UNITED STATES MISSION TO THE EUROPEAN UNION

COUNTRY READER
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ERNET KOENIG
Assistant Agricultural Attaché, EEC
Bonn (1964-1973)

Ernest Koenig was born in Vienna, Austria in 1917. He received a bachelor's degree from Masaryk College in Czechoslovakia. He migrated to the U.S. in 1948 and received a master's degree from Johns Hopkins University. His Foreign Service career included positions in Bonn, Brussels, Geneva, Paris, and Washington, DC. Mr. Koenig retired in August 1990. He was interviewed by Quentin Bates on August 19, 1995.

KOENIG: In 1959. In that year the Department of State invited two German farm leaders, Sonnemann and Rehwinkel, to visit the United States. Given the importance of these visitors a civil servant who would also be able to interpret was to be appointed to accompany them on their trip. I was selected. Upon their return they expressed satisfaction with my help. Thereafter, I was appointed Assistant Agricultural Attaché in Bonn with the special task to report on the development of the EEC's common agricultural policy (CAP) from the vantage point of Bonn.

Q: At that time the common agricultural policy was already in force, was it not?

KOENIG: It was not yet in force. But U.S. agriculture feared the application of this policy because it presaged a shrinking of our market outlets in Germany and in Europe as a whole.

The Treaty of Rome, signed in 1957, came into force on January 1, 1958. This meant that beginning with 1958 the internal tariffs between the EEC countries were to be gradually reduced and their tariffs vis a vis third countries were to be harmonized. Tariffs on farm products were also to follow this schedule. But German agriculture was mostly protected by non-tariff measures, and the Germans balked. They resisted any change in their quota, licenses and admixture system. They did not wish to take any steps towards a common agricultural market.

Q: Was German protection higher than that of any other common market country?

KOENIG: The internal German price level was much higher than that of other EEC countries. Protection was consequently also higher. The Germans feared the efficiency of French agriculture. Yet the French were not more efficient that the Germans, but their price level was much lower. German resistance to a common agricultural policy continued until 1961. In that year de Gaulle, who was in power in France, confronted the Germans with a kind of ultimatum: either they would agree to a common agricultural policy, which would entail opening their markets to their partners, or the French would stop reducing their industrial tariffs (in which the Germans were very interested) and also stop harmonizing their external tariffs with those of their partners. In other words: the French threatened to suspend the building of a common market.

The U.S. Government was strongly interested in a Common Market because it wished to see Western Europe united and Germany integrated in such an entity. The U.S. Government also knew that without a common agricultural policy a common market (i.e. the European Economic Community) would be impossible. It therefore pressured Germany to accept such a policy.

Q: And that overrode our concern about the effects of the common market on American agriculture.

KOENIG: Certainly. This was clearly shown in the outcome of the first so-called GATT Article XXIV:6 negotiations with the EEC. The purpose of these negotiations was to grant compensation to the U.S. for the impairment of its GATT rights, caused by the common agricultural policy with regard to several major commodities. Instead, these negotiations suspended our claims and nullified, in fact, our rights. They resulted in almost unilateral favors for European farm interests.

Yet before these negotiations occurred and up to 1962, the German farmers, who were led by my German travel companions in America, opposed the creation of a common agricultural market. Chancellor Adenauer was willing to accept it but was hampered by his farmers on whose support his coalition government largely depended.

In the course of the negotiations between Adenauer and the farmers, the President of the German Farmers' Association met frequently with Adenauer. Thereafter, he would often invite me for a beer and tell me that no progress had been made towards Germany's acceptance of a common agricultural policy.

Q: You had a real inside track.

KOENIG: A fantastic inside track, which was the more valuable as my State Department colleagues reported every day that an agreement was just around the corner. In retrospect, it seems possible that the Germans might have known of the unjustified optimism permeating State's reporting from Bonn to Washington, and thus might have wished to counteract it by giving me a more realistic assessment of the situation.

My boss, Phil Eckert, was a protégé of Barry Goldwater, whom many people expected to be our next President. Phil's position was therefore very strong and the Office of the Agricultural Attaché enjoyed a high degree of independence in the embassy. Our State Department was, of

course, right in giving priority to America's political aims over those of certain economic interests. At times, however, their attitude was too indulgent vis a vis European or German farm interests. It bordered on the ridiculous. When I once told the head of the Embassy's economic section that we should ask the German Government to liberalize canned fruits, which were still subject to quotas, he told me that I have no political sense. He said that such a request would be very embarrassing to the German Government. Didn't I know that it could weaken its political strength; that we must avoid everything that could have such an effect? The following day it became known that two high American officials would visit Bonn in order to solicit a German contribution to the maintenance costs of U.S. troops in Germany. Fearing possibly excessive American requests and wishing to mitigate them in advance, the German government announced several trade concessions favoring American exports even before the talks had taken place. Among them was the liberalization of canned fruits and vegetables--and western civilization did not break down.

Before 1962, the U.S. Government exercised ever stronger pressure on Germany to adhere to a common agricultural policy. The U.S. told them that without such a policy, the common market will not advance. Hence there will be no European integration and no unified Europe. The Germans will be guilty of the disintegration of Europe, and the whole blame for this failure will fall on them. Under this pressure the Germans agreed finally on the principles of a common agricultural market.

Q: How about your German friends, the head of the farmers organization and their allies?

KOENIG: They had to accept it, but they extracted considerable concessions from their government.

Q: Were they fairly satisfied with what they got?

KOENIG: They were unhappy because they were obliged to lower their prices a bit, though the French had to raise theirs. All in all, the common agricultural market was based on very high common prices.

Q: Thus the Germans demanded the highest common denominator.

KOENIG: Yes, but it was only in 1968 that the support and minimum import prices were truly unified.

Q: High domestic prices entailed also high import protection.

KOENIG: Indeed. In a certain sense we were paying for the creation of the common agricultural market. To the extent that the common agricultural policy stimulated internal production, its self-sufficiency increased. Our outlets declined not only inside the common market but also in third countries because higher output led to increasing and necessarily subsidized exports. Thus they agreed on the largest common denominator--i.e. on the highest possible domestic prices.

Q: When were these prices finally applied?

KOENIG: It took another six years, until 1968, before the prices were really unified.

Q: But high domestic prices entailed also high import protection.

KOENIG: Indeed. So in a certain sense we were paying for the creation of the common agricultural policy. But not only this. To the extent that the Common Market increased its production under the impact of high prices, its self sufficiency increased. After a couple of years they produced exportable surpluses to an increasing extent. Since they could not well compete on the world market owing to their high prices, they subsidized their exports to the detriment of the United States and other third countries.

I should also mention the so-called "chicken war." America was exporting broilers and other chicken products to Germany. Exports were growing. U.S. poultry products found a rapidly growing market outlet in Germany, also because the price of American poultry was much lower than that of German or Dutch products. When the EEC began to implement the common agricultural policy, German impediments to the importation of U.S. poultry products were growing. The U.S. protested frequently and vehemently against these German, i.e. common market, import measures. American poultry exporters had strong political backing at home. Thus the so-called chicken war was elevated to a high political level. Finally President Kennedy approached Chancellor Adenauer in this matter. In spite of all the many American efforts to lower the common market import barriers, they became more and more restrictive. Our poultry exports began to fall. The U.S. finally brought the matter before the GATT which agreed that the common market countries owe compensation to the U.S. This compensation assumed the form of increased U.S. import duties on a number of EEC export products.

Thereafter, the chicken war lingered on for many years. It had many hysterical and hilarious aspects. One of them touched food legislation about which I will speak later on because it goes beyond the "chicken war."

Q: When did you leave Germany?

KOENIG: In 1964. I was transferred to the U.S. Mission to the European Economic Communities in Brussels. I was first Assistant Agricultural Attaché and then Agricultural Attaché. At about that time, the EC Commission in Brussels began to apply the first market regulations for various agricultural products, first for fruits and vegetables, then for rice and then for pork. In the course of the following years over 90 percent of the agricultural commodities produced in the six common market countries were subjected to detailed and strict market regulations. These were accompanied by numerous implementing regulations. At that time English was not one of the official languages of the EEC. I therefore translated many of the important laws and regulations. Almost all of them aimed at assuring domestic producer prices exceeding world market prices; protected them by restrictive import devices that consisted largely of non-tariff measures and provided for market intervention and export subsidies. It was difficult to keep abreast of this legal labyrinth and required close contacts with Commission and Member states officials, diplomats of third country Missions and embassies, and also with trade organizations which out of self-interest followed closely the never ending flow of laws, and

endeavored to understand all its intricate details and all its many loopholes. The common agricultural policy was so intricate because it was the result of heavy bargaining. Any concession made to one member country had to be often repaid by concessions to other member states. The loopholes in this legislation led to widespread fraud amounting to hundred millions of dollars. For instance, export subsidies were paid when, in reality, the export in question was merely from one to another member state; import levies were sometimes evaded.

The progressive expansion of the common agricultural policy led to trade conflicts between the Community and most third countries. However, none of the latter had as big and as variegated an agriculture as the United States. Hence there were constant frictions followed by protests and the exchange of notes between us and the EEC. I believe at the end of my stay in Brussels, there were few U.S. farm products which were not unfavorably affected by the common agricultural policy.

The work in Brussels became further complicated, when the EEC concluded a number of so-called Association Agreements with third countries, such as Israel, Spain and the Maghreb countries. These were, in fact, preferential agreements in favor of these countries, but initially they affected our trade interests to a minor degree like the so-called Yaounde Agreement which gave trade preferences to the former colonies of the European countries which participated in the common market.

In the years 1965-67 the Kennedy Round of trade negotiations took place in Geneva. These negotiations affected strongly trade relations between the EEC and the United States. The U.S. Mission in Brussels was actively involved in these negotiations, and Mission officers traveled frequently to Geneva in order to assist our negotiators. I, too, spent a considerable time in the agricultural groups of these negotiations. The agricultural negotiations in the Kennedy Round were difficult and protracted because the EEC feared that concessions to third countries would unravel the painfully achieved construction of the common agricultural policy.

Q: What was the outcome of the Kennedy Round?

KOENIG: The Kennedy Round brought no solution to the many trade problems that had been created by the Community's agricultural policy. They remained unsolved. An International Commodity Agreement for Wheat was--so to say--imposed on American agriculture contrary to the judgement of our experts. Its price provisions were quite unrealistic, and it broke down a few weeks after it had come into force.

Q: What were the so-called "monetary compensatory amounts?"

KOENIG: Brussels was not a place where one could remain idle. The common market was very dynamic, and every so often new issues arose. For instance, originally the system of uniform prices was based on stable exchange rate. As soon as these began to diverge, and this was--I believe--for the first time in the summer of 1969, the common price system threatened to break down. It was, so to speak, repaired by superimposing on it a system of so-called "monetary compensatory amounts." These were additions or subtractions to the common prices expressed in local currency which were supposed to have the effect of restoring the purchasing power of the

common prices to what they had been before the exchange rates started to fluctuate. This system was often modified. It became so complex that only a few experts in the Commission and in the member states understood it and were able to manage it. It probably introduced considerable arbitrariness in the EEC's agricultural system.

Q: What happened when the EEC was enlarged?

KOENIG: At the end of the sixties, the U.K., Denmark and Ireland joined the EEC. They accepted the system of common farm prices to which they gradually adjusted in the course of a transition period. This transitional system brought new complexities in our dealings with the EEC and in their dealings with each other. The increase in protection in these countries, the implicit preferences which they granted henceforth to their new EEC partners and the incentives they gave to increasing production worked all to the further disadvantage of U.S. agriculture. Moreover, the new member states, particularly the U.K., had previously granted important trade concessions to the U.S. The amount of compensation due to the U.S. for the loss of these concessions remained in dispute.

Q: There were many debates between us and the EEC regarding soybeans. Can you speak about this?

KOENIG: This is an interesting topic. After the U.S. had acquiesced in the system of EEC variable levies on grains and other products, the EEC spokesman pretended that there had been a deal: in exchange for American acquiescence on certain NTB's, they had agreed on zero tariffs for soybeans. This was not true. However, after a while, they found out that their farmers considered soybeans and soymeal to be an excellent substitute for grains, due to the price distorting effects of the variable levy system. Imports of soybeans and soymeal increased and tended to displace domestic grains. The EEC tried to counteract this by playing with the idea of imposing an internal tax on soy products. This was so strongly resisted by the U.S. that the EEC desisted from this idea. Later on, however, the EEC encouraged the domestic production of soybeans and of other oilseeds, whose output increased greatly. The agricultural relations between the United States and the EEC were ripe for a major collision or, in order to avoid it, for a major negotiation.

Q: You mentioned before problems arising from food legislation.

KOENIG: While in Brussels I was more and more occupied with a problem, which I had already encountered in Germany. The Germans had promulgated a new food law, which diverged from ours in several respects. Already during the chicken war, the Germans had alleged that our poultry was particularly susceptible to salmonella or that we were feeding hormones to chickens. This was pure propaganda, but had nevertheless a certain effect and impacted on the sale of American products in Germany. However, food legislation that influenced sales from third countries became a serious trade issue, when the member states of the Community were obliged to harmonize their own food legislation, in order to avoid that food norms and standards become an obstacle to intra-community trade. All U.S. fresh, dried and canned fruits, citrus, poultry, meat offals, wine and many other products were affected by these measures. There were even

threats to stop imports of American grain, unless it was accompanied by a certificate indicating that it was free of DDT residues.

I was, of course, able to understand and handle all the legal and trade policy aspects of these new developments, but I was not competent to discuss their scientific merits. FAS therefore appointed an ARS scientist as Assistant Agricultural Attaché to the Brussels office, who dealt exclusively with food law problems. The new food legislation did not only cover the wholesomeness or risks entailed by additives and pesticides, but also the labeling of food products and the standard sizes of packaging. The problem of labeling became easier, when English became one of the official languages of the Community.

