if you accuse them of something, you better be able to document it. The Japanese do not think like us. They clearly do have a different cultural base which really affects the way they look at things –

the Japanese are not unique in this regard. The things that drive them are different and I didn't understand that initially, because I only worked with Europeans (laughter). So I thought everybody thought like we did.

In addition to the fact that the Japanese are incredibly linguist competent, so they negotiate - unlike in Geneva, where we had a French text as well as an English text, or Russia where we had a Russian text and an English text - no, you only have an English text with the Japanese, they don't fool with Japanese. I mean they speak negotiating Japanese, but the language is English. So you were very misled initially, in thinking you were actually on the same wavelength (laughter).

Q: Where would you say were some of the differences in the type of things you were dealing with?

SEARING: Just basic stuff. For example, I would offer things as solutions in a negotiation that for my way of thinking would solve both what was driving my needs and also would solve what was driving their needs. I would pose this as a solution and they would come back to me with all the reasons why it didn't work. It really became clear to me that I actually didn't understand what they needed as a solution. It's because they are just driven by different things. It's really interesting and it's always a new surprise because you'll have a conversation when them and think you've been crystal clear and you haven't because they are coming from a different place.

Q: Did you have people on your team who were coming out of either long years of experience in Japan or people who could come back and say, "They were saying yes but they meant no" or would explain what was being said really meant.

SEARING: Yes. But that's part of Japan, too, saying yes when they mean no. They never say no. They don't say either yes or no. They say a bunch of things that have all the same meaning – no (laughter). I got over that after about a year. I figured that out myself. That wasn't the tough part. It was what was driving that ministry and what would satisfy their constituency. What they needed to do to satisfy the group and how they needed to present that. I'll give you a revealing example.

We used to always have this conversation at the end of every meeting, which was irrelevant because they never followed it (laughter). It was about how we were going to approach the press because every time we end these negotiations there would be these hordes of press (laughter) outside that we had to talk to. So we'd always say, now we're going to say this and, of course, we would religiously stick to this. We were so us (laughter). We made a commitment and we do it. It's irrelevant what they are going to say in there about what they are going to say because they are going to anything they want to say, but you would still have this conversation. I knew that, I didn't even bother fighting them anymore. It didn't matter to me what they said because I would do my own conversations with the press and at least I would get my side into the paper whatever they said.

But I'll never forget one time when my boss the undersecretary was really trying to get his counterpart to agree on what they were going to say (laughter). There was something that they told us that they really didn't want the press to know. Mike said to them, if I go out there and they ask me this question, I either have to say that I can't comment or I'll have to tell them this answer and the guy said to him, "No, let's just lie." (laughter) Well, no we could not do that. Lying was not an option that worked for us.

Q: They were probably trying to figure out these strange cultural problems of the Americans.

SEARING: (laughter) Why couldn't you lie? Well how long do you have to be in Washington to know that lying is never a good plan. Lying does not work. What you and I mean by fairness, they have a very different concept of fairness. So when you make arguments like, you really need to give access to these companies out of fairness – that's not a value for them. It's that stuff. It's real core stuff. If you are negotiating a solution in which your value is to be fair, forget it. Fairness isn't going to satisfy them, it's not something they are looking for (laughter).

Q: The Clinton administration made quite a push toward the specific organization, APEC (Asia-Pacific Economic Cooperation), which was focused on the economics of trade. Did you find that this put you a little farther into center stage or did it change your operation at all?

SEARING: Just personally? Or my office in Commerce?

Q: The office in Commerce.

SEARING: When they moved in that direction, which I think is very telling, the people who ran the APEC program did not come out of the Japan office. They came out of the Asian office. We continued to approach Japan primarily bilaterally. We did not use APEC to interact with Japan to solve our problems, and there's a reason for that. It's the same reason why it doesn't really work very well to try to solve your Japan issue in the WTO. Japan does not do things that are inconsistent with the WTO or inconsistent with some kind of rules that APEC countries could agree to. They are at a much lower level of stringency than where you are with Japan. Japan's barriers are much more about practices and behavior and regulation and bureaucracy than about rules, which makes it that much more difficult. And the thing about the Japanese is if you get them to agree to something on paper, they'll do it. It won't necessarily fix it, but they'll do it.

Q: Did you find while you were doing this that China was looming heavier and heavier in the trade thing and that Japan was beginning to go down?

SEARING: Yes, the sense of that was certainly beginning to surface in '95 and '96. When I was running the Japan office, the China office was right across the hall (laughter)

and we used to joke about when was their deficit going to be bigger than ours? (laughter) Each month, and for a while we were neck and neck but we were winning. Right around when China really became bigger, I had actually moved off Japan. Since then, we are much more focused on China, but so is Japan.

Q: Were you dealing with Japan when the Japanese bubble broke?

SEARING: Yes.

Q: Did that make a difference?

SEARING: Yes. When I first started dealing with Japan, we were idiots, they were brilliant. This was 1990. Our 15 minutes in the sun were over. They would lecture me. You would think I had come from one of the most undeveloped countries in the world who didn't know how to do anything and they would lecture me, and it was hard to take. But the bureaucracy was extraordinarily elegant, for two reasons. One, they were on top of the world, and the bureaucracy in Japan, unlike in the U.S. where we knew we were lower than a used car salesmen in the image of the U.S. people, the Japanese bureaucrat was revered, almost like a parent, as their caretaker. So it was the cream of the crop that would go into government. It's still like that to some degree. So these guys were arrogant to begin with and then they had all the right answers. So that was the tenor of the dialog initially.

It took a while after the bubble burst for that to actually begin to penetrate their attitude, but after awhile it became almost the other extreme. They would exude almost this lack of self-confidence, especially with the U.S. that was going gangbusters and we were fabulous. It was almost this lack of self-confidence, and at the same time that all this was happening, these scandals began to surface among the ministries in the press, so internally the image of the Japanese bureaucrat became terribly tarnished. Which to me meant they're just like us, (laughter), there is not anything different. That got to be a joke with two of my counterparts when I was negotiating an agreement with them on construction. Construction in Japan is an issue that is legendary, very corrupt, linked to the LDP and a root of some of their big financial problems now.

But, having said all that, I was negotiating with them in the early '90s, and in the middle of the negotiations, one of the biggest king makers in Japanese politics, a guy by the name of _____ was caught taking bribes from the construction industry. He ended up in jail, the whole thing began to unravel right before the Japanese people's eyes. So I was vindicated. Of course there were no Americans were allowed into this business because how could you get them in to begin with? Americans don't big league and they can't compete in a big leagues world. So, suddenly, the bureaucracy needed to appear to be fixing the problem. Instead of being in a confrontational negotiation with them, the tables got turned and these guys started to use me as a resource. But how do you put a system on paper that was actually transparent? I brought this person over with me from GSA, who actually understood our system, and we actually helped them put a system on paper that

was actually transparent. In reality when they administered it, it was just as corrupt but it looks great

But at any rate, when we were about halfway through this, these two guys and I we used to joke because they were getting so battered in the press, we needed to form an international federation of government employees because we were all hated by everybody (laughter). I still see that as being needed.

Q: Well yesterday I was interviewing George Griffin who was a commercial counselor in Korea in the '90s. George was saying how important it was to go to the _____ parties and get to know your business counterpart because Korean businessmen, unless they felt they knew somebody, (which usually meant getting drunk with them)... did you find this, the equivalent being a geisha party?

SEARING: That's a very interesting question. Everybody approaches Japan differently. I believe that I was able to use my gender to an advantage in Japan. First of all I didn't have to do that once they respected me. I didn't have to do that. Because I was a woman I didn't have to go do those macho things to prove to them I could drink as good as they could. They didn't expect me to do that. Although, initially, they assumed I was an idiot, they assumed I was as dumb as I looked. Once they started working with me, and realized I really was a competent person, then it really became an advantage because it was very hard for them to be tough with me. I could be tough. They knew that if I drew a line, that was it. I was not going to go past it. I did not have to go out and drink with them to establish that kind of relationship. I just didn't do it. They knew I wouldn't do it, and I think they respected me for it because I think they thought I was this odd foreign thing that clearly wasn't a man. I understand, and I think if you're a guy you have to do that with them, but I didn't have to.

