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

ASSISTANT SECRETARY PHILIP H. TREZISE

Interviewed by: Willis Armstrong
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INTERVIEW

Q: Phil, tell me about how you got started in the Foreign Service. What was your background before you were in it, and what interested you about it?

TREZISE: Well, Bill, I actually came into the Foreign Service by direction of the President. I was a Navy officer stationed in China during World War II, assigned by the Navy to the Office of Strategic Services (OSS). As the war came to an end, the element of OSS with which I was associated was transferred lock, stock, and barrel to the State Department.

So when I returned to the United States in November or December of 1945, I reported for duty at the Department of State in something then called the Office of Intelligence Research. I was in the Navy still, of course, and I was not discharged until March or April of the following year. In the meantime, I went to work in the China branch of this Office of Intelligence Research.

When I was discharged from the Navy, I had the choice of staying on in the Department or going off to work for the Continental Can Company, which had offered me a job during the war. The job had been held open. But inertia, I suppose, kept me where I was. So I stayed in the OIR, Office of Intelligence Research, and became a civil servant. I remained a civil servant until the program for amalgamating the Foreign Service and the civil service began in the early 1950s.

Q: I didn't realize you were in the same boat I was in that. Yes, I was a civil servant also.

TREZISE: So in 1953 or '54, I took the oath of office as a Foreign Service officer. I was then still in OIR, but I moved to the policy planning staff not so long afterward. From there I was assigned to the embassy in Japan in 1957. That was the beginning of my career as a Foreign Service officer, after having had six or seven years as a civil servant in the Department.

Q: What was your specialization in OIR, Japan?

TREZISE: No, it was China. But then I didn't stay very long in the China branch, because I was asked by an old friend of yours, Walt Butterworth, to go to Indonesia as a member of a group assigned to the United Nations Good Offices Committee, which was mediating the struggle between the Netherlands and the Republic of Indonesia.

So I went to Indonesia and was there--that was in 1948--and I stayed most of that year in Indonesia. I came back and, thereafter, moved briefly to the Bureau of Economic Affairs, as it was in those days. I stayed there only briefly because the Office of Intelligence Research asked me if I would like to be assigned to the War College, with the understanding that I would return to OIR.

So I went to the War College in 1949. I had the '49-'50 year there and then came back to OIR as chief of the Division of Research for the Far East. That, too, was a very brief assignment because they had an opening in the Division of Research for the Near East and South Asia. Despite my lack of area background, I transferred to the Near East Division as division chief.

I didn't stay there terribly long, probably a year or a year and a half. Then I moved up to be the Deputy Director of the Office of Intelligence Research. From there, I believe in 1954, I moved to the policy planning side.

Q: You had a lot of successive appointments there, all of very considerable interest.

TREZISE: Well, they were. Not that I was wildly over qualified, particularly for the Near East Division, but the division was in bad straits. I may say, I probably did straighten it out somewhat. They weren't sure what they were supposed to do and where they were going. I think that I got at least some of the people moving in the right direction.

It was interesting, too, because that was a period of upheaval in the Near East. King Farouk was overthrown. A leader in Iraq, Nuri al-Said, was killed and a new government was installed. Most important of all was the big upheaval in Iran, when the Shah was overthrown. Mossadegh took over as head of the government of Iran for a couple of years until, through a method that I have never entirely understood, the Shah was restored to power. Some people believe that CIA was instrumental in doing this. Perhaps it was. It wasn't clear to me, from all the intelligence, that the CIA was necessarily the sole instrument. But the Shah did come back and lasted a good long time thereafter.

Q: I was in oil at that point. [Laughter]

TREZISE: It was a very interesting period. There was a feeling that both Iran and the United Kingdom would go down the drain because the oil was so important to the two economies. It certainly excited a lot of attention, including our Under Secretary Mr. Hoover who--

Q: I found myself working for Mr. Hoover at that point and also, in effect, working for Mr. Henderson, who had originally hired me for the Foreign Service.

TREZISE: Yes, Loy Henderson, he was a great man.

Q: Tremendous man.

TREZISE: Well, that was pretty much it, Bill, up to, as I say, 1954 or thereabout. At that time, I moved over to join Bob Bowie at the policy planning staff. I had had a lot of experience with the staff prior to that as a member of the staff from OIR. You know, the staff was--perhaps still is--a great talking machine, a daily bull session. I would go over to staff meetings when Paul Nitze was in charge and I continued to go off and on as a sort of ex-officio member after Bowie took over.

So when Bowie suggested I come over as a full-time member--and since I was planning anyway to go overseas--I decided it would be a good stepping stone for my next assignment.

Q: Was Bowie there with Nitze?

TREZISE: No.

Q: He replaced Nitze, didn't he?

TREZISE: Yes. Bowie had been in Germany with Jack McCloy, and when the Eisenhower administration came in, he was recommended by McCloy. Both, he and Nitze were outstanding people, of course.

Q: Oh, they are.

TREZISE: They were quite influential too. Mr. Dulles, for one, was not easily moved. But Bowie, I think, had his ear and could influence his thinking or at least get him to listen.

Q: Did you ever hear of Mr. McBurbo?

TREZISE: Yes.

Q: Merchant.

TREZISE: Merchant, MacArthur, and Bowie, yes. They were Mr. Dulles' favorites among the Senior people in the Department.

Q: Yes.