I spent a lot of time on food legislation, the more so as many American business representatives visited our office and solicited our assistance in this field. (At that time the Commission did not accept petitions or advice involving food legislation from domestic or foreign industries, but was open to diplomatic representations. Hence, representations by my office (not in the form of protests but as expression of our opinion) became an avenue of approach for U.S. food industries in order to convey their views and ideas to the EEC Commission.)

Q: What were the factors which led to a new GATT Round?

KOENIG: As mentioned before, the frictions in our relations with the EEC became very strong in the late sixties. They made overall trade negotiations desirable. However, there were also other reasons (of a non-agricultural nature), why a new GATT negotiating round was envisaged.

Q: When did the new round begin?

KOENIG: It started in 1973, six years after the end of the Kennedy Round. It was called the Tokyo Round. I was appointed to lead the U.S. agricultural team in these negotiations. I was, of course, flattered by this appointment. (I received at the same time the Distinguished Service Award of the U.S. Department of Agriculture.) However, I was also advised by many people not to accept this appointment because I was told that it would not only be burdensome, but also thankless, and I would be subjected to many pressures, intrigues and innuendos. Nevertheless, I accepted but only under condition that I would not only be the leader of the agricultural team in the U.S. Trade Delegation in Geneva, but also Agricultural Attaché at the U.S. Mission in Geneva. I did this because there were strong doubts as to whether Congress would authorize the Administration to enter new trade negotiations. Had these not taken place, I would have been in Geneva without an assignment.

Q: What was the formal goal of these negotiations?

KOENIG: The agricultural negotiations of the Tokyo Round were expected to deal essentially with liberalization, like any other trade negotiation, but the Tokyo Round also placed special emphasis on the interests of Developing Countries. The EEC, by then the world's largest importer of farm products and one of the world's largest exporter, found this approach unacceptable because its import regime could not be liberal by its very nature. It consisted largely of non-tariff import barriers (essentially variable levies) whose purpose it was to ensure a

stable domestic price level. Liberalizing this system would have weakened it, i.e. the basic principle of the common agricultural policy, one of the center pieces of the Common Market.

Q: How did the EEC behave in view of this dilemma?

KOENIG: The EEC could not openly avow that liberalization is unacceptable. It therefore tried to interpret "liberalization" as merely meaning the absence of quantitative restrictions. It would have liked to negotiate international commodity agreements with minimum and maximum prices thus consolidating the EEC system at an international level. The EEC justified its approach by asserting that agriculture has special characteristics which call for an approach to negotiating on agricultural products that would be different from the way import barriers on non-agricultural products were being negotiated. The EEC demanded that agriculture be treated in a special Committee and separately from the negotiations about non-agricultural commodities.

The EEC delegation tried to hide the logical weakness of its position by being very aggressive intimating that the negotiations might break down if its view were not accepted.

Q: How did we counter this attitude?

KOENIG: I realized that the EEC delegation figured that fear of an early failure of the negotiations would induce the U.S. Delegation to concede the EEC's point of view. I was not of this opinion because I knew that the EEC's industrial groups were keenly interested in keeping the negotiations alive. I retorted to the EEC with equal vigor to show them that they cannot intimidate us. However, my non-agricultural colleagues in the U.S. Delegation urged me to yield and accept at least in part the EEC position. The controversy was overcome by an agreement between the U.S. and the EEC which consisted of a compromise that was acceptable because it was meaningless. I did not ingratiate myself with the non-agricultural members of our delegation, but at least at this point they could not prevail because the instructions from Washington fully supported my view and not theirs.

Q: What was the outcome of these divergencies?

KOENIG: For all practical purposes, the EEC succeeded in having agricultural negotiations separated from the rest of the negotiations.

Q: But these were multilateral negotiations and not only negotiations between the U.S. and the EEC.

KOENIG: Apart from the EEC and the United States other countries such as Canada, Australia, New Zealand, Argentina, Brazil and Japan also played an important role in the negotiations. Most of these countries favored true liberalization and freer trade except Japan which played a rather passive role and was primarily concerned with preventing any moves that could open it to larger imports.

Q: What was the approach of Japan?

KOENIG: Japan tended to support the EEC position, that is, to negotiate international commodity agreements which would not require import liberalization. We and other delegates tried to counter their attitude. We would begin to speculate aloud whether the rice situation on the world markets would not warrant a more thorough study. The Japanese delegation got the hint and moved away from supporting the EEC.

Q: How were the negotiations with the Japanese?

KOENIG: They were very frustrating. The Japanese procrastinated. In every bilateral meeting with them, in which we wanted to examine the possibility of Japanese concessions on this or that item, they tried to divert the discussion to unrelated matters. It was only at the very end of the negotiations that they were willing to consider and meet some of our requests.

Q: How successful were the proposals for international commodity agreements?

KOENIG: The EEC would have dearly liked to see an international commodity agreement for grains. They worked very hard in this direction. Other countries were not against such an agreement. However, all such attempts failed because of the staunch opposition of the United States. Yet the EEC succeeded in establishing groups which were to examine the feasibility of world agreements for beef and for dairy products.

Q: How could the U.S. accept international commodity agreements for beef and dairy products?

KOENIG: The beef agreement was purely consultative without any economic provisions. It was a goodwill gesture towards Argentina. On the other hand, the International Dairy Arrangement was, indeed, a full fledged commodity agreement. At the beginning of the negotiations for a dairy agreement, we treated such an agreement as a mere hypothesis. Later on, we agreed to it with the proviso that no measure required under this arrangement could supersede our domestic laws for dairy. Thus, we were not obliged to observe a minimum export prices, one of the key provisions of this agreement, nor could we be restrained from using export subsidies.

Q: What was the attitude of the other members of the Delegation towards agriculture?

KOENIG: We did not receive the sympathetic support of other members of the US MTN Delegation, which represented industrial and commercial interest groups. They feared that the complexities of agricultural negotiations could lead to crises and even to a complete breakdown of the negotiations. However, they were equally afraid that successful agricultural negotiations would have to be paid for by large U.S. industrial concessions, which they naturally tried to avoid. Thus the defense of U.S. farm interests against foreign and domestic interests proved to be very difficult. The leaders of the MTN Delegation were animated by the same spirit as most delegates: they wished I were not there. Yet I survived because of the support of U.S. farm groups.

The shortsightedness of those who--to say the least--did not favor U.S. agriculture may be seen from the following examples: at least two major issues of immediate interest to U.S. agriculture were being negotiated without the participation of the U.S. agricultural delegation in the Tokyo

Round: a Code concerning agricultural export subsidies and a Code for product norms and standards. As regards the former, some positive results were nevertheless obtained. As regards the latter, my requests for extending the coverage of this Code also to agriculture was obstinately rejected, apparently for petty personal reasons. Agriculture was, in fact, excluded from the Standard Code negotiations. In the following years, the defense of U.S. interests against foreign attempts to use standards and health measures as agricultural trade barriers was hampered because the Standard Code failed to adequately cover agriculture.

Q: How would you describe the end results of the Tokyo Round?

KOENIG: The results of the Tokyo Round were by and large satisfactory for U.S. agriculture. It is true, we did not obtain spectacular concessions from foreign countries, but the concessions we made were well balanced. For instance, we did not admit larger cheese imports into the U.S. than before the Tokyo Round, but those allowed to enter the U.S. were under stricter disciplines than before. We did not succeed in dismantling foreign non-tariff trade barriers such as the EEC's levy system, yet there were some substantial tariff concessions, although tariffs were increasingly of lesser importance in view of fluctuating exchange rates. The strengthening of discipline on export subsidies obtained in the Tokyo Round proved to be of no practical use later on. The EEC gained an increasing share of the world market (e.g. for wheat). Complaints in the GATT about EEC export subsidies were of no avail.

STANLEY SCHIFF
Kennedy Round Negotiations, Trade Issues
Brussels (1964-1967)

Stanley D. Schiff was born in New Jersey in 1925. He received his Bachelor's degree from Rutgers University in 1948, and his Master's Degree from Columbia University the following year. He served as a First Lieutenant overseas in the US Army from 1943 to 1946. Entering the Foreign Service in 1949, his postings include Baden, Strasbourg, Liverpool, Trinidad, Pakistan, and Brussels. Schiff was interviewed by Charles Stuart Kennedy on November 9, 2000.

SCHIFF: Yes.

Then in '64, I went to Brussels to work in our Mission to the European Communities. My specific assignment was the Kennedy Round negotiations. I was working on trade issues.

Q: This was '64 to when?

SCHIFF: '67.

Q: Could you explain what the Kennedy Round meant?

SCHIFF: The overall objective was to lower tariff barriers worldwide on a nondiscriminatory basis. Tariffs at that time were still fairly high, particularly in certain sectors. In our tariff structure, we had certain sectors which were fairly modest in terms of the percentage of tariff, but there were others, chemicals being one and some particular sectors within the chemical area, which were very high. The Europeans had averaged their tariffs, so they didn't have the highs and lows that we did. And of course, we wanted the Japanese involved. The major agricultural exporters - the Canadians, the Australians, the Argentines - shared our concern about the highly protective arrangement for agriculture the European community had put in place and our interest in maintaining effective access to that larger market.

Q: To catch the times, by this point, were tariffs basically to protect internally or were they to raise money?

SCHIFF: In most cases, it was to protect. Some of these, as in the case of this chemical area that I was talking about, were a holdover from something that happened during World War I where we were concerned about protecting our organic chemicals industry. It was the Germans who dominated the market at that time. This was done to protect a sector of American industry. It was seen by others outside the United States and perhaps even many within the United States who were not particularly interested in this protected sector as outdated. It was something that became an important target especially for the Europeans. This was just one example. There were others in other countries, too. On the other hand, as I just mentioned, the agricultural exporters were quite apprehensive about being able to compete in the European community market because of the highly protectionist regime they had for their farmers.

Q: What was the state of the European Community when you were in Brussels from '64- '67?

SCHIFF: A work in progress. There was a serious disruption at one point, about 1965, when the French walked out for a period of time and totally disrupted the internal community business. Of course, it had a paralyzing effect.

Q: This was just about the time that they opted out of NATO, wasn't it?

SCHIFF: I can't remember the date. One of the things they were concerned about was majority voting. At that time, the Community operated on the basis of unanimity. When they vacated the premises for a time, it had a very profound effect on the negotiations. In time, they came back. They were, particularly with respect to agriculture, much more protectionist than other countries. They were a main obstacle to doing more ambitious things in agriculture. As you know from subsequent history, the European Union put up stiff resistance to liberalizing the agricultural market…

Q: I've been told that while the French put up this great display, which is heartfelt, the Germans very quietly smuggled out underneath it and didn't let the French carry their water.

SCHIFF: That's very true. German agriculture was higher cost and therefore higher priced, than French agriculture. Within the Community, the French were the most efficient agricultural producers. As they saw it, the original internal community political bargain was French

agriculture for German industry. They felt that the Germans were not doing their part. But this has been a continuing problem. The French had what they consider a more socially responsible view with respect to the agricultural policy. In the United States, the technological revolution in agriculture gave impetus to a massive displacement of people working in agriculture, both labor and smaller independent farmers. We paid a heavy price for this in the '50s and '60s because many of these people did not have the skills for industrial jobs and also had to move into urban areas, which created social and racial tensions. The French, as they perceived the same situation, recognized that change was coming and that increasing productivity in agriculture meant need fewer people would be needed, but they wanted that movement of people off the farms to be much slower so that they could accommodate them socially and economically. You get these two competing visions of how society should operate. We emphasize efficiency. The French are somewhat more compassionate about this. So, the game is to try to strike a balance between these two things.

Q: What part of this business did your job and your colleagues have?

SCHIFF: I was the one in our mission who was assigned the task of following the Kennedy Round. I was the one who performed the liaison between our mission in Geneva, which is where the trade negotiations went on, and the European Community officials. My contacts in Brussels were with both the community's staff who worked on these problems as well as with the missions from the individual country members of the organization. Then I would go down to Geneva and sit in on the negotiations there. I was the liaison with Ambassador Mike Blumenthal, who was the head of the delegation at that time. So, it was a fascinating job.

Q: Who was the ambassador of the EC mission?

SCHIFF: Jack Tuthill. Excellent.

Q: He had come out of Brazil, where he had been involved in Operation Topsy, which was to cut down on the number of Americans in our mission in Brazil, which was successful for a year or two.

SCHIFF: He didn't have to worry about that in Brussels because we had a small mission with an excellent caliber of people. Very professional. Highly regarded by other countries. But he also had been ambassador to the OECD. So, he had varied European experience.

Q: When you were going between Brussels and Geneva, what was your role?

SCHIFF: Eating well. The dining in Brussels was fabulous and it was equally fabulous in Geneva.

No, I was a source of information to our mission and to Washington about the thinking of the European community on the major trade issues. That was my principle task, to be the reporter and the analyst of European views and positions. Then conversely, to pass on to the Europeans who were following this the views of the U.S.

Q: When the French pulled out of this, was everybody standing around with their mouths open?

SCHIFF: I can't remember specially what transpired, except that the thing slowed down to a crawl. I don't remember how long they stayed out, but it wasn't forever and it was in sufficient time that we could complete the negotiations within the time established by U.S. legislation – with some cliff-hangers along the way.

At one point, there was a headline in the paper that Secretary of State Dean Rusk was about to fly to Geneva to try to get these negotiations settled one way or another. That didn't happen.

Q: What about some of the other delegations? How about the British? How were our relations with them?

SCHIFF: Good. They were probably closer in their thinking to us than they were to the European Community. The agricultural exporters were much closer in their thinking to us. Agriculture was a real stumbling block. The European Community and particularly the French felt they had not been a community for terribly long. It was established in 1958. It was still a fragile structure. But the Australians, Argentines, and Canadians' objectives were similar to ours. The British in the industrial area similarly. I didn't follow the negotiations with the Japanese, but one thing I do remember was that when the agreement was finally signed, there were still bilateral negotiations going on between the Japanese and our guys.