There were a couple of times where they would test me. I'll never forget once when we were in negotiations and we had a deadline and they were wasting that day. They started in and going through this data that they didn't even have to tell me because it was irrelevant. They were wasting that day, and it got to about 5 o'clock and I said, "I just want you all to know that at 8 o'clock I'm leaving (laughter). I am not staying past 8 o'clock and that's it." The first time I did that, they didn't believe me. They thought I'd stay all night. Hah. I wasn't going to stay up all night with these guys, it was totally unproductive. Especially since they were the ones facing the deadline (laughter). I was able to go home being a failure. So I got up at 8 o'clock and out I went. They were shocked! Well after that, when I'd say I'm going out of here at such and such a time, and they were oooohhh, and whatever presentation they were going to make, instead of taking an hour, it would take 4 minutes. "I'll give you this in writing." It was a great tactic.

Another thing I wouldn't let them do was smoke in the room. That was the best negotiating prank I came up with (laughter) and I wouldn't let them take breaks.

Q: This is what I was always warned in diplomacy, that you have to go the bathroom

before you do anything.

SEARING: (laughter) Yes, two rules: go to the bathroom whenever you have the opportunity and eat. (laughter)

Q: Marjory, when shall we start?

SEARING: Why don't we finish up Japan? Towards the end of the time on Japan, the things got quite confrontational in terms of U.S. trade policy – this was during the Clinton regime – and we, as a policy, got into a series of negotiations with the Japanese on different trade issues. Two of them I was actually very much involved in. One was a negotiation that I was the lead on, in the area of construction.

Q: What do you mean by construction?

SEARING: The issue was in Japan there was an enormous amount of money – still is, but right now very controversial and declining – but there was an enormous amount of money historically spent by the public sector, by the national government, on public works projects. In the '90s especially Japan used that spending as a way to try to stimulate the economy. In fact, that actually didn't work but it did create an enormous public construction market, which was virtually closed to outsiders. You could not get in; you could not participate in it. And there were many American construction and design companies that were interested in getting some of that business. This became an issue early in the '90s because this was always a big part of the Japanese government spending, for internal political reasons, but it really became an issue in '86, and continued to be a problem, during my entire time working on Japan. We had several agreements over that time period to try to increase access for American firms, and I started working on the issue around '91. I got involved in two of the agreements that we negotiated with them, and the last one I finished was in late '94.

Q: In the first place, were Japanese firms involved in construction in the United States?

SEARING: Yes, in the early '90s and late '80s they were. Recently, in the last five to ten years, most Japanese construction companies have left the U.S. market, not for lack of access but because they have so many internal problems at home that they really couldn't afford to support their global business. In fact, in many third world countries, Japanese and American companies actually team up to do projects together, but that did not happen in Japan.

Q: When you went there what was the situation? What were you trying to do?

SEARING: In the Japanese construction market, if you really want to look at it as a whole, basically the public works market is a market that is fraught with bid rigging, corruption, and paybacks to politicians. Now, that's not really unique to Japan. A lot of local construction markets around the world historically are like that.

Q: Go to Boston.

SEARING. Exactly, go to New York. So that's not unique to Japan, but this system in most places had slowly but surely disintegrated. In the case of Japan, it really was very entrenched and a major source of funding to the LDP. So, with that background, little me, with my eight companies wasn't going to fix this, and I knew that. I tried to be very practical in the way that I approached this. I knew I couldn't change the system, it was much bigger than I was. It was like me trying to change the campaign fundraising system in the United States. Marge Searing, an outsider, wasn't going to do that. But I knew that the public pie was big enough, that they could give enough business to the American companies that were interested to solve this problem for me, and that was my goal. That was basically my goal. We were trying to get some business for these American companies.

Q: Could you sit down with the Japanese and say, "Come on, fellas"?

SEARING: Yes, I did. Now a lot of people wouldn't have done that, but I was very clear. "Look, you just need to give us some amount. The goal here is to manage this issue." I had Senators on the Hill including Senator Frank Murkowski. During this process, he had put in legislation that was going to impose sanctions. This had become very political. My interaction with the Japanese was, "look, we need to get this off the table. We need to solve this in a way that the pressure goes away." For several years, that approach managed it. Most of the American companies that I worked with, they will tell you now, if it wasn't for what we had done, they would not have gotten any business. They were getting 400,000,000 or 500,000,000 dollars worth of business a year, which, compared to the amount the Japanese spent, was a joke. Given the level of interest on the part of the U.S. companies, because most companies thought that it wasn't worth it, it was enough.

Q: Were some companies trying to get in there almost as loss leaders, to get in, learn the market...?

SEARING: Yes. I think they viewed this, and correctly so, that this was too important a part of the Japanese economy for you to go into that market and do business without being a part of it, and also it was sort of viewed as a gateway, because getting into the private market was even more difficult. The Japanese companies had complete control of the private market. What finally began to happen is we were able to get some business for the American companies. I would not describe this as a success, but we were able to get enough business for the American companies to sort of keep a lid on the issue which, as a policymaker, I was trying to do. In the meantime, things were changing in Japan during my tenure. The biggest thing that happened was, because of the terrible state of the Japanese economy, the openness to foreign investments has really been growing over the last several years. It had been very closed to foreign investment historically, but the openness was really growing. What was beginning to happen was the American companies were coming in, who were buying companies or investing in some fashion,

they would go to the American companies and do their work because that's who they use when they're in the States. Bechtel is down the street: "Oh, Bechtel did my office in Detroit. I know these guys." So they began to, on their own, get separate business from the public works market. So most of the companies that I worked with, that are still over there, are now doing reasonably well even in a very difficult market. That's really the way that issue played out. It continues to be in the public market a system in Japan that is fraught with bid rigging, very corrupt, and a major cash cow for the LDP. I didn't fix it. The two other issues I worked on were autos, which was an incredible negotiation – I was not the lead on that but I was the number two in that group – and then medical equipment. I negotiated an agreement with medical equipment.

Q: Well, let's say autos. I have two Toyotas, and I don't know how much was made where. Most of them are probably made in the United States.

SEARING: This was an issue that also has really changed substantially over time. Autos has been a political problem and a political trade issue between the U.S. and Japan since as early as 1980. In fact, the first time I ever worked on it was in 1980, when we negotiated what we called a voluntary restraint arrangement. This basically had the effect of really actually turning out to be good for the Japanese because it moved them into different niches in the market than they would have been in. By mid-1990, the problem had really become huge, and by the problem I mean both U.S. 'big three' frustration – 'big three' at the time – with their lack of access to the Japanese dealing and selling their work and auto parts manufacturers' frustration with not being able to sell to the Japanese manufacturers not only in Japan but in the United States. That was the biggest issue, because what happened when the Japanese came over here and invest is all of their historic parts suppliers came with them. So we ended up in a situation in which we had 400 additional auto parts manufactures in the United States who were Japanese who not only were selling to the new Japanese investors, but also taking away the business from the traditional American suppliers who were selling to the 'big three.' So these guys were really hurting, and also unfortunately were not particularly competitive, or the Japanese wouldn't have been able to do this. So it was a real political issue. There was a lot of employment involved in this.

Q: What was the outcome of...?

SEARING: You know what happened historically. We were threatening to impose these huge sanctions on luxury cars and Mickey Kantor and, at that time, Nitsi Minister Hashimoto were the negotiators. They ended up with a deal that at the time was supposed to do three things. It was supposed to increase the access for the auto parts guys to both Japanese manufacturers in Japan and in the U.S., to the transplants. Japan was supposed to deregulate their inspection system and they did do a bit of that and that was quite helpful. That created the opportunity for sort of the equivalent of some of these big boys – you know, those kind of stories – to really begin to carry U.S. parts. They didn't before that. It created a bit of an after-market and that helped the American shock absorber manufacturer and people like that. There was a third component to the agreement which

tried to force openings of Japanese dealership networks to U.S. manufacturers. What happened, ironically, very soon after that agreement was negotiated is the whole nature of the industry changed. Ford became a major owner of Mazda, and therefore had the Mazda network. GM ended up with this huge relationship with, I think, both Toyota and somebody else. So the problem went away.

Q: Often in diplomacy what you try to do is keep things going until the problems take care of themselves, rather than get in there and change it. Often it will self correct.

SEARING: It really is issue management, and issue management isn't always the same as solving problems.

Q: How did you find Mickey Kantor? Usually our principal trade negotiator – what's the title?

SEARING: U.S. Trade Representative.