TREZISE: Well, the fact is that MacArthur asked me to come to Japan with him. He went to Japan in the early part of 1957, and before he left, he had arranged for me to join him there as economic counselor. Why he chose me I have never known. He didn't explain. But he had had long talks with Bowie, and Bowie, no doubt, had some part in it.

Q: MacArthur, himself, was not a great Far Eastern expert, was he?

TREZISE: By no means.

Q: I knew him. He was in EUR.

TREZISE: That's right. He was in EUR--

Q: Western Europe, yes.

TREZISE: He had been in France during the Vichy regime, during the war. He came to have a close acquaintance with General Eisenhower. Not during the war, but certainly after the war.

Q: Yes.

TREZISE: So he had, really, a direct line to the White House, which few ambassadors had. He could pick up the telephone and reach the President without the problems that most ambassadors would have encountered.

In any event, I went to Japan in the Spring of '57, and stayed there through MacArthur's tenure and through the first six months or so of Ed Reischauer. Ed took over after the Kennedy victory in 1960. He came in March, I believe, of 1961 and I stayed with him until October of that year.

Q: So you had four years there?

TREZISE: I had four years there. A bit longer than that, actually, because I should have gone home in April, and I stayed until, I think, October. I sent my family home earlier and stayed on because the deputy chief of mission had left. I was acting as DCM until he returned.

Q: That was an extraordinary period for Japan.

TREZISE: It was indeed. I have often remarked that the first month I was there, the Japanese had a balance-of-payments crisis. It was a true crisis. Their foreign exchange reserve had been drawn down to a few hundred million dollars, and they were really in quite a stew. The reason for the problem was that the country had been growing so fast and had been sucking in imports at a fabulous pace. In those days, believe it or not, Japan had a deficit on trade account. While they were exporting--their exports were growing fast--imports were growing even faster.

Q: I suppose the imports were largely capital goods because--

TREZISE: Capital goods and raw materials. Yes, in those days, consumer goods were not imported on any sizable scale.

Q: Never were. [Laughter]

TREZISE: To this day, they're not terribly great. Well, the extraordinary things about this episode were, first, that the Finance Minister resigned. That was Mr. Ikeda, who later became Prime Minister. He resigned and somebody else was put in his place.

The Bank of Japan and the Finance Ministry then imposed a credit squeeze on the economy. Its results were really something to see. I made a trip around Japan at that time

to get acquainted with some of the other cities. Everywhere I went there were buildings that had been started and construction had stopped. There were shells of buildings everywhere in the country. The construction boom, which was part of a total boom in Japan, was just choked off because nobody could get credit, and they simply could not continue. There was great anguish in the business community about the policy, but the government stayed with it.

By the winter, the external account was approaching balance again. Their big deficits were behind them. And by the next summer, the boom had resumed. All that investment activity that had been stopped was under way again.

Q: They've never looked back since.

TREZISE: Haven't looked back since. But that would have been '58. Well, '58 and '59 were big years. In '60 they had the political upheaval which involved us, of course. That was the year President Eisenhower was going to make the first ever visit of an American President to Japan. We turned the embassy upside down to plan for that visit. I was writing speeches for the President--not my job at all. The administrative people had everything organized to a T. Everybody knew where he would be, whether he'd turn left or right, where the President would stop, and who would get out of the car first. Everything was organized.

But then, for reasons really quite extraneous to the United States, a political upheaval arose against the then Prime Minister, Mr. Kishi. We had renegotiated our security treaty, which had been imposed on Japan as a price for the peace treaty. We had renegotiated it to meet many of the Japanese' quite legitimate complaints about its one-sidedness. But the opposition parties, including some of the left-wing trade unions, organized and moved against ratification of the treaty, even though, in fact, all the objectives that the Japanese government had, had been achieved.

Nevertheless, they mounted this enormous campaign, primarily street demonstrations. And just before the President was supposed to arrive, they had a small riot near the Diet building, and a young girl was crushed to death in the fighting between the police and the students. There were mainly students in that demonstration. This was a culmination of some weeks of demonstrating. The upshot was that the government lost its nerve and said it could not guarantee the President's safety if he came. So the visit was called off. The President was already in the Philippines. Instead of going to Japan, he went to Taiwan and had a visit there. He was, of course, furious.

Q: He had quite a temper, Mr. Eisenhower.

TREZISE: Yes, well, it was kind of crisis in U.S.-Japan relations.

Q: I remember it. I was in Canada at that point. It was a real black eye for the United States.

TREZISE: It was. It was indeed. And though I'm not an expert on Japanese politics, I have always believed that the problem that Mr. Kishi had was not the treaty. That was chosen by the opposition parties and the trade unions as an excuse for trying to drive Kishi out of office, because he had earlier proposed a new police powers bill. Some of the elements in that bill seemed to hark back to the pre-war system of police control.

Q: Oh, I see.

TREZISE: This caused a great deal of unhappiness, not only among the students and the trade unions and the left-wing parties, but in parts of the business community as well. People saw this as something that might turn Japan back toward a period that most Japanese would like to forget.

Mr. Kishi was the author of this. Indeed, when he came into power, one of his positions was to strengthen the powers of the police over internal security matters. So he was removed from office not long after the aborted presidential visit.

Q: Did the Americans think it was basically a pretext?

TREZISE: Basically, it was an excuse chosen by the opposition as the first opening they had. Actually, the police power bill was never enacted.

Q: Never was.

TREZISE: The Diet--the Parliament--simply sat on it because of the widespread opposition. But the thought that somebody would propose it was enough to make Kishi a target. He had been a great friend of the United States. Indeed, there was a point of view that he was the American prime minister. We had chosen him for the job, or so it was said.