What we learned in later years or came to appreciate more keenly was that there were so-called "non-tariff barriers" which were a lot more or certainly equally significant with tariffs. What you might call "non-tariff barriers" frequently had to do with institutional arrangements or attitudes that were internal to a society and they were after much more difficult to deal with.

Q: Speaking of that, did you have the feeling that, looking back at our own system, we talk in big terms of freeing things, but we have a pretty heavily subsidized agricultural system of our own?

SCHIFF: Yes, we do.

Q: Was that on the table, too?

SCHIFF: Yes. That was part of the negotiations. What we were talking about on the European side was similar, but they had introduced a very complex system of protection at the border, which was designed basically to limit competition on price. We became very much the residual suppliers. We wanted an opportunity to compete and we were being screened out. Our opportunities were limited. That was what the negotiation was really all about. No, we were not totally pure then and I doubt that we are today – not only with agriculture, but with other things as well.

Q: The agricultural side was a little earlier on, but the great war between the United States and Europe became known as the Chicken War. Was that a factor? Could you explain what it was?

SCHIFF: I wasn't in Brussels at that time. That happened shortly before I got there. It had been settled by the time I did get there. What I did see was the legacy of this episode. The Chicken War was a case of the Europeans using a form of protection which made it very difficult for American poultry exporters to get access to the European market. We had become very efficient poultry producers. This had led to a serious dispute between the countries. As you might expect with episodes like this, there was a lingering effect, which as I perceived it, was distrust on both sides. Each side accused the other of having misbehaved, not having been trustworthy during the negotiations. It took some time to work on that, to try to overcome that. It was an intangible, but an important intangible. In time, it was overcome.

Q: When you left there in '67, do you think things were moving along? France was back in.

SCHIFF: This had been a very successful negotiation. I think it was one from which everybody could take satisfaction. When I came back to Washington, I remember saying to one of my colleagues something to the effect that, "Well, with this negotiation over, the next logical step would be monetary unity, and it would not be long off." I was only off by about 30 years.

Q: As we speak today, the euro is taking another step. It's next year that the franc and the mark will disappear.

SCHIFF: I just saw in an article that the Greeks have decided to abandon the drachma and will join. I think it's 2002 that it becomes an exchangeable currency. I think one of the things which the Kennedy Round did was to strengthen the cement of the European Community structure. They had a common external policy. They had adopted certain common policies internally as well. They had a single tariff structure for the entire community. They had a lot going for them. It seemed that the inescapable next step would be the monetary union.

Q: How was life in Belgium in those days? Did you have much contact with the Belgians?

SCHIFF: No. My contacts were just about exclusively with people from the European Community, the so-called "permanent delegations" or the bureaucracy. I had no contact with the Belgians except their restaurants and pubs.

Q: In '67, whither?

J. ROBERT SCHAETZEL
U.S. Represent to the European Community
Brussels (1966-1972)

Ambassador Schaetzel was born and raised in California. He received his education at Pasadena College, Pomona College, Harvard University and the University of New Mexico. After working in the Office of the Bureau of the Budget in Washington, DC he joined the Department of State in 1945, working in its Office of International Trade. In his career in the State Department, the

Ambassador held a number of senior positions, in which he dealt with matters concerning International Trade, Atomic Energy and Disarmament. In 1966 Mr. Schaetzel was named United States Ambassador to the European Community in Brussels, where he served until retiring in 1972. Ambassador Schaetzel was interviewed by Charles Stuart Kennedy in 2002.

Q: I keep bringing you back, but you went out to Brussels in 1966. Did you have any problem with your appointment?

SCHAETZEL: No. After the nomination had been made, the White House staff wanted to know sort of who did I know from the Hill that knew me. Hale Boggs was a very good friend. I just mentioned his name, and that was all the White House required. Hale Boggs was a Congressman and very much up in the Democratic hierarchy. But the point was that there was no problem. I appeared before the Foreign Relations Committee, and there obviously were so many coming through there were no problems. I might say one thing was, because -- going back to de Gaulle -- there were some questions that anyone associated with George Ball, that no one knew what de Gaulle would do. Of course, de Gaulle did at that juncture, not necessarily at this particular moment, sort of freeze everything. In other words, he sort of stopped the whole European Community from moving. There was a fear that he would take an action which would block all of these people from any other country being assigned, such as I was to be assigned to Brussels, and would bring that to a halt. Well, that was a fear but it turned out not to be reality.

Q: Prior to your going out, how did George Ball, you and others dealing with this European integration situation view the withdrawal by de Gaulle from the military side of NATO? Did you see this as being a real setback or what?

SCHAETZEL: Well, that's right. It's hard to overstate the influence of de Gaulle. That's why I go back to the very interesting interview I had with the French television people. It really is absolutely extraordinary, because he had enormous capabilities and, of course, he played a remarkable role: what he did in Algeria, what he did when he was in London before going there, and what he did after he went back to Paris in sort of reviving France and renewing the confidence of an almost destroyed nation. And none of that could be taken away from him. But the trouble was that he was one of the most opinionated individuals that, I suppose, the world will ever see. He was so dedicated to the fact that France was the greatest nation in the world, bar none, and the absolute refusal to be a part of anything in which he would not be the dominant person or France the dominant figure. Hence, on NATO, that was seen as a body in which France would merely be an element, probably with the United States being the major force within that institution. So his action on that was unsettling for everyone, other Europeans and people here. It's a little hard to say how he could have tolerated the European Community at any stage whatsoever. I think the explanation for that is that he was not that interested in economics and he didn't see the Community as being that much of a challenge. Therefore, he allowed it to move ahead. Now, later on, as I was referring to before, he would get concerned and would take actions which stalled everything, and the Community could not move ahead the way other people wanted to move. He obviously was a force that, because of his feelings about Britain, anything that looked in the direction of bringing Britain into this enterprise... So it was a strange

pattern of being indifferent and then being hostile but never to the point of just saying that he was going to blow the whole thing up or take France out of the European Community.

Q: You're sort of giving the impression to the outside that here you were, a bunch of subversives in the normal political world setup, particularly the European/American system, sneaking in under the cloud of that dismal science economics, and all these politicians, the people who were nationalists and all, both in the United States, in the State Department and elsewhere, and in Europe, particularly in France, sneaking in under this thing of knitting together something sort of out of sight of the great nation-state thinkers or something.

SCHAETZEL: That's right. You remember also -- and I can't bring this back in terms of when it all happened -- he was voted down in an election in a critical period (1946) and was out of office and then, of course, came back later (1958). But you have an extraordinary individual, one who had great insight in one area and great ______ in other areas. Bear in mind, of course, in Algiers, Algeria, he was there but also Monnet was there. They were working closely together, and when they came back and de Gaulle took charge, Monnet was the one that helped put the French economy together. The extraordinary thing is that the relationship was close enough. Yet then when Monnet dedicated himself to the integration movement, which was exactly what de Gaulle __________, right to the end there was an alienation which was really fundamental. It was not the nature of Monnet to have resentment, but it was extraordinary, in the light of that background in Algeria and then in the reconstruction period, to have them together and then totally at odds.

Q: While you were still working on this in Washington before you went out in '66, were you and others in dealing with the French using the German card of saying, "Look, what we're trying to do is to so integrate this so the Germans won't be a threat to you again"?

SCHAETZEL: Yes, I think that was constantly there. It's interesting, the question you ask here, is that that sort of lingers on. In other words, the French today still see the European Union as a way of keeping Germany under control. With the reunification of Germany and the fact that it is now bigger and much more powerful than France, these various meetings including those coming up on the convention, France is still desperately trying to hold to something. They want a joint partnership of equals in the European construction between France and Germany despite what I've just said in terms of the greater power, greater population of Germany. It's interesting that the Germans have been very willing to go along with this, they have not fought this, they have not tried to assert themselves as Germans. They could say that that day is over, but they've shown very good sense on this front. Again, it goes back to something absolutely fundamental -- this almost goes beyond conviction -- namely, that we, France, are the great European power and everyone else ought to defer to us, our language, our culture, our history and so forth. They have not reconciled themselves, following the pattern of de Gaulle, that it's a new world; and that, if they are going to play the role they should, it ought to be within the framework of a very dynamic, active, well put-together European Union in which within that framework they can really exert influence; but that's the hardest thing in the world. It's very hard, I think, for countries to recognize that they can achieve objectives within the framework of another institution rather than nation-state, and that applies to the United States as well today. If we continue along this unilateralist line that we're going to dictate rather than use international institutions to achieve our objectives, we're going to be in real trouble.

Q: Did you find that while you were working on this -- again, we're talking about the Washington period before we move on -- did you find that particularly the French were, through the media or maybe political speeches, particularly irritating and poking at the United States? This seems to be a constant.

SCHAETZEL: Well, not really. The European Community originated with the French, with Schuman, with Monnet. The people that I worked with, the French people, were among the ablest, most committed, and a number of them remain my friends now. Those that were a part of the European movement, whether they're in Brussels or elsewhere, were as dedicated as any other people and certainly as dedicated as we were, so I was never thrown with the kind of de Gaulle French. They were just not a part of the operation in Brussels.

Q: Again, did you run across, or could you kind of avoid it because they didn't deal with the same things you did, the French intellectuals?

SCHAETZEL: Not really. I would say that some of those that I knew would certainly fit the category of being intellectual, but if you're thinking about sort of the cultural community and so forth, no, I did not have that experience.

Q: Again, they sort of disdained economics?

SCHAETZEL: That's right. _______, that's a different world.

Q: The chattering class is not strong in economics. Okay, well, we're coming to your appointment -- you went out to Brussels in 1966 -- as the ambassador to the European Community at that time. What was the European Community when you went out there in '66?

SCHAETZEL: I thought it would be the best appointment I could have thought of -- in terms I think the fascination of it. The challenge here was something totally new was being put together, which was not only a novelty but something we felt was enormously important for Europe and for actually the rest of the world. I think the nature of that job was recognized. I was the third person; you had William Butterworth (1961-1962) and then you had my good friend Jack Tuthill (1962-1966). It was recognized as such a post and it was much sought after. We had a relatively small staff of about 40. Because the administrative support came through our embassy to Brussels, we did not have the sort of visa work and all the other things which are part of the normal embassy function. I am struck now by the fact that so many people wanted to be assigned to our mission. It was an extraordinary group of individuals, and I think we were charged up just because we were all drawn to the potentiality of the European Community. So for many reasons, first not having all these administrative responsibilities that normally go with an embassy but also, again, the quality of the people in the mission, I say it was an extraordinary post to be assigned to.

Q: Who was your Deputy Chief of Mission and some of the people you had when you initially went out there?

SCHAETZEL: George Vest was one.

Q: But in a way were you crusaders or zealots or something?

SCHAETZEL: Well, people thought we were. We were all drawn because of the challenge of the European integration movement, the potentialities of it. I don't remember any individual that we had there who did not share that enthusiasm. I think people on the outside would certainly look upon us as zealots. I think we saw ourselves as people just involved in a major new element of international affairs, particularly as far as the American government is concerned.

Q: Was there anyone there who was almost assigned to look at American economic interests or American political interests, always being kind of like George Ball and the Vietnam War, always saying, "Okay, we're building a rival power, we're building an economic power that may try to freeze American commercial interest out or that may be a potential rival to us with different interests than American interests politically"?

SCHAETZEL: No, I don't think so. I don't remember anyone on the staff raising questions along those lines. I think that we were primarily concerned in seeing the development and supporting it where we should. What you cite is something that is quite a recurrent observation on the European Union today, as it has been in the past that something would come into being that would challenge the United States and, I suppose, try to challenge American dominance. That's particularly evident today with the euro, in other words, people feeling today that the euro will become a currency which will challenge the dollar's predominance.

Q: The euro came into effect essentially as of the first of this year 2002.

SCHAETZEL: That's right, absolutely, just a short time ago, and with more success than anyone really expected. You're now raising a point which is certainly central to my feelings about the world, and that is that I don't see and have never seen a European Community or European Union as something which would be a competitor. I see it as a partner. I think one of the most useful things we could possibly have would be a coherent, strong European Union working in partnership, not as a competitor. I think that the people who see this as competition are those that really, I presume, want to be sure of American dominance, that we don't want to have anything which would challenge that dominance. I feel that the one thing that would be most helpful for us in the world -- and this is a whole subject unto itself -- is to have that partnership with a united Europe which has the same values, the same general interests, which is certainly true. I don't know where the basic differences are in our strategic interests. Now, there are various things that we see differently. In many cases, certainly today with the Europeans very apprehensive about the belligerence shown in the State of the Nation speech last Tuesday.

Q: This is Tape 3 Side 1 with Bob Schaetzel.

SCHAETZEL: Within our own democratic society, we obviously have sharp differences, things which are important but are not absolutely central. People are not proposing that we ought to have a different system of government, but there are improvements to be made. You can have an effective partnership here but still have elements about which one would disagree, debatable

elements. One of the central points, which I think has been a core belief of all of us who have worked on this, is to envisage this constructive partnership.

Q: Were there any residues? It was during the Kennedy time, if I recall correctly -- I'm not sure the exact timing. There was a major war going on between Europe and the United States and that was known as the Chicken War. It would have been before the time you went out there, but could you explain what the Chicken War was. Did it have any after effects by the time you were out there?

SCHAETZEL: Well, I can't remember that, but I can tell you now we've got something very similar to it in terms of conflict with the European Union on a series of subjects. The most serious right now is that we have tax provisions which permit American corporations to avoid taxation by operating through elements abroad. This has now been found to be in conflict with the rules of the World Trade Organization, and we could be subject to about $4,000,000,000 worth of penalties. Now, that's characteristic. We've had it in other areas. We have it on hormones.

Q: Genetically modified, GM, something, genetically modified organisms, I guess.