Q: These are often known as very pugnacious. The whole idea is to send your junkyard dog out after your opponents in other countries, but how about working for these guys?

SEARING: He was an interesting guy. We talked a little bit about Bill Simon and about working for him, and Mickey Kantor had some of the same, I think, characteristics for me. He was a very good person to be associated with because he was so tough, forceful, influential, involved with the President – his advice was listened to – so if you work for somebody like that, just like my time with Bill Simon, you really had an impact if this guy listened to you, and Mickey would. Mickey would appreciate experts and take their advice seriously. So I got to know him, even though I was a Commerce employee, because I was negotiating these agreements. I was really working for the USTR, so I got to know him quite well. He was very good to me, not hard to work for. He was nice, fun, had a good sense of humor. In fact, when I left government, INO was interested in hiring me, which I thought gives you a sense of it. He had no ability to suffer fools gracefully, so the environment was a bit stressful, because if he thought you were an idiot, he certainly didn't pull any punches and he though a lot of people were idiots.

Q: Did you find yourself spending a good bit of time soothing idiots' nerves down?

SEARING: Exactly, and also making sure that you don't get caught in the idiot group. He was very good to me, and I admired him a lot. He was a different person than you and I. My sense of priorities and what I needed to deliver wasn't always the same as his because he was very political. And that really was the driver. Most trade policy is political, but I always tried to kind of do a little bit of a balance. He was very political, but he was good, and very good with companies. People really liked him, the people who interacted with him. He was abrasive on the inside, and I think even during the campaign there was that buzz about him.

Q: How did he interact with the Japanese?

SEARING: He was great. He was very good with them. He could be charming, but he was very tough, and they respected him and feared him. He kept them off guard because they weren't really sure what he was going to do. I think they respected him, I really do; certainly at the time I think that was the case. Hashimoto respected him tremendously – you could see that.

Q: How did you find the Japanese form of negotiating?

SEARING: Well, it's very interesting. They actually don't negotiate with you. Formal negotiations with the Japanese are purely perfunctory. They have no meaning other than for the purpose of getting together and stating positions. When you're working on an issue with them, they will do that. If you have 10 meetings with them, they will do that. They have no problem doing that for 10 meetings. It is extraordinarily painful. We used to joke, "Can we just pretend that we already had those 10 meetings, and let's pretend we're on the 11th one?" But basically while that's going on, in the back room they are, I believe, determining what they have to do to make us go away, and once they've made that determination, then they go through an internal process of building a consensus for that outcome. The problem with that is that they're not always right about what they have to do to make us go away. But it's what they have to do to make us go away, so it still becomes an iterative process. They go through that process several times, I think, before you finally get resolution. When they're ready to move on different things that you've asked for, they will come into one meeting – and you won't necessarily know when this is going to be – and then they'll just make concessions. "If I remember, Marge, you wanted this paragraph changed. Well, that's okay. We'll do that." You don't negotiate with them at the table. When you're stating your positions, it's all to give them a sense of what they need to do when they finally come back and do it.

Q: But aren't they missing out on the points that you might give in on or something like that?

SEARING: I think they way they do it, because you don't have give and take at the table like you and I would have, where you're able to say, "Well, Marge, I really can't do that, but if I do this, will that satisfy you?" that kind of interaction doesn't really happen. It's really a one-way presentation of what you have to have and then a one-way set of concessions that take place at a later time. Of course, on the U.S. side, my approach – everybody has a different approach – was I never told them the three things I had to have, I told them 10 things I had to have because I knew I'd never get all 10, and I knew if I said three, I wouldn't get three. You really have to be careful about how you signal, in order to maximize what you get.

Q: I would think, for example, that if you have three things you need and you present 10, they might pick up the wrong priorities.

SEARING: That's exactly right. It's really tough to get the ones you want.

Q: Can you say, "Forget it. That's not what we wanted"?

SEARING: No, you just have to, as they make the concessions on some of the ones that weren't that important to you, you just take them and say, "That's great, but as I told you before, I need this and it's a deal breaker." Over time they begin to realize what the real deal breakers are. It's very interesting.

Q: Did you have the feeling that the Japanese negotiators over the years knew where you all were coming from?

SEARING: No, they knew where some of us were coming from. What I learned about Japan – we may have talked about this – it was a gift for me to work on Japan....

Q: It's a big enchilada.

SEARING: It's a big enchilada, but it was also a real education for me in understanding how a different culture can really change your perception of how you see things, the kinds of things you need as outcomes. It's just amazing, and I didn't have a full appreciation for that until I worked on Japan. There were some times when I would be just talking with them, and thinking that we were actually talking about a very similar thing, and we were all talking about very similar outcomes and why we needed them, and we weren't at all and it would be a complete surprise. It's "Oh, my gosh, that's what they're talking about." I worked for years international, so I wasn't exactly the dumbest kid on the block. It was really an experience. I think it was fabulous.

Q: Do you think that the same thought process was going through their minds?

SEARING: I assume so. They clearly know we have values that don't compute. After awhile, as I really got to know Japan, I realized that something that we would get on a high horse about that they had absolutely no sympathy for was this concept of fairness. We would say to them, "No, you need to fix this because it's not fair." They didn't care if it was fair. It was not something that would drive them to fix it. That's not unique, but we feel more guilty about things being fair than a lot of people do. We will make something right, even if it's not necessarily in the interest of our guys, because it isn't fair. It goes to our whole view of what we mean by competition and our feeling that competition is actually good for us. That's why we make it fair. It's not because we're nice guys. That's why we do it. We wouldn't believe in that. No, theirs is a different thought process. To be fair to them, certainly at the time - Japan has its problems now, and I have my views on why they do - you could never say that they didn't have industries that were noncompetitive. Look at the auto industry. So even though fairness is not a part of their competition lexicon, there was no question that they still had companies that were competitive. Very interesting. That's the puzzle, and really trying to understand why that happened anyway is a cultural thing.

Q: Is this something that you were getting sitting at the lap of somebody who'd done this before?

SEARING: No, it's called education on the job.

Q: This is one of the things. It's very hard to pass these things on.

SEARING: It really is. It's hard for me to explain it to you, but you really realize it as you're doing it. It's very hard. No, it's work on the job. I don't know how you teach it, other than to share experiences and go through. The Japan-U.S. relationship is very unique, and for a long time the Japanese would do what we asked, just because we asked. That was the nature of the relationship for 20 or 25 years. I walked in when that had just about ended.

Q: In a way it would strike me that there might be even a value to having a certain number of interns from Nitsi come and work in the Department of Commerce - our problem would be more language than anything else - almost to get an exchange. People could work on the other side of the moon.

SEARING: Exactly, and we did some of that with folks. You're exactly right. I did feel in general that the people that we worked with in Japan really understood us a heck of a lot better than we understood them. In part that was because the people in the ministry of foreign affairs and many of the people in Nitsi had gone to school here, gone to Stanford, and done all the things in this country and we didn't have the same magnitude of people that did that, although we did have people like that. I think there was some of that. The exchange programs at the time were much more one sided. More and more people are going to Japan, and there are a lot of Japanese who come here, but that's different than what you're suggesting, which is to be in Commerce. There really was this belief in Japan - and, of course, there are always examples to prove it - and the belief continues. I have this Japan forum, one of these email groups, with both American and Japanese participants, and there's still this mindset that Americans don't try hard enough - and this comes from the '80s - they're fat and lazy, they give up too soon. There are some parts of our personality, if you can characterize the Americans as one personality, that that's the truth, but they're not necessarily bad qualities. I was reading in this forum the other day, there was this guy who criticized American banks because they weren't willing to commit to Japan the way Japanese banks were, and then, of course, the next sentence was, "and that's typical American attitude. They're never into anything for the long haul." The bank they were using as an example was Citibank. Citibank has, in fact, been in Japan for 100 years. The criticism was based on the fact that this guy said that at one time Citibank opened up some branches in his neighborhood in Japan and then closed them down. Well, they did that for a good economic reason. The branches were not profitable. In fact, banks don't have all their branches open in the United States. The nature of banking has changed. The Japanese haven't done that. The Japanese banks are also a flaming disaster so that isn't necessarily a good thing. The analogy really isn't Citibank in Japan versus

Japanese banks in Japan – it's Japanese banks in the U.S. How many banks from Japan have you seen on the corner of Glebe Road ever? But immediately it was, "Oh, it's typical attitude. They don't try hard enough."