Q: There's a downside risk in that.

TREZISE: In any event, out he went. Mr. Ikeda came in. There was a wonderful example of a politician doing the right thing. He didn't talk about the security treaty, which by then had been ratified anyway. He said he had a plan for doubling national income in ten years. And everybody seized on the so-called plan. It wasn't a plan at all.

Q: Release the forces.

TREZISE: It was just a political statement. We will double national income in ten years. In fact the economy rose at a pace faster than his double national income objective. That would have required a bit more than seven percent growth per year whereas the economy grew at more than nine percent a year during the decade.

So Mr. Ikeda's regime was a success. He was a Prime Minister for a long time. He died in office, or he got cancer and had to leave office, and died shortly afterward. During his tenure Japan began to come out of its shell. Well, by that time, I was out of Japan and back in the--

Q: How long was he in office? From about '60--

TREZISE: He was in office, I think, for eight years, I believe, or almost eight years.

Q: Eight years.

TREZISE: He was succeeded by his brother, who was named in the Japanese fashion. It was not Ikeda, but Sato. I think they had been orphaned and had been adopted by a family. One took the family name and the other did not. In any event, his brother, Mr. Sato, became Prime Minister just before President Nixon won the election in the United States. He was the man with whom Nixon and Kissinger dealt.

Q: There was a long period of great continuity in Japanese politics.

TREZISE: Oh, yes. Well, of course, they have had the same ruling party since 1955, and even longer than that, really. In 1955 the two conservative parties, the Liberals and the Democrats, consolidated into a single party, the Liberal Democratic party. That party has governed Japan since.

Q: It's had a few ups and downs in the more recent years, but it was very solid for a long time.

TREZISE: Yes, and even in recent years, the downside periods were not so serious. Certainly not as serious as the one they're now in, which is the first true crisis that that party has ever encountered. And it's by no means clear how they will get out of it. However, we are running way ahead of a . . .

Q: Well, when you came back from Japan, it was what, 1961, '62?

TREZISE: In November of '61, I remember reporting for duty in the Bureau of Economic Affairs. Edwin Martin was assistant secretary in those days. And I was to be his senior deputy. The other deputies were Mike Blumenthal and Andy Kerr.

Q: Yes, I did business with Blumenthal from Canada, I remember.

TREZISE: Well, Ed Martin did not stay long as assistant secretary.

Q: He had a very short tour as economic assistant secretary.

TREZISE: Yes, well, he brought me back in, as I say, in November, and I think in December or January he moved on to the Latin American bureau. And Grif Johnson came in to be assistant secretary.

So I stayed there from 1961 until the end of '65. Grif Johnson had been replaced by Anthony Solomon in the fall of '65. At that point I was due for reassignment anyway and George Ball and Dean Rusk persuaded LBJ that I should be sent to the OECD. No easy task I might say--to persuade LBJ to do anything.

Q: On any subject.

TREZISE: On any subject. [Laughter]

Q: Especially if he had thought about it beforehand.

TREZISE: He had given me the presidential award only a few months earlier. But that cut no ice. He said, " I don't care about that."

Q: The Presidential award was for work in the Department or in Japan?

TREZISE: No, in the Department. It was really for the Canadian automobile agreement.

Q: That's right.

TREZISE: Also on that citation was a negotiation we had with Romania about giving Romania MFN treatment, and otherwise opening commercial relationships with Romania. Romania was beginning to act independently of the Soviet Union on foreign policy questions. So it was desired that we strengthen the regime in Romania. It was, of course, a dictatorship, as it is still.

Q: Ceausescu was in then?

TREZISE: Yes, oh, yes.

Q: He had been there forever, hadn't he?

TREZISE: They had decided that their relationship with the Soviet Union was too all inclusive, and they wanted to stretch out a bit. And they did in fact, but Ceausescu has not been a terribly attractive playmate over the years. I guess nowadays our relations with Romania are rather poor. But anyway, those were the reasons for the presidential award, called, I think, the Presidential Distinguished Service Award.

Q: Did you say you got a medal for it?

TREZISE: Oh yes, a medal, a lapel button, a plaque, and a picture of myself with LBJ and J. Edgar Hoover. [Laughter]

Q: Proves your security clearance is all right, anyway, or he wouldn't have had his picture taken with you. [Laughter]

TREZISE: One of the other awardees in the group was a fellow from the FBI, so in the picture taken with LBJ and myself was Hoover.

Q: He couldn't resist the camera, I'm sure. [Laughter]

TREZISE: Maybe that was it. Well, I think, Bill, that brings us up to where we were on the second part of this tape.

Q: Where we started with the OECD job there? Did we? Yes.

TREZISE: Yes. We had discussed, I guess, the Canadian automobile agreement a bit in the first tape. But it's also on the tape that I edited, so I don't know that we want to go over that again.

Q: Essential elements are in there.

TREZISE: And that was a great event of my four years in what was then the E Bureau.

Q: That was from '61 to '65?

TREZISE: Yes.

Q: Let's see, I came back and had charge of Canadian affairs from '62 to '64.

Date: January 27, 1989
Interviewer: Mr. Willis Armstrong

Q: I am here with Philip Trezise, who is just talking about the free trade agreement in automobiles with Canada which was negotiated 1964-1965.