SCHAETZEL: And what you're raising here is an important point. Because of the importance of Europe and America to each other and the level of trade between Europe and the United States, you have a breeding ground for conflict. You must have a resolution; there's no way of avoiding it. That was one of the advantages of the World Trade Organization, which could settle such issues without falling into damaging conflict. Having spent so many years of my life being involved in international trade, I know there's no way you can avoid these conflicts. Hence, the indispensability of, first, GATT before and now the World Trade Organization. We're very lucky, because now we have on each side representatives who are sophisticated, knowledgeable, and who recognize that an economic war between the two would do unbelievable damage to each side. I hope we're going to be able to get through this, but -- I think you referred to the Chicken War. These were other conflicts like this. They had to take place, you see, without a World Trade Organization. You did have the GATT but we did not have the system that we now have. I'm still optimistic that we're smart enough, but, what we have to do to bring the Congress along. That's difficult under any circumstances and particularly when you get into the field of international trade.

Q: When you got there in 1966, let's talk a bit about your relations with the embassy in Brussels, the embassy in NATO? Those are the two other embassies. How did you get along with them?

SCHAETZEL: There really weren't any problems. At that juncture, you see, the European Community was not into defense matters at all. As far as the embassy was concerned, it really worked quite well. Strangely enough, an ambassador to a country was still honored, no matter whether it was Luxembourg or wherever; that was an ambassador. I don't think, by and large, these other ambassadors looked upon the ambassador to the European Community as being something which would undercut them or somehow reduce their prestige. You know, Eisenhower was there at one juncture...

Q: That's John Eisenhower, as ambassador to Belgium.

SCHAETZEL: That's right. They were competent individuals and went about their business. Now, the one thing I remember as far as NATO was concerned, which was interesting: NATO being so important, visitors coming to Europe from Congress or elsewhere would always want to meet and have discussions with the ambassador to NATO, and at the same time, being in the same town, there was an interest in coming around and finding out more about the European Community. It was very interesting. I wish I could remember all of the individuals that came through. It's an endless list. One I remember most vividly was when Reagan came through.

Q: He was governor of California at the time.

SCHAETZEL: He spent almost a day there, and it was an extraordinary experience. He was very nice. He, I think, displayed something which was fundamental, and that is essentially a lack of curiosity, as contrasted with so many other people who came through there and were determined to learn as much as they could about something which was very new. My attempts to fill him in put him to sleep. I found that the only way to wake him up was to talk about myself as having been born in California and so forth. I'd do that, and he'd become the governor of California and would come to life. But it was a very revealing experience. I never changed my views on that particular individual. But Moynihan I had. I can't remember all the distinguished individuals who came through, and that was, as I say, one of the interesting aspects of the job, to meet these individuals and have a chance to share with them what seemed to be going on within the European Community.

Q: In this sort of first half of your time there under the Johnson Administration, in the first place, what was the status of the European Community at that time?

SCHAETZEL: It was developing, you see. You had not moved onto a monetary unit, which became really a major threshold. I think you have to bear in mind that in '66 you were still in an early stage. This was still a novelty, and it was something to learn about. Nobody knew exactly what it was or what it was going to become, because if you stand back from that -- just think -- you had a totally novel international body. It was something that had never really been done before, and it had something of the elements of the European parliament with the council of ministers and with the commission. It resembled the United States. It really quite consciously was putting together a federal entity of that sort. But nothing had been done like this. Therefore, a person with intellectual curiosity was bound to want to know what is this, where is it going.

Q: You had our embassy in Brussels. What was in Brussels of the European Community?

SCHAETZEL: The embassy essentially did the normal business of an embassy, just handling the business of Belgium as a state, and we really didn't have any conflict at all. When you have people like I mentioned, you get Reagan, the embassy would have its dinner or cocktails or something for these people who were going through. I would have my own social and other contacts with them. I think one of the interesting things is that I don't remember having and real problems with the several ambassadors that were there.

Q: I was really asking what did the European Community have in Brussels at that time? I mean, was there equivalent to a White House or to a parliament?

SCHAETZEL: Our contact with them was with the Commission, the president of the Commission and other members of the staff of the Commission. They were located in Brussels, Parliament was in Luxembourg, and the House of Ministers was, again, in Brussels.

Q: Was there anything in Strasbourg at that time?

SCHAETZEL: That developed later.

Q: So you're really talking about...

SCHAETZEL: The Parliament has evolved. It is much more important today than it was at that time. Our contacts were primarily with the Commission. They were a remarkable group of people to work with. I remember, for instance, accompanying some of the presidents to Washington. I remember particularly during the Johnson Administration Jean Rey, who was then the president, meeting with Bobby Kennedy. He obviously was not interested in Rey's attempt to sort of tell him why he should be interested. He listened politely and so forth. My memory is very clear on this, the unsuccess of that attempt on Jean Rey's part. It's an interesting question you ask, because one could have assumed that, if you had a very active, ambitious ambassador to Belgium, he would have perhaps wanted to elbow his way into the business of the European Community, but certainly from my point of view I don't remember anything of that sort.

Q: I did interview somebody who was, I think, DCM to John Eisenhower, who was ambassador for part of the time you were there, who said at one point Eisenhower was sitting around afterwards saying, "You know, I don't see what really an ambassador does. It doesn't seem like much of a job to me." The DCM obviously kept quiet but felt, well, you know, you're not doing your job. In other words, John Eisenhower was not very engaged, which was handy for you in a way.

SCHAETZEL: Well, he essentially was and continued to be a writer. That's what he wanted to do.

Q: He's written some very good military histories.

SCHAETZEL: For most of these countries and most of the time, you're carrying out important but rather routine tasks. There was nothing very inventive going on. But that was not one of the real problems. I think the reason there was not that much in the way of problems with the embassies of the six member states, of the embassies in the capitals, is that, by and large, they didn't feel that the European integration movement or the Community was that important. They thought that the world of the member states lives on, and that if you were an ambassador to France you didn't need to worry about an upstart European Community, certainly the American representative of that European Community. So I would suspect that the ambassadors to the European states wouldn't have more concern. On the other hand, the behavior of the embassies here in town is a further example of how the classical relationship lives on. The failure to

recognize the importance of the process of European unification does not much bother the way the system works.

Q: What would you do as ambassador to the European Community? There's the obvious reporting thing: what are these guys talking about and what are their concerns. But were you representing them as the American non-European power to this group?

SCHAETZEL: My responsibility was, on the one hand, to explain to Americans, whether they came from the government or the Congress or elsewhere, to explain to them what was going on. It was obviously novel, and at the same time to say, "This is our interest in this. This is why this phenomenon is something that is very important to us." That was one. Now, the other -- as you say, the Chicken War other -- was to deal with problems that came up. They were bound to come up in terms of actions taken by the Europeans or actions taken by us, which created conflict or difficulty. I think that one of the most important things that I was able to do -- and I don't know to what extent I was successful in this -- was to inform members of the Congress as to what was going on and for them to appreciate this. You have to bear in mind the enormous responsibility of a Senator or Congressman, the number of things that they're supposed to be in touch with. It's very easy for them in understandable ignorance not to know this and, therefore, if something came along which would be a source of conflict, to approach that without being aware of the context. So I saw my mission and our mission as being to inform these individuals, to widen their perspective so that they would see when conflicts came up within the context of something which is larger and of great importance to our country.

Q: I think, looking at the time, this is probably a good place to stop and to pick up the next time. I like to put where we are.

Oh, I think I ought to explain for somebody who's looking this up, you can look up Chicken War, but basically, as I understand it, this was during the early '60s where the United States had developed a very sophisticated frozen chicken product and was selling it in Europe, which did not have that, and the Europeans, particularly the chicken farmers who were not as efficient or at least were producing a different chicken product, were screaming bloody murder, and there were all sorts of impediments to this. This was something that had to be worked out, but it was the first almost major American-versus-Europe clash on something, and it was over frozen chicken.

SCHAETZEL: It's really gone on, too.

Q: And it had continued. So in view of that, the next time we talk I would like to talk about agriculture and how we perceive, because this was often where...

SCHAETZEL: It still is.

Q: This is at the point of the bayonet. When you deal with agriculture, we'll talk about that. Did culture come up, particularly we're talking about France? You explained Elliot Richardson supported you in staying on, but let's talk about the advent of the Nixon Administration and

particularly Henry Kissinger and company and how they viewed that. And we'll go on from there. And then at the end after your time there, I'd also like to talk about your subsequent career.

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Today is February 15, 2002. This is the anniversary of the blowing up of the battleship Maine. Apropos, nothing. But let's talk about agriculture. There are two phases. Let's look at it before the Nixon Administration came in. What were sort of your marching orders and how did it work out and how did you perceive the other people regarding agriculture?

SCHAETZEL: I think one of the most interesting aspects of this subject is how little it changes. Here we are more than 30 years along and the problems we were dealing with then are around today. The basic point is that agriculture is as much as political problem as it is an economic or an agricultural problem. Therefore, rationality doesn't really come into play or, if it does, very slightly indeed. What they have done within the European Community then and European Union now is produce a highly protective agricultural sector subsidizing production beyond internal requirements, dealing harshly with imports, and so forth. One ought to bear in mind, however, all of these indictments can be applied to American agriculture with equal force. The problem for people concerned with a productive and orderly international system is that they have to recognize that they're dealing with just overwhelmingly powerful agricultural sectors of the society. It hasn't really changed all that much. It gets mixed up with my old mind, because things that seemed at the top of the list back then are suddenly coming back again. The European policy with respect to agriculture has been brought to the forefront because of the expansion of the European Union. That has posed this issue dramatically because Poland and the other states of the newly applicant nations are something which has to be dealt with before they can really move on and bring in these other countries to the east. I don't know how they're going to be able to resolve all this. It's not only a question of more competition for, for instance, particularly France but also finding the money to subsidize agriculture more or less in the same framework as the subsidies which now exist for the 15 member states. So you have that internal problem, and then, of course, you have -- this is an area of contention between ourselves and Europeans -- several factors here. One is just a desire to have greater access to the European market. Secondly, it's the concern of consumers, whether rightly or wrongly, in terms of crops that are treated, questions of health, apprehensions about crops and products that may have been so-called doctored...

Q: GMO, genetically modified organisms.

SCHAETZEL: That's right; that's what we're talking about.

Q: But I'm trying to go back to the '60s and '70s. At that time were you sort of told to make sure you don't allow a barrier to be created for our products and all?

SCHAETZEL: Well, it's hard to sort it out. In my recollection of that period it wasn't so much my being asked to do things which I disagreed with. I think a responsibility for anyone in the position I or others had was to be opposed, intellectually as well, I suppose from a policy standpoint, to a really highly protective system that involved what was called the Common Agricultural Policy. I think we saw this as something not only harmful to American interests in

terms of capacity to penetrate the European market but also something which really wasn't that beneficial in general to the European population. The remarkable thing to me now as we sit and talk about this is, as I said a moment ago, how little has changed. Efforts have been made to really bring about a modification of the CAP, but it's been minimal and it's been fought every inch of the way. I doubt, to repeat myself again, there's been very little change from the '70s or '80s and this new century we're in.

Q: Were you sort of keeping book? In other words, were you looking at how we subsidize our agricultural policy knowing that somebody else is keeping book in Europe? Everybody else is pointing the finger at everybody else and so you had to be aware of what we were doing. How did you find this balanced out? Could you in honesty go complain about certain American items that were being discriminated against and say that we're not doing the same thing or the equivalent?

SCHAETZEL: It's a good question, because that's exactly right. The hypocrisy was pervasive; it remains pervasive, I think, the ability to stand up and criticize others while ignoring that we are doing much the same thing. I supposed that's the heart of this particular subject. I have a very good European friend, whom I've worked with a long time, who's now working for Fisher, the Minister for Agriculture within the European Union. I had a note from him and I kept thinking, you know, how can a man as rational as this friend of mine work as an advisor to Fisher in an area which is almost totally lacking in rationality. I can only say that the forces here on both sides of the Atlantic have not changed at all; namely, very effective, well organized agricultural sectors which carry a lot of political punch. You know now we're considering this agricultural budget right at this moment, and it really is an outrageous budget indeed.

Q: Subsidies for cotton...

SCHAETZEL: Out of control, and efforts made to try to change the character so you don't do something which is characteristic; namely, to produce more of a commodity which is already in overproduction. Both Europe and the United States are doing precisely that. I can only say I just thank God I'm not involved in this anymore, because if you pay any attention at all, it drives you crazy.

Q: Please correct me on this, but it seems to me that on this support of agricultural products you have sort of a different motivation. In the United States it has essentially turned into big business and you have an awful lot of money anyway in subsidies going to big enterprises -- although they keep talking about the small farm, that's not what's happening -- whereas in Europe there is a social imperative too and that is to keep these small little farms, which they're doing. It makes the countryside look great. Is that true?

SCHAETZEL: You're quite right on that. Here the advertising is false because they talk about the family farmer -- you've made that point. The difference in Europe, and I think it's understandable and commendable, is they really want to preserve an aspect of their society which has a vibrant rural element to it for all sorts of reasons related to conservation and a more wholesome atmosphere. So they do have that purpose in mind, and I think in a way there have

been adjustments in the policy which tend to support that. The distinction between where we have been going and where they're going is true and important.

Q: Talking about preserving the small farms, did you see, as the European Community was developing, a growth of the bureaucracy that was going to be covering people, telling them what size pickles to grow? In other words, establish something and put a bunch of highly paid bureaucrats together and they'll make up regulations. It's the nature of the beast, and over-regulation seems to be the name of the game as one watches the European Union. Was this a problem as you saw this?

SCHAETZEL: I thought then and I think now there is a cliché in all of this which is important to identify: namely, to attack the European Community or the European Union today as being just a nest of bureaucrats really will not stand up under examination. If you compare, say, Brussels, against the bureaucracy of the member states, extraordinarily almost half of the budget goes into translation and interpretation. I don't think that the figures I've seen most recently bear out that this is over-reading Brussels bureaucracy. Granted there's a distinction between the United States and Europe. The Europeans, even before the European integration movement came into play, had societies which were much more inclined to have strong governmental entities used to regulation, expecting it and wanting it. It's not anywhere near the same sort of vibrance or pressure in the United States. Even now every politician, when he turns, has to condemn Washington just to sort of maintain his credentials. I don't remember that as being a major factor. I want to put it in the context of the fact that the Europeans are more tolerant, more willing, to have this degree of either European-level or national-level bureaucracy in play.