Q: As part of our nature – I won't say all our faults – we usually tend to look at ourselves and figure out that somehow or another we sell ourselves a lot shorter than we should.

SEARING: Exactly, and there's no question that American companies are much more quick to react to a bad business environment than the Japanese, but that isn't necessarily a bad thing. It's because we tend to be more responsive to our stockholders, the bottom line matters, those kinds of things. It's interesting. It's become in Japan – and this isn't just uneducated people – they see it as a bad thing and that's their value system. They like the fact that, even if a bank is noncompetitive, it does have their local branch. They like the fact that, even though they pay a heck of a lot more for electricity – and I don't criticize them for this – they're willing to pay much for electricity for never losing it.

Q: While you were there, it was an interesting time in Japan. At one point it was seen that the Japanese were the role model for us and for everyone. What was happening as you were observing while you were doing this? Was the thing changing?

SEARING: Yes, it was changing. When I started working on Japan, it was 1990 and it was before the bubble burst in Japan, and we were just coming out of our disastrous '80s in which we really were looking to Japan for management practices.

Q: This is creation of the _____.

SEARING: Exactly. You know, American companies really did reinvent themselves. There's no question about it. Then we moved into the '90s and the tables really, really turned. It took a while for the bureaucrats to catch up. Initially, they would lecture us. I had one encounter with a Japanese – I told you this – where I was so angry because he was talking to me like I was running companies that were from some third world country. They would lecture us and they're superior, very superior. By the end, that superiority had really vanished, very much so. Among the folks that I interacted with, a lot of recognition, and now they verbalize it even though they don't necessarily do much about it, about the need for reform and restructuring and the things that _____. In that sense it was a better environment, I think.

Q: Did you find, though, towards the end when they were saying, "Gee, poor us, we're having real problems. Why are you trying to do this?"

SEARING: Oh, they always said that, but there was never a good time (laughter). When they were booming, it wasn't a good time. It was never a good time. There was always some reason why we shouldn't be asking them.

Q: I particularly want to stick to Japan. Did the embassy play any role?

SEARING: Huge.

Q: Could you talk about that.

SEARING: Let's talk about our embassy in Japan. In Japan, the embassy has a very large econ section and a very large commercial section. The Commerce Department operation in Japan is the biggest one; it was at least then, the biggest one in the world. And that was not just in Tokyo, but we were in five different consulates around the country. There were around 60 Commerce Department dedicated resources in Japan. Now, having said that, in the area of trade policy, the econ section still dominated. With the exception of a couple of issues, most of my interaction was with the econ section. On the issues that I was the negotiator, on those issues, the commerce resources were the ones who did the work: construction, pharmaceutical, medical equipment. Those were all resources from the commerce section. Autos were originally commerce. I don't think it is anymore but the support was primarily from the local nationals who, in Japan, are national treasures (laughter).

Q: We're talking about Japanese nationals who worked for the embassy.

SEARING: Oh, my gosh, they are national treasures. The guys that I had working for me – and there were a couple of women too – on construction, on autos, and on pharmaceuticals and medical equipment knew more about the Japanese system than we could have ever hoped to understand or know. They were great. In the case of construction, these guys viewed it as a mission to try to help me make that system change, because they were outraged with the system. It wasn't they were anti-Japan; they thought for the sake of Japan (inaudible), so they were very missionary about it. Great resources, just great; they were smart, supportive.

Q: Would you sort of try out ideas on them and say, "How do you think they'll respond?"

SEARING: Oh, yes, we would try that on them and also say, "Look, I raised this and this is how they reacted. What was that about?" That's the only way I ever really understood this stuff. None of the Americans could explain it to me. One of the things I used to do on construction is I traveled around Japan because I wanted Americans to be in these projects. The Americans were bidding on these projects, and these projects were huge typically, so they had not only national government people involved but prefectural government people involved. I'd go down to these prefectures and meet with these guys and tell them, "I really hope you'll view the bids of these outsiders and take them into consideration in a fair and equitable way." In Japan, it was so unusual for someone like me to be doing this. I used to go down to Nagoya and it would be a headline. It was hysterical. They were going to build an airport down in Nagoya and I just devoted a lot of time in trying to get companies into that airport and I did it. Bechtel is one of the major construction companies involved in that, but it would not have happened had we not gotten involved. Anyway, when I did that, they would say, "Look, you need to go see

these people" and I just did what they told me to do. I'd say, "Okay, what's my pitch at this meeting? What am I supposed to say?" and they would tell me, "You really should concentrate on this and just make that pitch." So I'd go and I'd make the pitch, and they'd respond in some fashion that was nondescript, and I'd walk out and say, "Well, is that what I was supposed to do?" It sounds incredibly stupid, but you understand. There was stuff going on that made no sense to me but my guys knew what I needed to do to really have an impact. They were invaluable.

Q: Was there a problem of their being raided by other firms?

SEARING: We pay very well in Japan. The Japanese nationals – this is State driven – in Japan make much more than the Americans, the most senior Americans. So we were very competitive salary-wise and the embassies were very smart about that. They knew what they had to pay. And you know Japanese: if they would come work for you, you've got them forever. They do not move around very well and companies tend not to raid. Now, American companies will try to raid, but not the Japanese.

Q: Were you seeing changes in Japanese society as you were doing this, more women coming in and all that?

SEARING: Yes, but it was very, very slow. You'd see it more with the American companies than you would the Japanese. It's still really the exception to the rule. I was just reading an article the other day about they're beginning to try to put women on some of the boards of directors of some of these Japanese companies. That's new news. It's very slow. I reached out. Professional Japanese women are just drawn to American professional women. There would be almost a following of women that I would meet with in Japan – incredibly educated, dynamic people, but they clearly don't have the opportunity.

Q: I found this when I was in Korea. We were the principal employer of women, and we did very well because the Korean firms, in their stupidity, wouldn't and so we would get these extremely talented people.

SEARING: Well educated, exactly.

Q: This is the thing that's often overlooked in diplomacy, that you really need a cadre of people who come from the country yet who are working for the United States.

SEARING: That right, and who understand us, and who have worked with us long enough to understand us. You're exactly right. The way our system works – and it is not a criticism because I actually think it's a valid way to proceed – we raise diplomats, both commercial and economic and political, whose skill set is that, that they're diplomats, maybe a content but they're diplomats. So they only really get to know the country at a relatively superficial level. When you go to a place like Japan – you may be able to do this in the U.K. – when you go to a place like Japan, you're only there for three or four

years, and you didn't become effective until you were there around two years. You cannot do it without this base of people, and they're great, they are great. I used to be in negotiating rooms with them, and the Japanese would tell me something and they would feed me these notes: "That's a lie. That's not true." Then diplomatically I would have to deal with that because you couldn't really say, "That's a lie. That's not true." From that I went to the Commercial Service.

Q: All right. Well, how did this develop? Let's get dates.

SEARING: This is 1997. Let me give you the sense of Commerce. What happened to Commerce was we lost Ron Brown, that plane crash.

Q: The plane crash in Croatia.

SEARING: That was in 1995, I believe. Then we struggled for a while. What they did was they had Mickey Kantor, who I knew from USTR, came over for a year, for the last year of Clinton. He came over as the Secretary of Commerce. Mickey hated the Commerce Department, hated that job, no doubt about it. I think he'd probably tell you that if you asked him because he loved being the USTR, he loved that job. This program with the Commerce Department was too amorphous. He did this for the President, and Mickey Kantor was extraordinarily loyal, he really was. He did a good job; he just never did like that job. So we only had him for a year and he left. When he left, the Commerce Department was under the cloud of the alleged Ron Brown MO...

Q: Method of operation.

SEARING: ...which was that he was using trade missions and other things for political supporters. I'm here to tell you that was baloney to begin with, because I know about trade missions.

Q: If I recall, the accusation was that these trade trips would have sort of a light cover of commercial types, like yourself or somebody else, but the rest were Democratic supporters who had a business connection...

SEARING: Exactly, and therefore were getting a leg up.

Q: ...and it was sort of a fun trip.