TREZISE: Well, as you know, the agreement had been something of a contentious matter, or has been until recently, at least, for most of the period since it was signed. Initially, our large balance in automobile trade with Canada more or less vanished. The Treasury became very unhappy about that during the Nixon Administration and, at one point, tried to have the agreement nullified.

Q: They tried that when you were Assistant Secretary?

TREZISE: Yes.

Q: They had given it up by the time I was Assistant Secretary.

TREZISE: Oh, yes.

Q: They were still very uncomfortable about it.

TREZISE: Grumbling about it, yes. Well, actually, what happened was that, after the initial surge of Canadian exports to the United States, our exports held up more or less to Canada, but it had been a big swing. But in the 70's our surplus in the auto trade recovered because we became a large exporter of parts and components for automobiles, while the Canadians became a large exporter of finished cars. Now that was a very deliberate decision on the part of the Canadians. They thought that assembly was a better part of the operation than making parts, so they skewed the arrangement in favor of assembly. To this day, assembly is still dominant, although now, of course, because of exchange rates and other matters, we're a big importer of parts, as well, from Canada.

In any case, this had several effects. For one, it caused wages in Canada to generally rise because the assembly people tended in general to be the highest paid.

Q: The UAW, because it was in both countries, worked for wage equality.

TREZISE: That's right. I told Simon [Reisman] while we were negotiating the agreement that Canada must expect that wages would have to rise. The Canadians somehow discounted that. Anyway, it gave the Canadians something of a problem for awhile. In the end, of course, the economy adapted to it and Canada is a much higher wage country than it would have been without the auto agreement.

Q: It also makes for more disparity between Ontario and some of the other provinces in terms of wage levels and income levels.

TREZISE: Exactly. It's no accident that the Quebec provincial and the national government put $250 million into keeping General Motors in Quebec at the Ste. Therese plant, which they were going to give up. In other words, the Canadians put a quarter of a billion dollars into subsidies to keep GM in Quebec. You are quite right. The Ontario opposition to free trade is founded on a misapprehension. The province has benefitted enormously from free trade.

Q: They will benefit the most because they are in the best position.

TREZISE: Exactly.

Q: They've got the infrastructure, and the resources, and the people.

TREZISE: Sure, the trained people. It's a high wage province, but it has high productivity.

Q: They want all that and total independence, too.

TREZISE: Of course, that's the human condition. I'm reconciled to these things nowadays, though. Well, that was my Deputy Assistant Secretary days. There were lots of other things I suppose I could recall, but that was a high point. In fact, LBJ gave me a medal for it.

Q: You deserved it, if I may say so.

TREZISE: Well, I've forgotten what it's called.

Q: The President's Award for Distinguished Federal Civilian Service.

TREZISE: That's right. It's principal shortcoming was there was no money attached to it. It was just a medal, which I've never worn. It's a huge, heavy thing. It would have to be a full dress affair to wear anything like that.

Then I went to OECD at the end of 1965. By then Tony Solomon had come in to be Assistant Secretary. He wanted his own staff. I had been four years in the job and I was going to move anyway, so OECD looked fine to me.

Q: You had Grif Johnson most of that time.

TREZISE: Yes. And Grif was a great fellow to work with and for.

Q: He always struck me as a man of excellent instincts.

TREZISE: Excellent instincts and a very honest and decent person.

Q: A very nice person, yes. I was devoted to him, also.

TREZISE: I had known Grif, initially, when he was a member, as was I, of the Gordon Gray Commission in 1950.

Q: Oh, was he?

TREZISE: Walter Salent, Kermit Gordon, and Ray Miksell were among the others.

Q: Is Grif still alive?

TREZISE: Yes. He's retired and lives near Annapolis.

Q: Was he?

TREZISE: Yes.

Q: Kermit and I went to the same college and I knew him when he was here at Brookings. A fine man also. A great loss.

TREZISE: Well, I was at OECD for more than three years. I went at the end of 1965 and I came back in the spring of 1969. It wasn't quite four years. OECD was an interesting experience.

Q: Let me go back just one moment to one point I think is worth emphasis on the Canadian matter. And that is, because Mr. Diefenbaker left office in 1963 and Mr. Pearson took his place, you had a political momentum started under Kennedy and continued under Johnson which, I think, must have been an underlying factor. Of course, I worked on the political side.

TREZISE: Well, you are absolutely right. As a matter of fact, when LBJ presented the agreement to the press down in Austin, what he stressed was that we had avoided a confrontation and a political dispute with Canada. As far as the automobile agreement itself was concerned, it was entirely political from his point of view. I've forgotten what Pearson said in reply, but I'm sure it was in the same vein.

Q: Well, it's highly questionable whether Pearson ever understood the automobile agreement.

TREZISE: Well, LBJ also. All that mattered was that Dillon and Ball knew what it was and they wanted it. Dillon, especially, was very anxious to get it done. He was a wonderful person.

Q: Yes. I worked rather closely with Dillon one time. I thought he was great.

TREZISE: Yes, I have great respect for him. OECD, as you know, covers a whole range of things. It is still the principal agency for international consultation on economic policy. Even though the Group of Seven and others have captured the headlines, it is still OECD where most of the nuts and bolts of economic policy are discussed. But the OECD also deals with trade, and with agriculture, and with all the concerns that this group of industrialized countries have with one another. And, of course, it now includes not only the core group from the old European Marshall Plan Countries and the United States and Canada, but also Japan, Australia, and New Zealand. I suppose in time it will have Korea, Singapore, Brazil, others as members.