Q: Were you seeing a split between the way the United States does things and the way the Europeans do particularly to form a social safety net? I'm thinking of, as you were mentioning, the regulation of work hours, the great difficulty in closing down a nonprofitable business, the high cost of hiring people -- once you have them, you're stuck with them, more or less. Whereas the United States can move quite rapidly, Europe doesn't seem to be able to do this. Was this apparent when you were...?

SCHAETZEL: Absolutely, very evident, evident right now, because all of the things occurring this moment in Europe, particularly the need on the part of Germany to make itself loosen up: in other words, not to be controlled by the sort of forces of bureaucratic behavior, but even more so in France, which has been suffering under this forever. Efforts are being made and have been made to try to get out of this, to loosen up the economy. It really is a distinction between Europe and the United States, and it's funny -- not funny; to a degree it's tragic -- how much it persists, how long it takes to root it out. For instance, both Germany and France now have elections coming up, which has brought to the fore the pressure groups which can use these elections as a means of not making changes. People are pretty pessimistic now about changes being made in Germany, or in France or elsewhere, just because of this overhanging process of elections coming up in the next few months or later this year. That, as we said before, is just absolutely characteristic of this particular aspect of the European and American economies.

Q: The French have recently decreed a 35-hour week and all. The thought behind it is to make more employment, but the net result is to make them less productive. I was wondering how it

looked at the time, because it always seems in competition with Europe that we have a built-in maybe five percent advantage no matter what because we're a more efficient country and we don't have all these social costs and we can shuck an ailing industry and move on to a new industry, where they are trapped.

SCHAETZEL: Well, that's right, but, as we said before, if you look at this current farm bill, farm budget, the same conditions exist. In other words, politicians are so anxious to keep certain interest groups behind them that we're paying unbelievable amounts of money in agriculture which just comes close to being insane. When you have such an evenly balanced political situation here between Republicans and Democrats, no politician who has any hope of staying in office wants to get at odds with a very powerful group. This applies obviously to the Midwest but also to the South. Then, of course, dairy comes into play in the Northeast. It really is the similarity between then and now, and the fact that no one really has any bright ideas of how you break out of this. There are some forces for change in Europe that we've identified and it's worth underscoring again; namely, to try to shift the money being put into this to having an agricultural sector which really preserves the environment. If that's done intelligently, you subsidize people to keep them on farms and orchards and so forth which really are good for the environment, but that's a policy which does not affect the international economy to the degree that the present system does. We're doing a little bit on the same line. If you do this in a highly intelligent fashion, then you can have an increasingly effective agricultural sector in both parts of the world but also -- and this is really important -- open up opportunities for the underdeveloped world to have access to the European and American markets, and they would be for more effective and efficient than these two entities across the Atlantic.

Q: While you were at the European Community, '66 to '72, did you have farming delegations, farming interest delegations coming to see you?

SCHAETZEL: I don't remember that at all. It may have but I don't remember it.

Q: This was taken care of in Washington.
[END TAPE 3 SIDE A]

Q: Was Japan at all a factor as the European Community was developing? Japan was beginning to come on line as an economic power. Were the Europeans looking over their shoulder or not at that time?

SCHAETZEL: Not really. Those were the days when Japan was just beginning to take advantage of its potential, and it was less concerned with penetrating the international market and bring to bear the latent resources, energy, a very orderly society and so forth, all the things which are unique. Not then but later -- I think it was actually in the 1980s and through the first part of the 1990s -- that Japan was looked as being absolutely a model. This was the political and economic system that would dominate the world within about five or eight years. It's now looked at as a basket case, and indeed people lecture them to pull themselves together but nobody knows how to do it, including the Japanese. It is really absolutely extraordinary to see that change happening in such a short period of time but also a change, as I say, in which you search around for somebody who has a magic solution. Even the most aggressive -- I would say aggressive --

Americans like Paul O'Neill, they don't know what they ought to do about it, but they shake a finger in front of the Japanese officials and say, "Now you put it together." But that's a different subject.

Q: I'm trying to capture the period. We weren't looking, and the European Community wasn't looking, at Japan.

SCHAETZEL: That's right. I don't remember that as being an important factor, at least what I was doing.

Q: Was migration from particularly Africa and the Middle East at all a factor in Europe at that time? We had the Turkish Gastarbeiters, but other than that this was not...?

SCHAETZEL: No, I don't remember that as being an important factor at that time. Mobility really came later. I suppose we have to remember that we weren't that far beyond the end of the war and Europe after the war was such a disaster area it was not necessarily an area which attracted people looking for a better life. I would argue very substantially what converted it into a magnet was a result of the Marshall Plan, of the European integration process. That was a dynamic that led later to making it a very attractive place for Eastern Europe or for the Mediterranean countries.

Q: But it wasn't...?

SCHAETZEL: I don't remember that as being a particularly important or significant element when I was working there.

Q: While you were working there, were you essentially doing what most ambassadors do, and that is observe? They're doing this, they're doing that, looking out for American interests. You had had this long record of really wanting the European Union, something together, a European Community, later Union, to come together. Did you find that you had to fight localitis? In other words, this was a creature you wanted so much, that you and George Ball and all had created. Was there a sort of transition between all of a sudden promoting this and, you know, it's friendly but it's not your country?

SCHAETZEL: Well, I think that's right. I'm quite prepared to admit I got so intrigued by this, which was and is a unique phenomenon. In other words, just as, going back to the Philadelphia Convention, what the Americans did then in putting together a political system which had never been seen before, I would argue that what the Europeans then and now were trying to do was to bring together mature, historic national states into a new political entity reflecting the realities of the world. I got then and now so involved in this, so committed to it, that I annoyed some of my colleagues, I remember -- people like Chip Bohlen -- and I amused other people, as I said before, like Mac Bundy. I think they felt that those of us that were the sort of George Ball group were kind of slightly amusing, and our dedication was such that they were either, as I say, amused or bothered by it. I think that I would accept that. First -- we said before; it's very important to underline this -- international affairs and the people involved in this are traditionalists and the nation-state is the heart of that. The high priest of this, of course, is Henry Kissinger, who never

accepted the multilateral aspect of international affairs. He was certainly a part of the majority that felt that way -- that the whole sort of ethos of our country and other countries was to rest the whole process on the nation-state. For instance, during the six years that I was there in Brussels we had a constant stream of politicians, high-level people, coming over very curious about the European Community, and I welcomed this because I confess to have been a salesman. I was so convinced that this was the wave of the future. I think I was right, because these were so distant and improbable at that time and yet there was a pressure moving in this direction of greater integration. I'm still convinced that they're going to move further in this direction, something which will work better. The structure of the European Union today is not far from what was done with six nations and coal and steel. Obviously the structure is inadequate for the tasks they now have, or they're going to have in the future, or a European Union made up of not 15 but anywhere from 25 to 30 states.

Q: You raised Henry Kissinger. You were carried over through the intervention of Elliot Richardson. Now, Henry Kissinger is renowned when somebody says, "Well, we've got to take Europe into account on something," he said, "What is the telephone number of Europe?" In other words, the nation-state is his model. Did you find yourself at odds with Kissinger or put off to one side?

SCHAETZEL: There is no question in my mind that Kissinger was an authentic 19th century philosopher, or whatever one wants to call it. In other words, all along he saw the world as a world of nation-state in classical and historical terms, and it wasn't just the European Community. He had no particular interest in economics, no background in economics. He had no real interest in the United Nations or the other international institutions. I remember one of my last conversations with him. We were at some affair and he came up to me and said, "You know, Bob, I'm really not against the European Community." That I put down as a kind of typical dishonesty on his part. The point is he never thought it was important enough really to put energy into fighting it, because he thought power rested elsewhere and he'd work with the power where it was. That classic observation of his is revealing but also correct: that the European Union has still not pulled itself together to take advantage of the power which is latent, and they will be unable to do the things they should do as long as they rest themselves halfway between the two: both have a European Union and, on the other hand, they have the nation-state. What's going on now will come to a head in the convention which begins the end of this month and then moves on to really basic changes which will take into account enlargement of membership but also, of course, as they move into these other areas. The euro is of extraordinary importance, because this means that they have transferred basic authority to the European Union in an area which is absolutely vital. At the end of the road -- this goes back to what Kissinger was saying -- the European Union ought to speak as one voice on these major international issues such as the Middle East, and yet they cannot give up the fact that they're used to, and don't want to give up, their national responsibilities in this area. It's fascinating to me to watch this from the sidelines now. On so many issues you have the German embassy, the French embassy, for example, speaking out, writing letters to the editor on issues related to the EU. For a number of years, however, the European mission here is not being heard at all. Now, I've not seen these ambassadors from the EU for a number of years, but I remember one. I don't remember his name now, but when we had lunch and were talking about this and I was inquiring as to, "What are your contacts on the Hill?" and he responded by saying, "Well, I can't get at these people." So,

again, because of the activity of the member states in these areas of politics and international affairs, they persist in denying or not consolidating the power so they could be more effective. Therefore, they made Kissinger an honest man in this area.

Q: When you were there, was there a change in tone when Nixon came in at your embassy?

SCHAETZEL: I think the explanation is that the likes of Kissinger and Nixon didn't see this development in Europe as being all that important. After all, you're talking largely about economics but not even all economics and something which had a still weak institutional structure. It was sort of tolerated or 'if it comes to my attention, I'll deal with it,' but it neither generated enthusiasm nor did it generate a feeling that somehow this is hostile to the nation-state system. I saw this when I would from time to time come back with senior officials, including the president of the European Commission, and meeting with the senior people in the government here in Washington. It was a tolerance rather than enthusiasm. The likes of Elliot Richardson were few and hard to find. After Ball left I don't think there were any other people who came on the scene with anywhere near that kind of interest and dedication.

Q: When you left in '72, how would you at that time have prognosticated what was happening? What were the major strengths and the major weaknesses?

SCHAETZEL: I spent the first year of retirement writing a book on the Community, "The Unhinged Alliance" (Harper & Row) under the auspices of the Council on Foreign Relations. It would be only a few copies Because of the growth of the European Community and European Union, many, many elements in this country became increasingly interested in the process. It was not a matter of sort of fighting people who wanted something different from informing people and telling a country that largely did not know what it was going on and why it was in our interests. You want the vibrant, developing European Union as a partner. I have absolutely been convinced that the world needs this partnership -- equals may be too hard a word. In other words, we, Europe and the world would benefit by a partnership made of countries that have the same values and same interests working together. I'm deeply troubled by what is occurring now with Americans deciding that we are the one power, that we know better than anybody else--either come along with us or get out of the way. The harmful effect of this all around is just ground into me each day.

JAMES E. GOODBY
EURATROM Monitor
Brussels (1967-1969)

Ambassador James E. Goodby was born in Providence, Rhode Island on December 20, 1929. He received a bachelor's degree in geology from Harvard University and served in the U.S. Army. He served in Brussels and was ambassador to Finland. He also worked for the Atomic Energy Commission, the U.S. Disarmament Commission, the Policy Planning Council, the U.S. Mission to the European Community, the European Bureau, the Political/Military Bureau,

European Affairs, the Arms Control and Disarmament Agency, and the Conference on Disarmament in Europe. Ambassador Goodby was interviewed by Charles Stuart Kennedy on December 10, 1990.

GOODBY: I think it was FSO either Three or Four, I've forgotten now. I took a step back, I think from a Three to a Four, and so I believe I was an FSO Four when I was trying to land this kind of a job.

Anyway, the job I did finally land was with the US Mission to the European Community, in Brussels. And my job was to follow the activities of the European atomic energy community, which was called EURATOM. And that turned out to be a fairly interesting job, for a variety of reasons.

The boss there, the ambassador, was a man named Robert Schaetzel, who had been quite close to George Ball and who was a real...zealot I think is not too strong a word, about European unification. And he had a habit of calling the situation in Europe a "pre-federal Europe," as though it were going to suddenly become the United States of Europe. Of course, they may, but this, you remember, was 1967, and things weren't looking so good at that point.

And the deputy was George Vest, so that was my first experience at working directly with George Vest.

The interesting thing, I guess you could say, during that time there were two aspects, quite apart from the European Community, which is an interesting thing in itself. We went through one of the de Gaulle vetoes of British entry, and all those sorts of things. Common agricultural policy was established, and the Community was taking shape in some interesting ways.

But, from my standpoint, the two interesting things were the fact that the United States was negotiating at that time the Nuclear Nonproliferation Treaty (NPT). And that treaty established the International Atomic Energy Agency (which you remember I also had something to do with much earlier) as the instrument that would verify that countries that signed the treaty as non-nuclear powers were in fact not developing nuclear weapons. And the issue came up of whether that particular obligation of the Nuclear Nonproliferation Treaty would overrule the responsibilities of the inspection service of EURATOM, because they had their own inspection service. And so I was involved in the negotiation, which led ultimately to EURATOM's inspection service being recognized by the IAEA and by the participants in the Nonproliferation Treaty as the responsible agent for monitoring the activities of EURATOM with respect to peaceful uses of atomic energy.

But that negotiation went on during the two years I was at the US Mission, and was one of the main things I did, and it was a very interesting operation.

Q: What were some of the objections? This would seem to be fairly straightforward, either you let A or B do the inspections.

GOODBY: Well, there were two things involved. One was, of course, can you have a regime in which some important counties in effect seem to monitor themselves, whereas everybody else has to go through the IAEA. It was a case of discrimination, and it wasn't clear...

Q: Would this be the United States and Great Britain?

GOODBY: No, it would be the European Community--the six nations, at that time, of Britain, France, Germany, Italy, and Benelux. [That's five, unless Benelux is considered as two.] And they would have their own inspection service, you see, under this scheme, whereas everybody else that was in it, all the Third World countries that signed up, would have to go the poor man's route, if you will, and have the IAEA do it for them. Furthermore, the Soviets, who were the main party we were negotiating with, were not very enthusiastic about it either, because they thought that the Germans might somehow be able to circumvent the obligations through the EURATOM inspection service. So we had to be pretty careful about that.