SEARING: Or were helping their business to the expense of other people's business as well. The reality of the trade mission world is – and I've been in trade missions for years – the reality is you have to beg companies to go on these trips. This is not something that the companies actually view as a good thing. There is no question that there were times when Ron Brown had to personally call CEO's of companies to go on the trip, to beg them to go on the trip, because we were going to a place like India and nobody wanted to go. The point of the trade mission was twofold: not only to try to increase American

access to the market but politically to demonstrate U.S. policies for India, and it didn't look good if we showed up with nobody. That was the reality. To me, I liked Ron Brown very much, I thought he was a great Secretary of Commerce. He was extraordinarily political, but he was committed to the Department's programs, very much more than many of the Secretaries I had seen, so I always felt it was a bad rap. But, having said all that, that was the Buzz. So when Daley came in, he was very concerned about...

Q: Who was that?

SEARING: Bill Daley. Nicky Kantor was gone; Bill Daley came in. This was the timeframe.

Q: What was his background?

SEARING: He was from the Daley family of Chicago, and the reason why Clinton gave him the job was because Bill Daley had helped get NAFTA passed, the North American Free Trade Agreement. Daley wasn't a particularly Washington guy, but he came in and he did that. So Bill Clinton gave him the Commerce job. I think that – and this could be wrong, this is just my view – in part because of the reputation that had emanated from the Ron Brown regime and in part because of Daley's own family background where his father had some, shall we say, negative political connotations in some regions of Chicago, I think Daley wanted to come through as being very ethical and above board. So he did several things. Number one, he put in a whole system for selecting trade mission participants that gave a lot of daylight to the process, which was very good. The other thing he did was when he first came in he found he had several political vacancies, and one of them was my Assistant Secretary, the one that was in charge of the geographic area. At the time it was the Assistant Secretary for International Economic Policy, and that Assistant Secretary handled all the countries, so as Deputy Assistant Secretary for Japan I reported to that person. That position was vacant. So he decided to move one of the Korea people into that job while he looked for a political, and I got summoned up.

Two people were considered for this, to run the organization: me and Frank Pargo, a guy who was a little more senior than I but also a veteran of the building. So the two of us were summoned up there for these interviews. I had never met this guy. The first point I interviewed with was a guy by the name of Robert Mallard who was the Deputy Secretary. So I go into the meeting room. Being interviewed was bizarre. I didn't particularly care whether I got this or not, quite frankly. So I went in there, and I really made the pitch that Frank had been here longer and I really felt that was the fair thing to do, and it really didn't matter to me. I could work with Frank or not. On the other hand, if he wanted to give it to me, "I can do it, not a problem. I'm happy to do whatever you guys want." Well, halfway into this conversation, Mallard said to me, "Well, you know, Marge, that's not really the job I want you to do. The one I want you to do is the Commercial Service job," which had just become vacant. You've got to understand the Commerce Department. We were in the enemy organization of the Commercial Service. It wasn't me personally, but people like Frank Pargo and some of the other deputies and

secretaries had a very acrimonious relationship with the Commercial Service officers abroad, because for a long time we, as Deputy Assistant Secretaries for these countries, were part of the review process. When Frank was unhappy with the service he got in Country X, he would write these scathing memos that would end up in these guys' files. So they didn't like us. I never did that. They liked me, but it didn't matter. They didn't like the organization. About a year earlier, an Undersecretary then, Stu Eizenstat, had actually proposed a reorganization – it's important background because it gives you a feel for it –that would have combined Commercial Service with the geographic area. It was a good idea and we would have been in charge of all of them. The union went so nuts over this idea because the thought of them having to work for the Frank Pargos of the world was just....

Q: What was the problem with Frank Pargo?

SEARING: Because when he was reviewing them, he hurt a lot of people's careers. To be fair to Frank, Frank didn't do it because he was a bad guy; he did it because they hadn't performed. It didn't matter. You know how the evaluations work. You never say anything about anybody; you say different degrees of good. Well, we weren't in that system, and Frank took advantage of that. So there was this acrimony between the two organizations, and this reorganization proposal really, really peaked that because it appeared as if we were all going to be put in charge of them. The reorganization didn't happen, but they were very upset about that. So I knew that if these guys, this organization, heard that I was going to be put over there, they would be convinced that this was part of a plot and that this was the beginning of this reorganization that they didn't want to have happen. I had never worked in the Commercial Service. I was not a trade promotion person; I was a policy person. So when he raised this, I said, "This is the dumbest idea you could come up with yet" and I went down the list of why and told him all this dirt. All this seemed to do is get me another interview. So finally I got called up by Daley and I go up and he said, "Look, I really want you to do this," and I said, "I really don't think this is a good idea," and I go through the whole list again. He said, "Marge, I don't care. I think you should do it. You're an outsider; the organization needs an outsider. I have confidence in you. I'm doing it." He even got a memo from Stu Eizenstat telling Daley that it would be catastrophic if they put me into that job, catastrophic. When Daley got that memo, it made him so mad. He was so angry, because he felt he had made this decision and was getting all this criticism, that he then issued the announcement the next day.

Q: Why would Eizenstat say that about you?

SEARING: Because he knew how the union was going to feel about it. He had just been through the nightmare of the reorganization fight. It was really something. So Daley put me in this job. Initially, there was this uproar among the officers. But the people in Japan who knew me – it was kind of countered. There was this email thing going on, knowing that it's Marge, it's okay. So I was it, and it was only supposed to be for three months.

Q: I want to point out something. You were mentioning something that is really a new

phenomenon, which will continue, and that is the email thing. Before, people would hesitate to write long letters and they wouldn't get to everybody, but now, rather than corridor gossip... Was this a fact of life by that time?

SEARING: By that time, it was a fact of life, and I think that in an organization like the Commercial Service, where you are not all in the same place, it becomes part of your life more quickly than in a typical bureaucracy because there was no corridor to gossip in. The senior people in the Commercial Service are connected all the time. This raged on the wires about me being put into this job.

Q: Somewhere along the line I would like you to characterize the Commercial Service and how it fit into the Department of Commerce because it seems like a whole different creature.

SEARING: It is very independent of the Commerce Department. In Washington, the exciting thing to do is to work on policy and Commercial Services is really a trade promotion operation – that is its mandate. It was really allowed to do its own thing, to develop its own agenda. In addition to that, the Director General/Assistant Secretary position has become, in and of itself, a pretty powerful position with its own standing both in town and also on the Hill especially. So depending upon who was put in, there was also a tendency among more senior managers not to interfere with that anyway. It's basically a business that kind of does its own thing. I loved this job, I really loved this job. So I went down there.

They were not happy I was going to come, and I'll give you a very interesting example of that. When I first called on the phone - only for three months - there were three DAS's, Deputy Assistant Secretaries. One of them was a Commercial Service officer – she had an international operation. Another headed the unit that should not have been the DAS's, it didn't make any sense. The third was the person who headed domestic. Remember, this organization has a huge domestic organization, too – 100 officers throughout the United States, people who are supposed to work with international deals, don't do that very well. So there's a huge domestic component to this as well. They all, when I showed up, played keep the cards close and don't tell anything unless you've got to. I called up a woman who was a friend of mine who headed the international operation to just get her advice, because I was reaching out to someone I could work with. I said basically, "Should I move down there, or should I just sign things from my office? What do you think?" She said, "Oh, you won't have much to do, Marge. Why don't you just stay up there." The secretaries, people in the front office of the operation, practically dragged me down there. I think that was very interesting. Keep her out of it.

There were two things I did in this job: number one, I tried to make light of the _____ from the other organization. In my first staff meeting – and I know this rippled through the wires – I walked in and all these senior DAS's were there and the rest of the staff, and I looked at them and I said, "Look, the only thing I can tell you guys is cheer up. It could have been Frank Pargo." That, I think, kind of broke the ice, because they knew that I

knew what they were thinking. Then the other thing I really, really worked at – and I was religious about this – is when I was confronted with a decision that if I went one way it wasn't necessarily in the interest of IEP...

Q: IEP?

SEARING: The other organization. I was a zealot about making sure that I did nothing that would make it appear that I was trying to feather my other nest. I was very careful about that, and they could see that. In the end I become the best Director General they ever had. They were mourning when I left. So it ended up being very successful for me. Just as background, I did it for a year. Daley then brought in this political person, and I went back to my old job as Deputy Assistant Secretary, although they had expanded it and I did Japan and the rest of Asia. I wasn't back in that old job three months when Daley realized that he had made a mistake and we should have gone to Clinton and gotten him to agree to make me permanent. It took him another nine months to finally get rid of her, and then they brought me back and gave it to me permanently, and I did it for another two years permanently.