I think it is an institution we need to keep alive and foster. Of course, it does not have money to spend, unlike the World Bank and the Fund. It doesn't really have a treaty to administer or an executive agreement, although there are portions of the OECD charter that do involve specific obligations on capital movements. But, apart from that, it's a talking place.

During the years that the Kennedy Round was going on I took part, particularly in the final stages, where we negotiated the Canadian and Australian bilaterals. The Canadian one was much the most interesting because we had the zero duty authority and we had lots of low tariffs to bargain with. We could go to zero on anything on which the tariff was five percent or less.

We'd had some rather desultory talks with Canada, to no conclusion. But in the last week of the Kennedy Round, we became serious about an agreement. The Canadian team was led by Simon Reisman and he had with him pretty much the same people as had taken part in the automobile trade talks in 1964-65.

Q: He was Deputy Minister of Finance, wasn't he?

TREZISE: Yes, I believe so. Anyway, I began at our final session by saying, "You know, we have zero duty authority and I'm prepared to give you free entry for all these things except aluminum." I couldn't get interagency support on aluminum. And then I offered some other things and I said, "From you, we want, particularly, tariff concessions on machinery." So I went through the proposal and said that I would like to have their reaction to it.

Simon, who is nothing if not an inveterate negotiator, he jumped up on his chair, saying "this is a derisory proposition." He used stronger words than that, too, as was his wont. He went on about what a terrible thing I had offered, primarily because I wasn't going to give them a zero tariff on aluminum. After his tirade I said, "Well, Simon, I don't think we're going to get anywhere right away because you haven't even considered my proposal. Why don't we break for lunch and we'll come back and see how far apart we are."

Q: This was in Ottawa?

TREZISE: No, in Geneva.

Q: Paris?

TREZISE: No. Geneva. It was the Canadian Minister's house, I remember that.

Q: I think Norman Robertson was involved in that, wasn't he, for awhile?

TREZISE: I don't know.

Q: He did Kennedy Round after he retired.

TREZISE: He probably was, yes.

Q: I saw him in Geneva at that time.

TREZISE: Well, I remember going to see him in Ottawa. He was a fine man, wasn't he.

Q: Oh, a very interesting man.

TREZISE: Anyway, Bob McNeil of the Commerce Department was my partner in this, as was true of the auto agreement. We went off to lunch and shortly thereafter Simon and his troop came in to the restaurant we had chosen. After we had finished our meal and were walking out and Simon beckoned me over to his table and said, "You know, what you suggested is probably all right. Let's go back and see what we've got."

Q: He had to blow his stack first.

TREZISE: He had to blow his stack. Anyway, we settled.

Q: That's a marvelous story.

TREZISE: This seemed at the time like a great success. It probably was in the sense that we got rid of some duties that didn't make any sense and the Canadians did their part reasonably well. But then I went on to the Australians and that was a total failure. To this day I have regrets about that. Not that I could have changed it, I suppose.

But, you know, I was raised in the Taussig tradition of free trade. But also, the wool tariff was, for Taussig, one of the most abominable of tariffs. And we had authority in the 1962 law to give the Australians free entry for wool. I thought, my God, here I'm going to be part of something historic. We're going to get rid of the wool tariff.

Q: Shades of Senator O'Mahoney. I had a lot of arguments with him about the wool tariff.

TREZISE: Oh, yes. The wool tariff goes way back, I suppose, in our history. Anyway, my associates were from the Agriculture Department and they tried hard to be helpful. But trying to get any concession from the Australians in return for the wool tariff--we could give them some other things, but that was the big one--we tried and tried to no avail. We tried, I remember, to find some way to get easier entry for our tobacco in Australia. We would recess and go off and dream up another gimmick. Eventually, of course, we had no settlement with Australia. We didn't reduce the wool tariff and they didn't reduce anything. It was a complete wash. Of course, they got some benefits, I suppose, from the other reductions we made, but on the things of bilateral interest, it was a zero. To this day, I think that was an opportunity lost. It was the Australians' fault.

Q: I remember negotiating in commodity terms during the Korean War the requirements for wool cloth on the part of the U.S. military. They were astronomical. And they were going to use all the wool in the world, all the wool the world would produce, they'd be glad to use it this year. And, of course, this was silly because synthetics were beginning to come in and all that.

But I spent weeks on end trying to negotiate an agreement to make sure that during the Korean War we got as much wool as we really wanted from Australia. And I failed, too. I had a hell of a lot of interesting conversations. I was dealing with a man called McCarthy who was their High Commissioner in London. This went on for weeks on end. I don't know how many weeks I spent in London arguing commodities during the Korean War. Of course, it was nice to be in London, but the conversations were difficult.

TREZISE: Well, Australians, maybe they're easier now. They're becoming a bit more free tradish.

Q: Well, the most recent government they've had in Australia, since about 1984 or 85, Hawke, they've made pretty good sense.

TREZISE: Yes. Curiously enough, a labor government is more open to free trade.

Q: Well, you have to remember the other government, which was Menzies for a long time, almost entirely consisted of sheep farmers. And some suggestions have been made that they weren't much brighter than the sheep. Well, what else was there while you were in OECD? You had the Canadian negotiation. That was a sideline, really.

TREZISE: Yes.

Q: OECD was shaping up as a genuine and important body at that time, wasn't it?

TREZISE: Yes.

Q: There were all kinds of discussions.