I personally favored using EURATOM, because I was also a supporter of European integration and I felt that that was needed to help integration along.

The thing, though, that one should remember was that the Germans at that particular stage, especially those working on atomic energy matters, were very, very sensitive about being discriminated against. I don't want to suggest that they had an interest in keeping the nuclear weapons option open at that stage, because certainly the politicians did not. But there were, I think, some people in the German atomic energy program that had in mind maybe at some point they'd want to get into nuclear weapons. And they, in fact, were laying a very good basis for doing that if the politicians ever made that decision. So they were not very anxious to be discriminated against any more than they already were.

And so there really were some fairly sensitive things to deal with there--on all sides in fact.

So that was a fairly interesting operation. It came out in the end of course that EURATOM did do the safeguards, and that was recognized by all the parties to the Nonproliferation Treaty, and that's the way it's still done.

Q: What was your feeling then? Because later it became quite an issue, of the European countries' industries that were involved in this type of work, and things getting to...one can think of, right off hand, Israel, India, Pakistan, South Africa, you know, perhaps Brazil or some other places.

GOODBY: Well, of course, some of those countries you mentioned never did sign the Nonproliferation Treaty. I think that the issue of EURATOM was not one of the major reasons they didn't sign the Nonproliferation Treaty. It was all very much local politics: Brazil versus Argentina; South Africa feeling hemmed-in by the black nations of Africa; Israel by the Arabs, and so forth; India and Pakistan. All of these nuclear issues turn, as most politics do, on local politics. And the fact that EURATOM had its own special privileged inspection service under the IAEA rather than an IAEA inspection service I don't think made any particular difference whether a country signed or accepted IAEA safeguards or not. If that was your point.

Q: But was there much concern that the business interests and imperatives of the industrial groups working on nuclear matters in these various European countries at that time would cause a leakage of this equipment or information?

GOODBY: Yes, absolutely. Not so much in the sense you're talking about, but... I guess I didn't emphasize this. One of the major concerns that the Germans and others had was that their nuclear industry, just from the commercial standpoint, would be compromised somehow through the IAEA. And they did, I think, feel that they had a major commercial stake in ensuring that this NPT regime did not make it difficult or impossible for them to have commercial advantages. And I think they felt that they'd be better protected under the EURATOM safeguard system than they would under IAEA, where all kinds of people from places that might be interested in having their own nuclear industry might be competing with the Germans and others. So the commercial side was a big factor, yes. Not so much from the concern about leakage of nuclear energy secrets as such, but feeling that somehow the ability to export reactors, the ability to conduct business in a normal commercial way, would somehow be compromised. And I think we persuaded them that that was not very likely to happen. And in the end, of course, the Germans did sign the NPT.

The other particularly technical thing that I was monitoring at that time was the issue of whether the United States was enjoying such an enormous superiority over the Europeans that the whole idea of a European Community was going to be impossible. This all came from a book written by a man named Jean Jacques Servan-Schreiber, which was called *Le Défi Américain*.

Q: Yes, The American Challenge.

GOODBY: His thesis was that the United States had become so overwhelmingly superior in technology and other things that essentially the United States was beginning to run Europe. And it was my job to follow that debate and so forth.

And it was a fascinating time, because, in fact, during that period from '67 to '69 when I was at the European Community, the United States did have considerable advantages and owned a lot of industries in Europe, and our technology at that stage did get most of the advantages that the Europeans lacked.

Well, the Europeans, of course, made up for it. They haven't quite caught up with us in many areas, but they did organize themselves so that that became a less important factor. And now I think you can see the European Community's really beginning to shape up into the kind of community that my friend Ambassador Schaetzel was hoping it would become back in the ‘60s. It's taken a lot longer than he anticipated, but it's moving that way.

Well, a lot of interesting issues in those two years, but I won't go into all of them because I think they're not of general interest. But I did, I must say, get a view of Europe that has always remained with me and has colored my thinking about Europe, namely that if the United States looks at Europe only through the NATO perspective, which is what a lot of us tend to do, you miss a lot of what Europe is about. And there really was this what they called the "European idea." And de Gaulle at that time was talking about "Europe--from the Atlantic to the Urals."

And there really is a strong sense of "Europeanness," which I was exposed to through my work in the two years I was with the US Mission to the European Communities. And that made a big imprint on me. I realized there is a strong sense of drive, not quite as strong as my friend Bob Schaetzel thought, I think, at that time, but nonetheless a powerful idea there that...

Q: But this is also an idea, I mean, you were getting it from where you were that it was also the United States delegation and those were also pushing this.

GOODBY: Yes, that is true. Bob was, as I've said, a very strong, almost zealotic, type of guy on European integration and tended to get people that were like-thinkers. I was one of those. I wasn't, I guess, quite as full of zeal as he was. Nor was George Vest. George Vest was a much more neutral kind of person on these things. There was a feeling that this mission had a special role to play.

Q: What was the imperative behind this? That this would take care of European wars, or that it would give us a strong ally in the long run against the Soviet Union? Because, I mean, obviously today we're concerned about it as a competitive rival.

GOODBY: Yes, well it was all those things. The idea, of course, Jean Monnet had was that you need to establish a United States of Europe, first of all, in order to put behind Europe the terrible civil wars that have damaged Europe so much over the centuries. And that process of putting wars behind began, of course, with the European coal and steel community, which in effect was the Schuman Plan, which said that the German and French coal and steel industries would be merged, and later other countries joined. And that then led to the European Economic Community, et cetera. And it was Monnet's idea that you approach this thing through functional needs, and then it would develop into a political institution. So his first thought, and the thought that we had too at that time, was that European integration will mean that wars between France and Germany and Britain and all these countries will be a thing of the past, because it would no longer happen that they could become a one-country, in effect.

And the other part of it was that we want a strong Western Europe to take over some of the defense burdens from the United States. And this was an idea that I think nearly everybody shared across the spectrum. We didn't have any special insights into that in the US Mission that other parts of the US government didn't have; that was a generally shared belief. Which I still believe; I think that we do need a strong Western Europe.

And of course there are going to be disputes between us. I would say at that time we were a little more willing to make concessions in order to promote European integration than we are now. And that, of course, is right. They were then just getting started, and now they're a very strong group, so we shouldn't be as easy on them now as we were then.

But, yes, if you're suggesting a little bit of "clientitis" involved there, you're right, there was a bit of clientitis. And not, I think, totally unjustified in that particular case, because we were dealing with something new under the sun. It's one thing to say you're too pro-French, for example, to represent the United States properly, but it's another thing to say, when you have this curious new thing emerging, that people shouldn't look at it with a certain amount of sensitivity and

sympathy and understanding. And I guess that's what we were trying to do. I don't think we went too far in suggesting that we should be supporters of it. But that basically was our line, that we should be supporters of it.

And of course at that time we were already getting into some pretty vigorous disputes over agricultural trade. Chicken wars and all these other wars were already happening, so we were not, of course, rolling over and playing dead every time some trade issue came up.

But on the basic principle that yes, there should be a United States of Europe (even though some of us thought that was a little romantic), the basic idea was one we all would have supported in that mission and tried to promote as best we could.

But I'm glad you asked that, because that was a part of the ECO ethos of those times. I'm not sure whether it's still the ethos, but it was then.

Well, I went back to the United States in 1969 and took a job with the European Bureau, where I had not served before despite the fact I'd been working on European affairs quite a lot. And my job was officer in charge of defense policy affairs in what was called RPM. The initials originally stood for Regional Political-Military, and basically what it was doing was NATO. A fascinating two years I spent there before returning to NATO again to be the counselor for political affairs at the US NATO.

In those two years I suppose the thing that was most noteworthy was the episode when Mr. Brezhnev made a speech saying, "Come taste the wine." This was a speech that he gave in Tbilisi, and it had reference to the idea of US-Soviet negotiations on conventional arms reductions.

Now let me go into the background of this.

GEORGE S. VEST
Deputy Chief of Mission
Brussels (1967-1969)

Ambassador
European Communities, Brussels (1981-1985)

Ambassador George Vest was born in Virginia in 1918. He graduated from the University of Virginia and served in the military during World War II. Ambassador Vest joined the Foreign Service in 1947. His career included positions in Bermuda, Ecuador, Canada, and Washington, DC. He was Deputy Chief of Mission and ambassador to the European Community, Assistant Secretary for European Affairs, and Director General of the Foreign Service. Ambassador Vest was interviewed by Charles Stuart Kennedy in 1989

Q: I have to keep laying this on a chronological basis. Now, let's see, you were dealing with the political military side, and then after that, you went as deputy chief of mission to the European Community? How about the Mintoff thing? Maybe we might talk a little about Mintoff.

VEST: In the Mintoff thing we just talked a little bit because, in true terms, it's a peanut. But in time and effort and money consumed, it was anything but a peanut. In George Ball you had someone who felt that what we should do is ask Malta to become a NATO member. There were others who said, "If there's one thing we don't want to do it's take on a Malta," and this was argued very largely. And then when it came time to leave, Mintoff, who was impossibly wily and really a hopeless individual in many ways to deal with. The only way to deal with him was simply to say, "What you're saying doesn't matter as far as we're concerned." But very few people had the guts to say that when they thought he might turn Malta over to the Russians.

We had to pay our way out of it, and we had a long argument. That's where I first worked with Peter Carrington, who was then the Minister of Defense for Great Britain, and it was the British NATO headquarters in Malta and they were responsible primarily. The Italians wanted to be sweet and pay. The British wanted to pay as little as possible. And the Americans, worried from the Pentagon about what might happen to the Soviets or somebody moving into Malta, were more inclined to pay then not. It was a long, arduous negotiation, because every time people thought we had a price, Mintoff's view was, "Well, if they can pay that much, they can pay more." And so eventually we paid and eventually we left, and it never became a member of NATO, which would have been a stupid thing to have done, and it has fallen back into a more natural relationship with the rest of Europe. But it took an awful lot of time. [Laughter] Particularly when George Ball is enthusiastic about something, you have an awful lot of visits to the seventh floor, is all I can say.

Q: I will say the seventh floor, for those reading, this is where the Secretary of State and his principal subordinates dwell.

VEST: That's right. I was up there so often. [Laughter]

Q: Would this cover the time when you went from this job as deputy chief of mission to the European Community? Or was there something in between?

VEST: I did this in the NATO office and then worked for Ambassador [John Robert] Schaetzel who was our ambassador to the European Community, who had been the deputy assistant secretary in the EUR.

Q: That's Robert Schaetzel.

VEST: Robert Schaetzel. And when it came time to get a new deputy, he sent word he'd like me to come and be his deputy chief of mission. This again is one of the sort of happenstances of life. I had not worked--I was familiar with him in the casual sense, because we all worked there together in the Bureau of European Affairs--but I had not worked in any intimate way at all with affairs involving European Community. I had worked in NATO affairs. So I was very reluctant

to take the job, but he insisted and reiterated his offer, and so I went to be the DCM to our mission to the European Community.

Q: This was '67 to '69.

VEST: '67 to '69. And I'd have to say it was a wonderful experience. It was more, again, a learning experience for me. I was learning to be a DCM. I quickly learned how to deal with making unpleasant decisions known to people, which any DCM has to do. I had great backing and understanding from Bob Schaetzel, who, in turn, was really educating me on the intricacies of the European commission with which I was not particularly familiar. I knew them casually only from previous activities.

Fortunately, a number of the people who were in the European commission, or the permanent representatives to the European commission, were also people who I'd known in NATO. I began to, what I'd call, reap the harvest of my earlier experiences, because in the French, German, and Italian, were all people I had known as junior officers, met in my earlier experiences in the European scene, so it paid off. They were people I could talk very, very freely to, and I would say it was the most open, easy, transparent relationship. You didn't have a problem. You could pick up a phone and say, "I hear that you all are thinking about a new rule on the control on the import of soybeans. What is it you are thinking about?" and they would tell you. I mean, it wasn't difficult, I'd have to say. They were very open.

Q: What were our interests in NATO in the European Community? We're talking about the late '60s, before it had really coalesced to be what it is today.

VEST: One kind of interest was, I would say, we were still carrying and arguing very much the political value of a more united Europe, so we saw in the European Community and the European commission and all of that activity a political objective that we strongly supported and for which we were still prepared to defer a certain amount when it came to economic or agricultural disadvantage. We would suffer a little bit for that political policy that we were advocating because, among other things, it's one more of those areas where Germany is brought into a European group.

Q: Much of it was grouped around what do you do about Germany and let's get them integrated with everybody else.

VEST: It was inherently France-Germany. France and Germany--I would have to give joint genius to de Gaulle and Adenauer. They set up a heartland, which were the two worst enemies, and said, "We are going to be the two best friends, and we will build an European Community around it." And that is inherently what they set out to do, and, of course, de Gaulle excluded Britain and said, "We're going to do it this continental way."

But it was France-Germany. We thought it was immeasurably valuable, and we were prepared to endure quite a lot. We were seen as having been proponents from the beginning, because we had been all the way through. Now in the time that I was there, we began to see the beginnings, I think, of a change. We began to have very serious problems, primarily in the agricultural area.

The Europeans joined together in something called the Common Agricultural Policy. This was very expensive for our agriculture. It tended to limit our grain market.

Q: And this was actually our biggest export.

VEST: And this was our biggest export. And, therefore, we began to hit that cutting edge where the political policy is costing too much economically, and in that couple years that I was there I could see the real evolution of that change.

Q: Let me ask you a question. As a Foreign Service officer dealing at this level, I sort of have the gut instinct of this that when there's a push and shove between economics and political, we tend to zero in and say whatever furthers our political goals, and leave the economics to one side. Did you have this feeling? Or were we getting pretty tough on economics?