Q: So you were doing it essentially with this interregnum from...?

SEARING: From '97 to the middle of '98. Then I had about eight or nine months off, going back and did Asia. Then I came back and I did it until I left last year, 2001.

Q: Let's talk about the union first.

SEARING: I had two different relationships with the union. What was going on at the Commercial Service was the officers were trying to get their union to behave much more like what I think happens at the State, just for example.

Q: As a professional organization as opposed to being a strictly nuts-and-bolts....

SEARING: That's right, and they wanted to have a representative in the Commerce Department full time, all the time. They never had that. Typically the head of the union was someone who did it on the side, was an officer that was working on a real job and they handled the union activities. That's how it was when I got there. My view about what was happening in the Commercial Service on the foreign side, the Foreign Service side, was that this was an organization that was really maturing. During the first 20 years, some of the issues that I think raised concerns among the union members hadn't kicked in yet. No one was TICed out...

Q: 'TICed' is Time In Class; in other words, they'd run out of time.

SEARING: Right, to get moved up. That didn't happen because everybody moved up because there were no senior people, so you didn't have ceilings and you had room to put people to move up. So no one had been TICed out; that just began in the last two to three

years when people really had reached their ceilings. There were rarely people eliminated. You probably could count on one hand in the last 20 years people being eliminated for nonperformance. So those kinds of issues hadn't surfaced yet, although there were a lot of grievances. Compared to my previous experience, it's an incredibly litigious organization. You really had to be careful about personnel issues because there were a lot of grievances associated with performance ratings and also even assignments – unhappiness with bad assignments, lots of stuff. So that was all new to me. I'd never dealt with any of that.

During my first year the guy that was the union rep had another job, and I developed really good relations with them and actually had worked with them on some changes that we put into our bylaws and that stuff that was really beneficial to the service. So I think I was seen as being supportive to employee issues. There's something else I did that they didn't like, and I didn't start this. When the previous Director General, not the bad one, the one during Ron Brown, was there, the Commercial Service decided that they needed much more of real interaction, not just work-wise but personal-wise between the domestic field and the international field and they were right. We had people out in Kansas who didn't have passports. So how could they be really understanding of what a company's challenges were in exporting abroad if they had never had any international experience. In addition to that, we had people overseas who had never worked in a domestic office who had no idea really what a small American company was, who had never exported, because the companies they had worked with obviously had already gotten abroad and knew there was an embassy there. That was a level of sophistication above what was out here yet the domestic field would find clients and then try to get the international field to help them. It was felt that there really needed to be a better understanding of what each other's pies were, especially because the reason why the Commercial Service is funded, is to help small business, and that's really the value of that.

Q: It's always been that way, because big business takes care of itself.

SEARING: Exactly, except for advocacy, the Boeing airplanes, big business, if they need my help, we're all in trouble (laughter). But the little guys, there is the real value added that these guys can provide. So that was the rationale. I thought it was a good idea, and I felt it did two things: one, I didn't think it would hurt the international field to have some domestic experience. They'd become so damn elitist, to be blunt, that they really could use a little bit of what it is like to be an American company. I thought it made the domestic field a more attractive employer if, as part of their domestic opportunity, you go abroad and do an assignment. Well, the union issues associated with that were mind numbing.

Q: They are really two different worlds.

SEARING: They are two different worlds, have two different employee systems.

Q: This has been what the State Department has run across. A secretary or a civil servant

in the State Department is quite different from a Foreign Service Officer in their desires and needs and all that.

SEARING: That's exactly right. What I thought would be logical, but I could not achieve it, was giving someone in the domestic field who didn't necessarily want to be foreign Commercial Service officers - because that's another whole decision - to have a two-year TDY to some country to do commercial work. What the union said is, "Oh, no, no, no, that means you're taking away a job from some union employee." So the only thing I could get the union to agree to is the only time you could do that is when no one else wanted the job. When no one else wanted the job, it was in the worst places in the whole world, and then we had the issue of can you really give them language training.

Q: Was the union strictly for the foreign Commercial Service?

SEARING: Yes, totally.

Q: Now, who was taking care of the ...?

SEARING: Nobody.

Q: There wasn't _____ or something like that?

SEARING: No, individual employee. A group got together and kind of tried to.... Oh, no. I was taking care of the domestic employees, basically, as a civil servant understanding that system. There was nothing organized, so they were not in a strong position. I finally negotiated with all of them, sort of an outcome, that made this work including requiring all new Commercial Service employees, new recruits to the foreign Commercial Service, to have to spend one to two years in the domestic field before they go abroad. That was harmless. The ones who were already abroad bitched because when you came home you didn't get cost of living and no one gave them housing and it was such a financial hardship, which it probably was, but no one told anybody that they would never come home. In State they come home all the time; they just deal with that. If you start them out over there in the domestic field before they go abroad, they'll understand what the work is over there, and I thought it was a great idea. That lasted about as long as I did. As soon as I left, that was the most frustrating thing for me. Even though I had an understanding with the union, as soon as I left and this new person came in, they knew she didn't know enough to know any better. Sometimes, even though it was a requirement that you did a domestic assignment first, we had agreed that if based on the needs of the Service you really needed to get somebody out there, for example, if you had hired a new recruit and they spoke Chinese and we had nobody in China in a particular job, we'd send them to China first. The understanding was that within the first five years of their career, they needed to do that domestic assignment and couldn't get tenured until they did.

Q: But this is all understanding?

SEARING: Oh, no, all in writing, all in writing.

Q: Because Congress has put in place in the Foreign Service Act. I'm pretty sure, every Foreign Service Officer cannot be abroad within the first 15 years they have to come back and have a Washington....

SEARING: Yes, but it doesn't say that, Stuart. I've lived this. It doesn't say they have to. It says that they should, but it doesn't say that they must and there were many Commercial Service officers who had been out for well over 15 years. I think it's a problem. I think that's a good rule because these guys had no idea what's going on in the United States. Coming back for home leave for four weeks doesn't get it to you. They don't really know. No, I think it should be mandatory, but it isn't. If you look at the language, it's actually not mandatory.

Q: The normal Commercial Service officer, could you move them around?

SEARING: Oh, yeah, it works just like State. The system is very similar. You're assigned, depending upon the post, three or four years; you can extend for a fifth with language training, the same kind of deal and you can't stay in a country more than five years. Yeah, they move them around the same way. They borrowed that totally from the State Department system and the Time In Class system (TIC) is the same, and the evaluation system is very similar. They do their own testing, recruitment and testing; there is a Commercial Service test as opposed to a Foreign Service test, but a lot of it has the same parallels. Even in the performance review process, there is a panel who reviews evaluations for ranking. Typically there's a State Department person on that panel as an outside reviewer.

Q: How had you found the relationship between State and Commerce? Of course, when it was split off, an awful lot of people, particularly in the economic specialty in the State Department's Foreign Service, felt that this was a real give-away. How have things worked out by this time?

SEARING: I still think there's some lingering tension. Commerce sees periodically discussions, either in fantasy discussions or real discussions, on the part of State about having the Commercial Service brought back into State, just like they did USIS (U.S. Information Service) and Commerce worries about that, that there may be a political effort to recombine them. As for the relationship between the two units, it varies from post to post, and Commerce's role with respect to the ambassador varies from post to post, with a few posts still requiring the Commercial Service to report to the ambassador through the econ section - Germany is one of them and I think maybe the UK is one of them. In others the Commercial Service has separate, stand-alone interaction with the ambassadorship. And that is the way the post is supposed to be, but it isn't in any number of cases. Beyond that paper arrangement, there are also the tensions. When I first took over Japan, the econ section and the commerce section out in the embassy were literally at war. The two heads would not speak to each other. It was the most poisonous

atmosphere I have ever witnessed. After that, when those two people moved on and there were two new people in those jobs, that vanished and they actually worked very collaboratively. This was in the '90s when there were a lot of trade issues, there was more than enough work for everybody to do, and they worked very well as a team. So I think it's very much personality driven, how well they get along. There is a perception that State is getting more and more into Commerce's nest.

Q: Isn't it kind of hard not to?

SEARING: Yes, it is, because where do you draw the line? Other than pure trade promotion, when you're into advocacy, you quickly get into policy and where do you draw the line. I think it's very difficult to not overlap. State has increasingly reached out to business on its own, with its own business liaison activities, and that bothers Commerce.