TREZISE: Yes. We did all kinds of things there. I guess one that remains in my mind was something that originated with a couple of British people on the OECD staff. They were in charge of something called Science and Technology. The director, a Mr. King, was quite an accomplished person who had lots of ideas, some very bad unfortunately. One that he came up with, or, at least, he adopted, was the idea that there was a big technological gap between the United States and Western Europe and that something should be done to narrow it. In effect, a Marshall Plan for the transfer of technology was needed, or so he argued.

Q: I remember that. I was in Britain at the time. We used to hear about this from Wedgewood Benn, who became the Minister of Technology. And he was going to set up technology centers all around the country so you could buy some, as in a supermarket.

TREZISE: To help run this, they brought in a fellow named Bill Branson, who teaches at Princeton now. Branson is one of our top-flight academic economists. But he adopted the King idea, too. Then I began to think, why am I allowing this organization to go into this

project anyway? The more I looked at it, the more I realized this was really an attack on two companies, IBM and Boeing.

Q: Yes.

TREZISE: And so I wrote a memo. I didn't want to do this orally. I wrote to the Secretary General saying that I was simply appalled at the idea that the OECD could pick up so flimsy an idea, aimed at perfectly legitimate firms in the United States. That was kind of a bombshell, I suppose, to the Science and Technology.

Q: Was that when Kristensen was there?

TREZISE: Yes. Well, they went ahead and wrote a report, which turned out to be essentially nothing. I wouldn't allow them to say anything of the kind that they had in mind originally, so it proved to be quite harmless.

Q: You have a ground rule in the OECD that you don't pick on individual countries, don't you?

TREZISE: Well, yes. Particularly when there is no case. I was prepared to listen to something reasonable, but this was foolish because the more you looked at it, the more you realized that IBM was the dominant computer maker in Europe. Well, it was in Europe. There wasn't any technological gap. IBM was there making computers in Europe to the best of its ability.

Q: Sure.

TREZISE: And as for Boeing, there were other airplane makers. At that time, the French were still pretty active and they had that small, rather good airplane, the name of which I have now forgotten. But anyway, it didn't make any sense to talk about a technological gap. Anybody could enter the aviation market. Boeing was leading, but there were others. And, furthermore, Boeing dominated the big aircraft sector but smaller planes were being produced elsewhere. Anyway, the upshot of it was that we killed that off pretty well.

Q: As I remember now, we heard a lot about it for awhile and then it got lost somewhere.

TREZISE: There were all sorts of things going on in OECD. I developed an assistance committee for aid to Greece, I recall. But, I guess, in the end, after three and a half years there, I was ready to try something else. When Nixon became President I was called back to Washington quite early in the Administration to talk to the White House about textiles. One of the factions in the White House wanted me to go around to Japan, Korea, Hong Kong, and Taiwan to open the way for a textile negotiation which would expand the cotton textile agreement to cover synthetic fabrics.

Q: This was the origin of the multi-fiber?

TREZISE: Yes. So I said, sure, I would do it if they allowed me to pick the people that I would have to go along and get a clear mandate from the President as to what he wanted. But that faction was overruled and Morrie Stans was given the responsibility. He went at it rather differently and, I thought, not very wisely. The first thing he did was to come to Europe.

I remember giving him a luncheon. I was still at OECD and he came there, along with Hank Houtaker, and Carl Gilbert, and others. But all he wanted to talk about to the Europeans was textiles. And, of course, they weren't about to give him anything. They had no reason to. They would ride on our coattails, of course, but they didn't want to get out in front.

Q: Their perception of the problem was the same as the U.S. perception.

TREZISE: Very much, but they weren't ready to jump into an attack on Hong Kong, and so on. The British had their problems. The Stans visit had no point, as far as I could see. The issues were in the Far East.

Well, anyway, I didn't do that. But while I was there, Mr. Rogers offered me the Assistant Secretary job. I wasn't so sure about that. Frankly, I was hoping I would get another embassy and I delayed.

Q: I think I understand that.

TREZISE: I wanted to go to someplace like Sweden, which struck me as an interesting country. I did not expect a major post, but another four years in an embassy appealed to me. Well, I didn't get it. Alex Johnson kept pushing me so I came back and became Assistant Secretary along in April or May.

Looking back on those two years as Assistant Secretary, I really cannot say that my accomplishments were ones that I'm terribly proud of. One was to put a quota on Canadian oil. And in retrospect, I realize how ill-advised I was. But you remember, in those days we had a kind of a quasi-voluntary arrangement in which the Canadians would restrict their exports of shipments of oil to us, somewhat in accord with the way we treated Venezuela.

Q: We had the overland exemption.

TREZISE: We had the overland exemption.

Q: My wife negotiated that.

TREZISE: That's right. But, of course, we didn't want the overland exemption to allow free movement of oil into the United States. It had to be limited. The Texans and the

Oklahoma people wanted to restrict everybody's oil, but Canada was the big loophole, potentially.

Q: They still do.

TREZISE: But then on the other side were Hubert Humphrey and the Minnesotans, who had the refineries which depended on the Canadian oil. It was always a struggle.

Q: They'd have to close the refineries if they didn't have Canadian oil.

TREZISE: That's right. Well, the Texans and the Oklahomans always won. In any case, President Nixon created an interagency committee under George Shultz, who was then Labor Secretary, to look at the oil program we then had. As you remember, we had a quota program, a formal restriction of oil from everybody, except Canada. Mexico was not a big factor then. They were selling only heavy oil, asphalt. They had an overland exemption but their shipments were of no consequence.