VEST: I think it would be very interesting, because I think in the period I'm talking about, you could begin to see exactly that shift. That before I went there, and when I first went there, if there was push to shove between political goal and economic disadvantage, we would end up supporting the political goal. By the time that I left, which was two plus years later, I think the agricultural issues had become large enough you could see that we would not pay any economic price to support that political goal. I mean, after all, you're talking about millions, millions of dollars. Just lots and lots of money is involved, and it affects a huge segment of our voting population, who in turn affect our Congress, who in turn affect our policy. So I could see the change happening at that time.

Q: Well, did you find that the other members of the European Community were playing on you to say, "Well, go along with this because this will make us stronger politically and more of a bulwark against communism, and just forget about the grain"?

VEST: No. At that time there seemed to be a fair degree of differentiation between NATO activities and Community activities and one that has continued almost right on up to the present. What they were saying, "what we're doing in the economic field is only temporary. It's an effort to try to rebuild destroyed areas of life, to rebuild healthy nations. And it's inconvenient to you now, but hang on, it won't last," was the position they were taking. And to be fair, I think they meant it. I think they thought that the structure they were building, called the Common Agricultural Policy, which exists to this day to our disadvantage, was something that would balance out. Well, they never found a way to balance it out. But I think they meant it when they said, "These are not serious; you're overreacting."

Q: You seemed to switch hats, but sort of in the same area.

VEST: I did. I got a telephone call one day from Alex Johnson, and Alex said, "George, the White House has just telephoned, and you're going to go over right away by this Friday and be the DCM at NATO." And I said, "How did that happen?"

And they said, "Well, the ambassador to NATO, Bob Ellsworth, has very close connections with the White House, and he's looking for a new DCM, and he's chosen you." So it was just like that.

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Q: Well, then a new administration came in, the Reagan Administration, in 1981, in which for the first four years you served as the ambassador to the European Communities. How did this come about, because I would have thought this would have been a political plum for somebody? This was as close to a hostile takeover as one can have ideologically, and there was an awful lot, on the part of the Reagan Administration, of people who have worked for the previous administration, even in professional capacities, as being tainted, if not worse. So how did you get this job?

VEST: I'm not entirely sure, but you're quite right. I would have said I had double jeopardy for that new crowd coming in. I had worked for Henry Kissinger and for Carter. Either one of them was a little bit of a taint. [Laughter]

There may have been several factors. Haig had known me. He had been Supreme Allied Commander Europe, and an able one, when I was assistant secretary for European affairs, so we knew each other vaguely, not well. Larry Eagleburger was working closely. He had taken over as assistant secretary of the European affairs, and he and I had known each other for years and we knew each other well and were friends. So, inside the building at least, I had friendships or acquaintanceships.

My name was sent over by Haig for a couple of embassies. Each time, the White House turned them down flat. So I had come to the conclusion that I was not really the kind of person they wanted, and for lack of anything else to do, I had been doing some projects for the new Deputy Secretary of State, Judge Clark, whom I found to be a very pleasant man and easy to do things for. He was very forthright in starting out by saying what he didn't know and "tell me what I should do about this and that." So I was in the middle of a particular project for him.

I discussed it with the director general at the time, "Shouldn't I just retire?" and the director general said, "I think you should. We've submitted your name enough times to know that the White House isn't going to let you do anything."

And so I went in, on a Tuesday it was, and said to Judge Clark, "I just want you to know I'm going to be retiring, and almost right away, but I wanted you to know that this project I'm doing, I will get somebody else to carry this project on. So I just wanted you to be aware of the change."

And I never will know all the details. Judge Clark simply said to me, "You're going to retire?"

And I said, "Yes."

He said, "Do you want to retire?"

I said, "No, not specially, but I don't want to hang around if I don't have some work to do."

And he said, "Well, just hang on for a few days." And on Thursday he came back and said, "How would you like to be the ambassador to the European Community?"

I said, "Well, I'd love it." [Laughter] I had never thought of it. And that's it. And I've never known who was responsible.

Q: Well, obviously he was a very close, personal friend of President Reagan and probably could override the normal, political appointee-types in the White House.

VEST: But it was as quick as that, and he was always extremely nice to me afterwards. He was instrumental, when the usual slowness was going on, he was instrumental in simply calling and saying to everybody, including the security people, "Speed this up. We need to get him over there right away." And later, when he was in the White House heading the NSC, when senior people came over from the European Commission-- he didn't like too much to get involved in seeing people like that--he would always take time to see them. So I always have to have a soft spot for Judge Clark. [Chuckles]

Q: You were ambassador there from 1981 to '85. What were your prime concerns at that time?

VEST: Let me make a sort of a general umbrella statement. When I was there as a DCM, you remember I said I could see that we were reaching the stage that we were unprepared to pay, but just so much economically for the political advantage of a movement, toward uniting Europe. By the time I went there, and I had watched it through in the remaining period, of course, I would say we had come to the next stage in our policy very conclusively. We were not prepared to pay very much. We would give lip service to the idea that political unity is so important that we will pay a lot for it, but we were prepared to pay considerably less, and so the balance was clearly shifting now.

I found the balance, the problems, primarily in two areas. One was agriculture. Very, very enormous--you're into billion dollars--of sales when you get to soybeans and corn products and wheat and all the other things, and we took a very strong line on this one--the strongest line I think the Commission had ever seen us--in saying we would be prepared to fight for our rights in GATT and anywhere else. and retaliate. So we had a new stage we had reached. And that went on all the way through my four years. In one area or another, it could be canned fruits and vegetables at one stage, and it was always soybeans and wheat and corn products all the way through, because that's a couple of billion dollars right there and 800 million in something called corn gluten, which goes into animal feed.

In addition, we hit the real problem with steel, pipe and tube. We had rust belt places.

Q: These refer to the old industrial areas in the Midwest.

VEST: Like Pittsburgh, where we had the old aging steel plants that were no longer producing competitively with new efficient steel plants in Japan and Korea, Spain, and others that were coming on, plus some in Europe. So we had very, very serious differences there, because Europe had modern and old steel industry. We had modern and old steel industry.

So the other major thing that occupied a good hunk of the period was an extended steel negotiation, which was carried on primarily on our side. The agent back here was Mac Baldridge, the Secretary of Commerce, together with, from time to time, Bill Brock, the head of STR, Special Trade Representative. I was the agent over there primarily, and we were dealing with the European Commission, commissioner being Mr. D'Avignon.

We carried that through. It took us almost two years. We negotiated a pipe and tube agreement, which has governed, some would say restrictively, but others would say beneficially, the amount and flows of pipe and tube sales. It went into effect for five years, and will expire this September. And one of the newest problems which President Bush will have will be whether to extend that agreement, amend it, or cancel it, because, in the meantime, the pipe and tube industry has done very well. Industries have modernized. They are competitive. Not all of them, but enough. But there's just one real weak area.

But that was a wonderful negotiation. I've never had more fun, because each day I would be on the end of the line to Mac Baldridge--or to Bill Brock, usually to Mac--saying, "Okay, now the Community moved this far. We've even brought the Italians into line with the Germans and the French."

Or, at another time, I can remember I called him and I said, "We've got all these continental Europeans going along on this negotiation, but the British, still believing that they could play on that special relationship, have sent--and it's already headed over there--a special delegation headed by a deputy cabinet minister to try to see if they can't make a special side deal." And there's a temptation on our part, if you can maybe divide and conquer, you concede, and there were always people back here who would say, "Let's try to divide them up."

And here's where you get to your political thing. Our political thing is to encourage the evolution of a European Community, or a united Europe, at least, if you can, negotiate with them as an entity. So I called Baldridge and said, "The Brits are on their way. Please don't receive them, because then the whole crowd over here in Europe will fall to pieces."

He was a wonderful guy to deal with. And he said, "Well, then what should I do?"

I said, "Just have your deputy Secretary of Commerce speak to their delegation, because theirs is headed by a deputy cabinet minister, and have him tell them that you can't agree to anything because you're negotiating with the European Community." And they did, and we were able to carry on through. But we were back at that fundamental premise do you divide and conquer or do you pursue your known and definite interest, but do it with the European Community for your political. That's where we've stuck as a policy ever since.

Q: Do you think that in a way you were fortunate, because of these difficult negotiations, that you were representing the Reagan Administration, which did take a, you might say, harder nosed view of trade than one which was more manipulative. You know the Kissinger-Brzezinski real politic-type things.

VEST: I think you could do it, and one, I agree we were terribly lucky. Well, one of the Reagan Administration's deep-seated principles, was to try to maintain world trade and an open trading system and to avoid tariffs and avoid trade barriers. This is one of the ones President Reagan viscerally felt very strongly about, probably more viscerally so than any President in recent time and any that we could have had.

You add to that a guy like Baldridge, who had been a top big businessman himself, so he knew exactly what he was talking about. The combination meant we did have, I think, the ideal backing to carry through this negotiation. It was really very good. Better than--I hate to say, but I have to. If the Democrats had been in power with their tradition of being responsive to economic forces, we would not have been able to carry this through as well as we did.

Q: There are a tide sometimes where Nixon can open up to China, where a Democrat probably--Humphrey probably--couldn't have gotten away with it.

VEST: And you probably would not have had anybody being as firm on the business of trying to avoid trade wars as we had in that moment in Reagan and Baldridge.

Q: Did you get involved in the pipeline business for gas? This was a major...

VEST: Yes, the gas pipeline. Oh.

Q: Can you explain what that was? It always struck me as being a fight we didn't need to get into.

VEST: Well, it certainly was true, and the wonderful part was that we had that same basic fight years before.

Q: Could you explain what it was?

VEST: Well, earlier on, the first one of these had been a proposal that the Soviets would build a pipeline that would ship oil, petroleum products, through to central Europe. And we in the West, or the United States especially, strongly opposed that saying the Europeans will be dependent on Soviet gasoline, oil products. We lost that one in the end. It was cheaper, so it was built. Europe was not dependent on the Soviet Union because it continued this stuff from all over the world still. By later times, it had it from the North Sea, as we all know.

This particular one was on natural gas, and they were proposing to build a big natural gas pipeline that would come all the way across the Soviet Union and into central Europe. We said, "Oh, no. You will be dependent on natural gas and city after city can be cut off, and we will not allow any of our subsidiaries, or any European company that has contracts as a result of deals with our subsidiaries, to provide any material for the building of that pipeline. We're opposed to it." Which meant that there were a lot of European companies that had business arrangements with American companies and expertise and technology and so on, which we were saying, "You European companies can't do it, because there's been that much technology traded back and forth."

Q: It's kind of trying to unscramble eggs.

VEST: We were saying, for example, to the French Government, "You French companies, we, American Government, are telling you, French companies, you may not bid anything on that contract." And it created an enormous uproar, and I don't know anybody who was in Europe at the time, I don't know anybody at all, who didn't send back the message who didn't say it won't work. It simply won't work. The Europeans are not going to be ordered around by the United States Government, and that's what it is from their point of view.

Well, the Reagan Administration bulldozed ahead. The Europeans began to be more and more nasty. It was very, very badly received all over. I don't think we could have done anything to rouse local nationalism more than this. It also raised questions about whether any European business should do anything with American business in the future, which had very large implications for American business with what lay down the way. And, in the middle of all this, people were telling Washington it isn't working.

Q: You were telling them, too?

VEST: I had done it. I know our ambassador to Belgium had done it. Our ambassador to Germany, a very, very respected elder statesman.

Q: Arthur Burns?

VEST: Arthur Burns had done it in spades and said, you know, how terribly wrong this is from the point of Germany. And, at that point, they changed Secretaries of State, and all by himself back over in Washington here, backed by Larry Eagleburger and Walter Stoessel and I don't know who else, Mr. Shultz just sort of turned that whole thing around, and we had conducted a magnificent retreat.

Q: Where was the impetus for this coming from? I mean, not the retreat, but the drive.

VEST: The drive, as far as I know, came out of what I'd call the conservative Republican world. You mustn't trust the Soviets; you mustn't ever be controllable in any way by the Soviets.

Q: In the worst case scenario of all that's happened.

VEST: In the worst case scenario, yes. Now, remember, in one sense there was a--and I used to argue this much at least with my friends in Europe--there is some basis for concern, because at the moment, the Europeans were intending to put all of their gas plans, or at least most of them, on that pipeline out of the Soviet Union. They could have been having some out of the North Sea. They could have had container gas from other places, and they weren't thinking through very carefully that maybe, by putting so many of their eggs in one basket, they weren't doing themselves a very good deal, either economically or from a security point. A view in point of fact, over time Russian gas hasn't been that much of a bargain. So, you see, it hasn't worked out entirely the way they thought it would.

VLADIMIR LEHOVICH
Ambassador's Aide
Brussels (1969-1971)

Vladimir Lehovich was born in New York in 1939 and received his Bachelor's Degree from Harvard University 1961. He was positioned in Saigon, Brussels, Bonn and Vienna. Charles Stuart Kennedy interviewed Lehovich on March 25, 1997.

Q: In '69, whither?

LEHOVICH: In '69, off to Brussels to work with the Common Market at the US Mission to the European Community.

Q: This was '69 to when?

LEHOVICH: '69 until early 1971. Brussels to the European Community.

Q: This was your SAIS thing.

LEHOVICH: This was the price I had to pay to go to grad school for a year under an enlightened program by the State Department, which it should continue into the future, but is underfunded right now. My punishment was that I had to go and be an ambassador's aide at a very sophisticated and intelligent, rather small mission in Brussels. I did this and I do not like much being an ambassador's aide. My ambassador was a gifted man, but it's not a great job. I spent a fair amount of the first few months trying to figure out how to join the Political Section.

Q: I would have thought that being an ambassador's aide, you were moving on in the Foreign Service, and this would be- This was a great thing for a junior officer to learn their way around, but somebody who's moving into the mid-career, it gets awkward.

LEHOVICH: I thought it was awkward and I thought it was boring. It was not a terribly big mission. I don't think there was a hell of a lot to do. I eventually merged it with being a full-time member of the Political Section and moved out physically from the ambassador's environment.

Q: Who was the ambassador?