Q: Looking at this, did you see any rationale? Did it make sense to bring it back together or not?

SEARING: Stuart, I don't think it matters. I never really felt that the reason to spin it off was real, and I don't think bringing it back would matter. This is a Hill thing really – not entirely, but you know what I mean. There was this view that the only thing that State does is give away everything and sometimes it was true. The State Department represents the foreign country, it doesn't represent us.

Q: Well, I think you're trying to reach a compromise and you're trying....

SEARING: But we had the same reputation in Commerce in that old IEP office: "All you guys do is give everything away. That's because you actually negotiated a deal." I have this view about reorganizations. I'm very cynical about reorganizations.

Q: When in doubt, reorganize.

SEARING: Well, I shouldn't get into policy but I used to always advise politicals that came in, "Look, you've got three years here. You can either reorganize or you can do something, but you can't do both," because you know how long they take, you know what an upheaval they are to the individuals involved, how the systems grind to a halt. At the end of the day, you can rearrange the deck chairs a million ways and there are problems with each and benefits to each. So, no, I would not have bothered with it to begin with. No, having said that, I loved that I was in Commerce and I liked that it's a stand-alone organization, and I do think for small companies in the United States it's an organization that is unique.

Q: Talk about how you worked to get Commerce, the international apparatus with it, and also the American apparatus of commercial officers to look at small businesses.

SEARING: We did it by measurement. We based their evaluations on it. This is why I love this operation, because it was so businesslike. We basically would require our officers, both internationally and domestically, to keep track of their successes, and they have to be documented successes and they have to be successes that the company would agree to. We would basically measure those individual's performances based on their success stories. I could tell you I'm in the exports we influenced each year.

Q: I remember being a commercial officer in Dhahran, Saudi Arabia, in the 1950s, and I'd go around to the souk and the people and say, "I wish I could get something like this," and you would do these things called trade opportunity reports. But you'd fire these off and you'd have the feeling that nothing happens.

SEARING: Exactly. Well, I think it had gotten much better by the time I had gotten involved. When I would go out to the domestic field, this was a highly-motivated group of people who basically were out on the road at least two-thirds of the time trying to recruit companies into the export business. Then they would do programs and seminars and they would bring over people, typically the Foreign Service nationals, from a particular country and then do a seminar with that person speaking about the opportunities. While I was there, they got much more high tech. So they offered opportunities like – we had several services that the guys provided – one called the Gold Key Service. A small American company could go into the office in Kansas City and arrange with the Commerce Department employee there to go to a particular country, and the Commercial Service in that country would put together a series of appointments with potential buyers or agents or whatever for them that the guys in the country would find them, typically the local national. As a result of that two-day visit, typically they'd come out with some kind of deal. So that was one of the services we provided. By the time I got involved, we were doing that virtually. The company would come into the Kansas City office, and the initial round of appointments we did through video conferencing. So when the guy finally went over to the country, he had already narrowed down who he really wanted to talk to. They were doing some very innovative stuff, and it was cool, really, really cool. But it's an unlimited project, because in the United States literally, the data I learned when I was down there, only one percent of our small companies actually export. So you're talking lifetime employment here. There's an untold amount of companies that we could get into this business, and that's what these guys do, really cool, cool stuff.

Q: Let's talk about some areas. How were we doing this period getting companies to get into the European Union?

SEARING: This was right around the time just before the Common Consulate Bureau was going to take on and that sort of stuff. We did several things in Europe. We created something that we called Showcase Europe, which was a program that focused on eight specific sectors that we saw as key opportunities for American companies in Europe. One of them was tourism, for example. What these guys would do, the employees would go to an already-sponsored event in Europe, like a huge trade show, because there are fabulous trade shows in Europe. At that trade show we would bring, say, 10 different Foreign

Service nationals from 10 other European countries to that trade show and use the fact that there were 300 American companies there to introduce those companies to these guys and these countries that they might not be in yet. So we were bringing the Commercial Service to the trade show to get new business into those other countries. That's the kind of stuff we did, to try to broaden – if you went to American companies who were already in the trade show in Europe, they always were already global, but some of them were small, this wasn't just big companies. It was to get them to think beyond, for example, beyond Western Europe and going to Eastern Europe, to think beyond northern Europe and going to southern Europe. We would take some of our commercial guys from northern Africa to some of the French trade shows and things like that. That's the kind of stuff we did, which I thought was pretty innovative in a way to get new business and to expand business. So we took that approach.

Q: How did you find Congress? Were they pretty happy with it?

SEARING: They loved the Commercial Service. I'm a veteran of being in organizations that Congress hates. They loved the Commercial Service. Recently, only because Bush didn't ask for it, they haven't been funded as well. When I was there, they were funded very well. This was an organization, 1800 people, that had about a $200,000,000 budget. It was funded because there were these testimonials. Remember, politics is local. The testimonials were back in Kansas City, where Joe Shmoe would go in to see his local Congressman and say, "You know, I was working with Jane in that Commerce Department office and they really helped me out." And the Commercial Service has gotten smart about partnering. In most cases in the domestic field they are colocated with either the State commerce department operation or one of the world trade centers. They've gotten very smart about being local.

Q: Did you find other countries were looking at what we were doing and coming around and saying, "Hey, how do you do this?"

SEARING: Yes, I had people come to see me that asked me how we do it. They were very interested. There were sometimes countries that hadn't been, but what we do is really quite unique. On the other hand, we also have a unique constituency. Nobody has the small business contingent we have that drives the U.S. economy the way ours does. Our small businesses are really quite unique. Yeah, people were very interested. I loved that job, because with all my years in policy – and you know I enjoyed that – this was a case where I would see everyday how we were actually helping these individual companies succeed and it was very cool.

Q: How were you seeing the NAFTA, North American Free Trade Agreement, between Canada, Mexico, and the United States? Did this affect your operation?

SEARING: Again, what they tried to do is take advantage of it. There was a lot of interaction between the office in Mexico and the Mexico office is in seven places; they have an office in Tijuana. They're all known, the Maquiladora, they're all known there.

And they're also in Canada – they're all across Canada. Many just worked, but they have some very aggressive programs. One of the programs we had, for example, after NAFTA went into place was Canada First, where when you're talking with small companies who have never exported, start them in Canada. It's no more difficult that shipping from Tennessee to Kentucky. Start them there and get their feet wet and we used that pitch to get companies to get into the export business, and it was a good vehicle. The guys we had down in Mexico were some of the pioneers about video conferencing and using that as a start-up tool. They did some good stuff.

Q: Latin America?

SEARING: Latin America, most of the countries in which there are markets that are relatively useful to pursue. The programs are pretty similar across the board. Our resource base in Latin America was fairly good sized. Europe and Asia were our biggest. Where we were most efficient was in Africa – that is where we did the least. We used a model to kind of figure out how to deploy resources that was based on size of the economy, all the things you'd expect us to factor in, political, but with the driver being what kind of market is this for the U.S. and tried to deploy, as best we could, in economically rational way.

Q: Did the issue of job loss impact on you? I'm talking about electronics manufacturers going to Indonesia to get them assembled and all that. Was that seen as a problem or your thing?

SEARING: That was seen as a problem in the policy world. Our mandate in the Commercial Service was very, very clear: we were to promote exports. We were not supposed to do anything to promote investment. Now, that got dicey because, for example, in Japan if you really want to succeed in Japan, you need to have an office there. It is preposterous to think that you can really build a business in Japan from Kansas City because it's all about relationships. So there was that bit of a dilemma about that mandate, but because the mandate was to promote exports, the Commercial Service didn't find themselves that much in the conflict. It was more the trade people and, I'm sure, the economic section on the trade policy who felt that, because the people who are against the giant sucking sound.

Q: This is Ross Perot running for President who said, "If NAFTA comes into being, there'll be a giant sucking sound as all our jobs go into Mexico."

SEARING: Exactly, and the people that worry about that, mostly those on the Hill who worry about that, blame U.S. trade policy for creating that environment, not U.S. export promotion policy. So, no, these guys were relatively isolated.

Q: One of our biggest exports is agricultural, and that's usually the realm of agricultural attachés, but I would think there would be some overlap or something.

SEARING: There was definitely overlap, and they actually have a pretty good relationship at most posts with the agriculture folks, because as soon as you get into doing something with the agricultural product, like making strawberry jam, you now have commerce.