Q: We did the Brownsville Loop.

TREZISE: Yes, that's right. It was very, very heavy oil which was almost asphalt as it came out of the ground. It had to be heated to put it into trucks.

Q: They had to heat the trucks in order so it could go through Mexico and come back.

TREZISE: That was Tom Mann's really weird idea.

Q: It sounds like a Tom Mann idea.

TREZISE: On George Shultz's committee he had Maurice Stans and somebody from the agency in charge of regulating natural gas. But everybody else was prepared to look at a way of getting rid of the quotas and going to a tariff system. And that's what the majority was prepared to recommend. But John Mitchell intervened and so nothing came of that.

In the course of the Shultz deliberations we had a lot of talk about what to do about Canada. I said, well, why don't we see if we can get the Canadians to agree to free trade in energy, that is have a policy for the North American Continent. Well, it may have been a great idea, but we really didn't do enough work on it. We opened discussions on it with the Canadians and it became clear soon enough we weren't going to get very far with a continental oil policy. So we were back on the quota question.

Q: Continental is a bad word in Canada.

TREZISE: Yes. Well, as I say, I handled it badly. In retrospect, I can't say that I acted very sensibly.

Q: We are now getting there, though.

TREZISE: Yes. But at that time it wasn't feasible. But there we were back with the voluntary quota arrangement in the early part of 1970. And I had, of course, on my delegation the Interior Department people and the Oklahoma-Texas supports.

Q: Very close behind you.

TREZISE: Yes, breathing down my neck. We had a big meeting in Montreal. We went round and round about a Canadian agreement to restrict oil shipments. Remember, by 1970 we were beginning to become a big importer. The Texas surplus was pretty well diminished. And there we were, quite wrongly, trying to restrict Canadian shipment. We should have been saying, "Ship all you wish."

Q: In 1972 we imported more than we produced. That was the first time.

TREZISE: That's right. But I must say, along with the people who worked with me, including Jim Akins, who was something of a guru on oil, didn't fully appreciate the importance of what was happening. So, in any event, after we came to an impasse in the meeting I said, "well, all right, I'll go back and recommend that we put on a formal quota," and we did. We got a lot of flack from free traders around town and from Canada, where it was a seven day wonder that the Americans had done this to us. Of course, we were going to do it anyway on a so-called voluntary basis.

Q: But it was big enough to take care of most business, wasn't it?

TREZISE: Oh, yes, sure.

Q: It wasn't a real problem.

TREZISE: It was a little less than they were asking, but it was more than Texas and Oklahoma would want.

Q: It was a reasonable judgment on the market.

TREZISE: Yes. It wasn't all that bad. But, in retrospect, I think if we had done our homework better and been a little braver, I could have said right then and there, well, all right, we'll accept your offer. The White House would have supported me. Peter Flanagan was my contact there and he would have said, "Okay, your judgment does it."

Q: How did you get along with Flanagan?

TREZISE: Very well. I didn't have to deal with Kissinger, which was a great thing.

Q: You didn't have to?

TREZISE: I almost had nothing to do with Kissinger. He interfered now and then, but I could go to Flanagan and talk to him sensibly. I got along well with him. I had no trouble.

Q: I always found that with Flanagan. I always found him a sensible guy.

TREZISE: I thought they didn't give him adequate recognition. They brought in Peterson, who didn't really know anything.

Q: How did you get along with him?

TREZISE: Not very well.

Q: Do you know anybody who does?

TREZISE: I don't know. I had difficulty with him from the word go. The trouble with Pete was that he was an advertising man. The first thing he did was write a paper which he wanted to publish in the form of a book. The thing was kind of dumb, you know; in fact, it was terrible. Well, we had a big meeting at Camp David to kill it off. I remember Herb Stein and everybody came, and we killed it. But then he kept trying to write this exposition of economic policy and, since he didn't know anything to begin with, it was very difficult.

Q: I found it very difficult. We had him give it to the U.S. Consul for International Business. I was with them from 1969 to 1972 and he came up and made this pitch. He was, obviously, the big know-it-all and do-it-all in Washington.

TREZISE: That's right.

Q: My problem with him later was that he became a mouthpiece for Kissinger in dealing with Russia. And when I was negotiating lend-lease with the Russians I had three points of instruction: one was Bill Rogers, and one was Flanagan, and one was Kissinger. They never agreed.

TREZISE: Yes, I can imagine.

Q: We had a lot of fun. It was quite a circus.

TREZISE: Yes.

Q: But you were fortunate not to have to deal with Kissinger.

TREZISE: The only time I really had any dealing with Kissinger, the one time in the two years I was Assistant Secretary, had to do with oil. And that must have been in early 1971 when Qadhafi, raised the price of Libyan oil. Libyan oil was the preferred oil for many of

the European utilities and users. It was sweet oil, better than what the Saudis sell, and it was cheap, and nearby. So when they raised the price and threatened to withhold oil and so on, it caused considerable stir in Western Europe. Jim Akins was running the oil division or section of the Economics Bureau.

Q: Yes. I remember. I worked with Jim, too. You worked for him.

TREZISE: Yes.

Q: If he was your subordinate, you found yourself working for him.

TREZISE: He was nothing if not an activist. We got along. He came up and he said, in effect, this is likely to get out of hand. Why don't we summon the representatives from the countries that are principally concerned, including Japan, and see if we can't get an understanding on a common position." I thought that made sense and we did so.

Then Jim called in the oil companies and he said, "Now, are you fellows going to have a common line? Are you going to negotiate together or are you all going to go off in your own way?" Oh, no, they were going to get together, but they said, "What about anti-trust?" So we went over to the Department of Justice and talked to the anti-trust people. They were rather doubtful but, eventually, we persuaded them that they could give us a letter which would give the companies a certain--it wasn't quite an assurance, but they took it as enough of an assurance. So we had all this buttoned up more or less.

I got a memo then from Kissinger. The memo actually came down from the Secretary, I suppose. Anyway, it came to my desk saying that, "The President told me that he would like to have an inter-agency study of the oil situation in the world." The memo said the President needed it or he wanted it by some very early date, in a week, or something like that. Well, I went to see Jack Irwin, the Under Secretary. I said, "Look, I have three people working on oil. One is Akins, an he's going to go off to the Middle East. So I'm down to two people and this bastard wants us to write a big study. What's the purpose of it? We've already done everything. The Secretary knows all about it and he has approved all we've done." Jack said, "Well, you'd better do it. I don't want to have a fight with anyone."

So I called my two people in, I've forgotten who these two fellows were; they were certainly good officers, however. I said, "Look, we've got to do this now. Call a meeting of all the agencies. I'll chair the meeting but you tell me how you want to parcel out the chores." And damn it, we did it. We did a report in whatever the time was; it was a very tight deadline. But we did it. Nobody ever looked at it, of course, and it made no sense whatsoever, but it was done.

Rogers must have been away because I would have gone to him, rather than Jack. Later I told Rogers about it and he was furious. This was quite a long time afterward and he was

just furious. He gave me hell. He said, "Why didn't you come to me? I would have stopped that."
Q: You weren't here.

TREZISE: I said, "You weren't here and I went to the Under Secretary." Well, you know how he was. He calmed down after a little bit. Of course, he understood immediately what had happened was that Kissinger was trying to get into the act and get the State Department doing what he thought was the State Department's chore.

Q: Did you ever find Jack Irwin any help on anything when you had a fight with anybody?

TREZISE: No.

Q: I never did, either. He's a nice man.

TREZISE: When I came to the Department, Richardson was Under Secretary and I could go to him and explain my problem.

Q: That's a different story entirely.

TREZISE: I remember when I came to the Assistant Secretary job one of the first things I took on was a proposed interagency study on aviation policy. There had been one in the Kennedy Administration, which we had to fight over and we did win on that one. And I had taken part on that earlier one so I knew what was up. It was an attempt to elbow the Department out of the aviation negotiating leadership.

So I went to the first meeting and I said, "I've checked with Secretary Rogers and he said it was time to have a policy review. But he told me to tell you that he is not prepared to give up authority over aviation negotiations. So go ahead with the study. We'll take our full part in it but you must remember, we will not have any discussion about the locus of power for the negotiations."

Well, I hadn't told Rogers a thing. I just made that up. I went back and told Richardson what I had done. And he asked if I had told the Secretary and I said, "No, he might not let me do it." But I said, "You'll support me, won't you?" And he said, "Sure." Of course, I didn't need any support. Nobody bothered to ask Rogers if he ever said this. So we had the policy study and not a peep about the role of the Department of State.

Q: Well, it continued after I got there. We managed to hang onto the franchise.

TREZISE: It's pretty well dissipated now. In the years since we've left, everything has gone downhill, it seems to me. But Richardson was really a great helper.

Q: Oh, he's a fine man.

TREZISE: Yes. You know, he had the right bureaucratic sense, too. If you've got something, why do you want to let somebody else take it away from you.

Q: Well, he's a good fighter.

TREZISE: Sure.

Q: So is Bill Rogers.

TREZISE: Ben Reid, in the Carter Administration, gave away a big chunk of the E Bureau. Why? Because people were pressing him and he wanted to make them happy. Well, I've never believed making other people happy was a necessary objective.

Q: that's not the purpose of the exercise.

TREZISE: No.

Q: I think that was what Mr. Bush was saying yesterday to the senior guys. We're almost at the end of the tape. Can you think of anything else in that era? I took on after you were there. I had a rough time for a couple of years and eventually got fired by Henry, mostly over a security trade matter. Did you have much to do with COCOM or that kind of stuff?

TREZISE: A little bit at that time. There were some cases around when I came back. I remember one in which I overruled the Defense Department. But I cleared that one with Richardson before I did it, so I was quite immune. The Secretary of Defense wrote a letter to the Secretary complaining about my action. It was a silly business. Some French company had sold something to the Soviet Union and we wanted to hit the French about it. You know, it was a nothing.

Q: To kick the French in the shins.

TREZISE: But that was rather dying down, I guess. I left, of course, before the big business in 1972 with the wheat, and the big grain deal, and all that. That was your problem.

Q: Well, we were in the middle of what was called detente.

TREZISE: Yes.

Q: It was an interesting experience. We managed to get what was then a pretty good trade agreement. We got a pretty good lend-lease settlement from the Russians. We sold them a lot of grain and we got money for it. But then this all foundered on the Kissinger theory on let's have agreements on everything with them even if they don't say anything. And Jack Bennett in the Treasury and I spent all our time scrutinizing these agreements

to make sure they didn't say anything. And we thought we were fairly successful and you can't find these agreements now. Although, the trade agreement was good. I think we ought to revive it, myself.

TREZISE: If they get out of Afghanistan in the next few months, Shultz is right, we ought to see what we can do in the way of sensible business.

End of interview