Q: So Commerce would do something.

SEARING: Exactly. Except for raw agricultural products, there was usually a hefty agricultural activity for all of the commercial centers in anything that was processed, and even the same with fishing and that sort of thing. I can't remember a post where the relationship between the agricultural operation and the Commerce Department was bad. I only remember it as being collaborative.

Q: Your title was what, Director General?

SEARING: Assistant Secretary and Director General.

Q: Did you find yourself going over to your counterpart with the foreign agricultural service?

SEARING: Very rarely, we did only on a particular-need basis. For example, we actually had an understanding that we developed with them about how we were going to cooperate on some particular aspect of agricultural products, who does what when. What the Agriculture Department does not have is a domestic field like the Commerce Department has So we actually had an understanding with Agriculture about how we would handle raw agricultural products in the domestic field for them and refer them and that kind of stuff. I did get involved in that, but other than that, no.

The Director General job has several components. One is Queen Elizabeth. You go around, you cut ribbons, you make speeches, you promote, you rah rah. You're encouraging companies to use the services, get into the export business. It is great. You go anywhere and do this. It's Queen Elizabeth. The second part is to manage the organization within the Commerce Department, and that's in and of itself an art, and its relation with the Hill, so there's that component. Obviously there's just the typical personnel kind of stuff that the Director General at State has to deal with, but the Director General at the Commercial Service also drives programs. It's also the content creator as well as the administrative arm of the Service. So there are several different aspects to the job. It's like running a business.

Q: Were you able to change relationships at all within the Department of Commerce?

SEARING: Within the building, they were very happy when I was there because we were much more a part of the team. I knew them and I would make the guys do things as part of a team that, had I not been who I was, probably wouldn't have happened. So I did change that, but the Director General in that organization, it's very difficult to change

anything primarily. First of all, it's always a political appointee. I was the only career person ever to be in that job. That's a problem, because with a field organization like that, basically it is a bureaucracy that can run on its own and most Director Generals haven't a clue.

Q: In a way it almost has to because, as you say, the political arrives and they get.... The Department of Commerce - I think I mentioned this early on - has this reputation of being a place where there's sort of the sweepings of the political system. There are usually a lot of little jobs that they can give with nice titles, which means you're not getting the greatest competence always. You've got to take Joe Shmoe or Mary Smith because we've got to find someplace, which means nobody's saying, "Gee, these people have a real commercial bent."

SEARING: That's exactly right. The person who's in there now is a lovely person but she's absolutely never been involved in business in her life. They humor the Director General. They do what they have to do, what they're asked to do, but basically the organization runs itself. When I was there, it was different, but I was seen as part of them, so I was really able to really move the organization as a whole in a programmatic way, in a positive way. Some of that had stopped, but it's very hard. Things were resisted. If you put it in place, it wasn't going to last after you left.

Q: So you left there in 2000?

SEARING: I left in February of 2001, left to go to the private sector.

Q: So what did you do?

SEARING: I'm working for a consulting firm with mostly work on Japan.

Q: When you left in 2001, this was political too, wasn't it?

SEARING: No, no, no, I didn't have to leave. The advantage of being a career employee in a political job -- and I was confirmed by the Senate -- the advantage of it is that you go back to what you were. I could have gone back to being Deputy Assistant Secretary for Asia, but I had always planned to retire as soon as I was eligible. I stayed a year longer than I actually planned, and it is very difficult to go back. Once you've been an Assistant Secretary, but I don't know how it is at State, but I'm telling you at Commerce it is a totally different experience, especially in that organization. I was like a Secretary; no one told me what to do. I know the things that happen. I was led to create and do with the program what I wanted, and occasionally I have to let them know what I did. So, it's very difficult.

Q: Just one other. In Commerce were there sort of staff meetings? Did the Secretary of Commerce have...?

SEARING: He had staff meetings, but I was not in his staff meetings. His staff meetings were with Undersecretaries. I would see Daley, but that's because he liked me, or I'd see Mallard, the Deputy Secretary, but that's because we were friends, so I'd come up and talk to him about doing things. In general my formal staff meeting was with the Undersecretary, who was Barry, but most of the time that I was in the job it was David Adam, who is also political, competent but not a trade promotion guy.

Q: But anyway the main thing was that you were your own person.

SEARING: Absolutely. I did not see management for weeks at a time (laughter). It was really like running your own company. It's a great job. It is a gem.

Q: When you left, you're doing consulting. Just sort of, what are you consulting on?

SEARING: It's fun and certainly not as stressful. That job was great, but you can imagine the level of stress. We have, I guess about 10 Fortune 100 companies. The ones in Japan are mostly pharmaceuticals; that's lifetime employment in Japan. Japan has always had a universal health care system that's highly government regulated, so there are a lot of company issues, and we're strongly competitive industry. So I do that. I have a couple of Japanese clients, mostly in the telecommunications area. One of them is interested in the U.S. market and has actually invested here. He's got a huge investment in AT&T and was worried about the U.S. market. Needless to say, that provides plenty of things to work on. Then in my little office – I'm only parenthetically involved in this – we manage events for the American Medical Association. There are several things that we run for them including a couple of awards programs. The guy that brought me on, who owns the company, really brought me in as the Senior Vice President to run the Washington office. It's easy, it's great. After Commercial Service, this is a snap. I can do this and working with the companies it's very similar to what I did in the Commerce Department.

Q: One further question just occurred to me. As Director General, on the personnel side, you know there was this upheaval for some time. I think it's gone down, but it was harassment and people were having to mind their P's and Q's, be very much more aware of gender relationships and all that. Did you get involved in that?

SEARING. Oh, very much so. As I said, this was a very litigious group. I would get involved not so much in the policy sense, pronouncement sense, because there was pronouncement way above me and there were pronouncements at the Secretarial level about appropriate behavior. I would get involved with the grievances. I'm sure there it stayed. At Commerce there are always several going on. The grievances are for different things, but some of them are harassment things.

Q: Not just harassment but grievances....

SEARING: Grievances in general, yes. There were a number of personnel issues that were in grievance stage that I got involved in, and we tried to handle as fairly as I could.

You don't have that in the civil service.

Q: You know, the State Department got hit very heavily by a suit by women officers that were being discriminated against, and they were, but it seems from that point on - from somebody never involved and looking at it from the outside – that it go so that State almost gave up before it even got started. If somebody launched a suit claiming discrimination because of being a woman or being a minority, no matter what happened, it meant that you couldn't.... Did you find that this was a problem?

SEARING: I don't think it was just women and minorities. I think it was a general problem. There was a tendency, no matter who grieved, whatever persuasion they might be in any way, there was a tendency to try to settle it rather than litigation, and it was extraordinarily difficult to actually get rid of people. We had alcoholism issues, we had guys who harassed local nationals, and we used to find ourselves basically buying them off because that was budget-wise cheaper than really going down the path of litigation.

Q: When you say "buying them off," what does that mean?

SEARING: Either getting them early out and giving them a package or putting up with them for another year in a non-job until they actually could retire, things like that, things that you really didn't want to do, but in the world of the choices you had it was a better option than sending them back out, continuing to pay them for another four years and having more problems.

Q: Having more problems, yeah.

SEARING: It was an unsavory exercise to be a part of, but necessary. I was very frustrated by it, very frustrated that you couldn't actually do what you really wanted to do. It wasn't just women, it was in general. There are not that many women in the Commercial Service to begin with, and there are certainly not many minorities, and those were not the preponderance of cases that I had to deal with. There were some of those but not many.

Q: How did you find recruitment?

SEARING: Recruitment is incredible. The Commercial Service recruits on an as-needed basis. What they do is they do an assessment, it seems, like about every two years, and they do a register and it usually lasts that long. They usually have each time 200 to 250 candidates for maybe 40 slots, and good people. It's an attractive employer.

Q: Business schools?

SEARING: There are MBA types. The requirements until fairly recently, I was recruited at the 13 level, so you were looking at people who had already worked for companies and stuff like that. Now they recruit lower. For years they were just filling the ranks. Now

they finally reached that point, so they're recruiting maybe at the 11 level, but still they expected either an MBA or a year or two experience, things like that, very good candidates. They are great jobs; there's no question about that.

Q: I think this is a good place to stop.

SEARING: I do, too. Thank you very much.

End of interview