LEHOVICH: The ambassador was a gentleman called J. Robert Schaetzel. It's interesting to pause, in a sense, on what someone like Mr. Schaetzel symbolized at that time. Schaetzel, who was not a career diplomat, but had been in and out of the government for a number of years, was a true-blue, hard-core Europeanist. It was very interesting to see how strong the notion of European integration and European unification was in the United States at that time. It was the dominant idea among policy circles, policy thinkers, Council on Foreign Relations, all the folks

who wrote books on foreign affairs at that time, and anything resembling a foreign affairs establishment. It was taken as self-evident. Its benefits were obvious. The United States to some degree was a cheerleader for European integration at that time.

Q: I would call it the cornerstone of American policy to keep the bloody Germans and French from going at each other.

LEHOVICH: Well, it had that underpinning. It also had evolved into a role, for example, in my mission at that time, of cheerleading, advising, and encouraging. We were encouraging a union, which was union political in the first instance. The underlying reasons for it were more political than anything else from the coal and steel community on. But by then it was becoming very strongly an economic union and was becoming very strongly a commercial and trade entity with which the US had a lot of disagreements. We were not members of it. Some at that time probably would have said, "Look, this is a body that is not of us. We're the outsiders. When we work with it, we're negotiating to a large degree against it. At the same time, when we stand back as the world's most powerful country, we're cheering it and we're pushing it." That indeed was happening. The mission was probably, on a man for man and woman for woman basis, as good a group of economic officers as one is capable of assembling, a remarkably good group. I was not one of the racehorses of that establishment. I had a very good time intellectually there. I don't think I made any particular contributions the whole time I was there.

Q: Was sort of the chicken war a factor? Could you explain what the chicken war was? I would have thought this would have been a shot across the bow of the American proponents of integration.

LEHOVICH: There were a number of trade skirmishes and wars going on at that time. There was an awful lot of lobbying and high politics on behalf of soybeans, American agricultural interests. It's no coincidence that Senator Percy of Illinois, which is a major soybean producer, was one of our constant visitors. In fact, anybody who was big in certain kinds of commodity region was very much on our list. The chicken war was indeed a war and it centered on different ways to keep chickens out of Europe, American chickens. Some of the ways of keeping them out was the finer points of how they're plucked and cleaned, and whether it's the most hygienic or the second most hygienic way of doing this. I don't want to get into whether we're talking about spin, chilled, or hot water cleaning or other things.

At that time, there was another wonderful thing, even more exciting than the chicken wars as a display of how governments make up great structures to do very simple things. The very simple thing is, I want to keep your products out of my area. The great structure I create is scientific. I get the Ph.D.'s out and I get the biochemists out. In the case of the French, one of the truly brilliant things at that time was to prove scientifically that if you drink hard liquor distilled from grape, you're doing your system something good physically. If you drink hard liquor distilled from grain, like whiskey, scotch, or bourbon, you're doing something pretty bad to your system. That fine scientific structure which the French created in that period, of course, was used to put tariff and non-tariff barriers on booze from America, from England. At that time, bourbon was very popular and beginning to be very fashionable in France. This was a good way to protect cognac and keep the other stuff out. A little like the chicken wars. A lot of that stuff going on.

The story though of how one looks at European integration, economic integration in the case of the European Communities and the Common Market, political integration, the growth of a European strength in NATO, these are all recurring stories. This was a piece of it in the late ''60s and early ''70s, but it's a long story for America.

What's really fascinating is how much of the period since World War II the United States has managed to keep a very long-term perspective on Europe. It waivers and then it gets strong and it gets weak. But it's something which has ups and downs, but continues to have strong life.

Q: Did you have the feeling in this that you, albeit carrying the briefcase of an ambassador or something, that we were part of an apparatus of the super power dealing with a bunch of local powers? I mean, this was no longer the Europe of what when we were kids we knew as the great Europe. Are we talking about a corner of the Eurasian continent now?

LEHOVICH: It's interesting, we were the super power and these were countries that had lost some of their clout. England at that time wasn't a member of the European Community, nor were a number of the other free trade area countries. But our punch and our influence with the European economic integration movement wasn't that great. It wasn't that great for a couple of simple reasons. We weren't members. We didn't have the big leverage. England wasn't a member. A lot of other people weren't members at that time. When one talked about NATO, there was just no question. With NATO, the leverage was enormous. We were the leader. That wasn't the case with the European communities and it caused an interesting split at that time in the American community working on Europe.

There were those who sort of said that the traditional Europeanists, proponents of European economic integration, are the soft minded, are the tender hearted. The tough minded, the true thinkers, the stronger people, are the NATO people, the people who think that it's most important to strengthen NATO and not worry as much about other aspects of European integration. There was even sometimes a certain either/or quality - you can't do both at once type of quality. I wound up working on both of these things quite intensively -with the European communities for a couple of years and then for a number of years later with NATO. There always has been a bit of a rivalry in the American policy establishment. This becomes much clearer if one looks in the Department of Defense at the way various Secretaries of Defense will deal with these issues. Or someone like, for example, Robert Komer, who took over as the "NATO czar," for the Pentagon and basically liked to put down American activities with Europe that weren't NATO-centered. The logic was almost that energy spent on other things is bad because it's energy not being spent on NATO. So, a lot of cross currents there.

Q: Let's stick strictly to the Brussels time in the Mission to the European Community. What was your impression of the French and the German representation there?

LEHOVICH: They were good. The impression that I carry right now of nations there is that they really were very split. There was a Common Market commission, a commission of the European communities, which was in effect the central government, the central governing organization of the European communities. There were nationals of countries in there and there were commissioners in there. On the other hand, there were the permanent missions which were the

national representatives responsible, say, to France, not to the Commission to the European communities. There was a lot of rivalry between those two. They had good diplomats there. They had some top people. The countries that always had top people, their top national figures working on these things, were the Benelux countries, particularly Belgium, and the Netherlands. In Belgium or the Netherlands, it was a fairly safe proposition that the very top people in a country in international affairs would do several things in their lifetimes. They might be foreign minister. They'd probably be prime minister as well. They would work with NATO and they would work with the European communities. That was just the way it was happening. Joseph Luns is an example of that type of person. You didn't have at that point quite the same thing with Germany, or France, and I don't think you had quite the same thing later when Britain entered. In Britain, you tended to have the elite of the foreign affairs establishment going off to NATO or going off to the United Nations. I would say that this is probably the same for the other major countries. Working actually in Brussels with the Common Market was, a lot of the times, not quite as heady. For the ministers, it was a non-stop set of visits. The Common Market at that time was really carrying to a remarkably fine point the art of making decisions all night long at the last minute, decisions which were arcane or decisions which were important (It's hard to remember which.), decisions which have to be made by midnight - which, if they aren't made by midnight, somebody physically stops a clock and then they go on to the point of exhaustion late at night or early the next morning. It's decision-making by locking people in a room and exhausting them. It's one way to do it. The survival is of the people who have the greatest ability to stay up all night. We weren't in that particular game, but we've played that game. That's a fairly standard multilateral organization situation.

Common Market ministers, I think, dreaded their visits to Brussels for Common Market affairs and rather liked them for NATO affairs. That was an easy club. A few people did all the work and others enjoyed it.

Q: You were there in '69/'71. You say these were basically true believers, but as you finished up this thing, did you get any feel for whither the Common Market? Britain wasn't in. How realistic was this thing?

LEHOVICH: There were true believers and then there were less true believers. For example, in the US, the Treasury Department was not a true believer in this thing for very understandable reasons. There were a lot of reasons to balk at continuing to offer more or less a blank check on the future to people who might never get to organizing themselves well politically, but who sure were going to form a successful customs or economic union and keep you out one way or the other. Hard to say. There was good grounds at that time to remember that we were not going to be members of that body and that this body might have some very rough times with us.

Q: Did you find yourself and the staff there as outsider... I mean, you had been used to places where people shot at each other and then the Soviet Union. Tanks were something. All of a sudden-

LEHOVICH: Sure, it makes you feel like an insider if they shoot at you.

Q: Did you feel that you were the country boy brought into the city?

LEHOVICH: I did feel that. I'm not sure everybody else in the mission did. But I did have a sense of members of our mission spending a lot of time to try to be accepted by Europeans as good interlocutors and as friends and as members of the circuit. That just isn't the situation that I later felt working on NATO issues or on multilateral arms control issues where the American representative was almost by definition a pillar of the establishment. There, we were not pillars of the establishment with the exception of our head of mission, who really was an old pal from the earlier days of the European movement, of all sorts of movers and shakers. He loved every minute of it. Most others of us were not really insiders.

Q: Was there any analysis or looking at this and watching as this operated to see the early signs of arterial sclerosis or something like this of a bureaucracy building up that might impede the efficiency of the European Union?

LEHOVICH: Sure, there always are. There was a lot of lampooning of the Eurocrats, of the European bureaucrats, in the late ’60s and before that. The lampooning had been done in such a vigorous way by De Gaulle, who had seen a period of enormous ups and downs with the European movement, and had been so clear in the attitudes and the press, and other writings expressing concern about a centralized bureaucracy. That's been a theme from way back when and was a pretty highly developed theme at that time, too.

What was, I think, a more important theme isn't whether the bureaucracy was going to grow and become a problem. I think most people felt a bureaucracy was going to become a problem, but a lot of people just take that in stride. I do. The big question was, is it going to expand and is it going to take in the European Free Trade Agreement area, which was Great Britain and the outer seven countries. That was the big question. Toward the end of that period, it began to look as if it was going to expand. That was the exciting thing, just as right now, the exciting thing in the late 1990s with the European communities is whether it's going to take in some of those countries that have nowhere to go right now, that are trying to join NATO, for example.

Q: We're talking about the former Soviet Bloc countries.

LEHOVICH: We're talking about the former Soviet Bloc countries. But then when we're talking about the late 60s and early 70s, the real focus was what's going to happen when the new countries come in? There were many levels of focus. One, how are they going to divide up the seats? Two, how many languages are they going to have to speak? How many interpreters are we going to have to have? Every time you add another language to an organization, you're diluting it, frankly. You're really diluting it. NATO has two official languages, but the UN has more and the Common Market has more. They are diluting clear communication an awful lot.

Q: My dates may be off, but if I recall, De Gaulle sort of resigned in a huff or something around '68, didn't he?

LEHOVICH: He died in late '69 or '70.

Q: But I think he had left. Wasn't it June of '68 when the students- So, he was basically forced out. So, you were coming slightly after this. I'm just trying to catch the atmosphere. Was there a feeling that now the French either they're not quite sure what they're doing or they're more into this union now that De Gaulle is no longer standing there and being unhappy about France getting involved with anyone else or now?

LEHOVICH: Absolutely. Now that you mention it, there was a sense of eased atmosphere and a sense that the European Community might work better than it had before. I don't recall how long that particular feeling lasted, but it was something that was in the air.

Q: One other thing. When you got yourself more integrated into the Political Section, what would a political officer do? Can you give a typical day or an example?

LEHOVICH: The areas that we worked with were the institutional and structural sides, some of the public affairs sides. We didn't work with some of the economic analysis, but we worked, for example, with industrial policy. This is how to align industry standards all over Europe. We worked with covering activities of the Council of Ministers, trying to stay in touch on a lot of current events. I had what was considered the lightest single task - I thought, by far the nicest single task - which was to work with the European Parliament. I would go to all of its meetings in Luxembourg and in Strasbourg and had a great time. There, interestingly enough, if you go, you're far enough away so that, as an American representative, you're free to go and meet people and have a good time with them. It's not a parliament that had an awful lot to do at that time. It did what it did in a very pleasant and cheerful way. I remember once having some very good and interesting discussions with the Italian communists, which incidentally, we were not supposed to do at that time, but it was very hard not to do it if a leading Italian communist came up to you and offered to share a taxi with you. You took the taxi with him and you had a very good conversation with the man afterwards. But you didn't sit around and blow that up into some kind of a bilateral contact and they didn't either. The parliamentary activity was delightful.

I'll digress for a minute on what was to become my own favorite model of good national diplomacy, small national diplomacy. That's the role of Luxembourg. I got to know Luxembourg starting with the European communities by dropping in on the Luxembourg Ministry of Foreign Affairs one time when in Luxembourg just out of curiosity. I really had no business there. But I went there and I was told that there were only 12 people there that day and that, in fact, most of them were out so that there were only three or four people. That was the entire Foreign Ministry. I got interested in how they work that way. It's so much the opposite of how we were working. I, like a lot of others, was enormously concerned by our elephantine American ways of working - in Washington even more than overseas, but everywhere. We have to clear things with everyone. We act almost like a government that doesn't trust itself. They had some remarkably efficient ways of pre-delegating authority to their people and, as a result, getting an awful lot done with missions that had one person or, as a great luxury, two people. I'm mentioning this, Stu, because I marveled at it for years and years later when I worked with NATO and with arms control. The Luxembourgers by and large always managed to field a good delegation, a tiny one, but a good one. They knew what they were doing. They made decisions. They always got a good night's sleep. They didn't run in circles. They knew the limits - when in doubt, do the right thing. When

in doubt some more, consult with Belgium and Holland. If they agree on something, do it, and then tell headquarters afterwards that you've done it. Very intelligent group of people.

Q: Did you (I'm speaking about all the officers there.) keep a running brief on US interests - soybeans being very important but other things - so that you would say, "Uh oh, they're trying to erect another trade barrier here." Was that part of it or did you find the predominance at the time was, "Gee, we hope these people will get it together" and we were playing more, you might say, a passive role?

LEHOVICH: There was an excellent Agricultural Attache Office, small but superb, attached to our mission. I have to digress, Stu, as a big friend of the Foreign Service family, that the foreign agricultural specialists that I've come across in places like Bonn and the European communities and elsewhere are absolutely superb. These are some of the best people I've ever met. I was astonished how good they were. The agricultural attache was on top of every commodity and every problem with it and, as importantly, every opportunity. With our big agricultural exports, the big thing was to seize opportunities and build up trade and, of course, ferociously attack any barrier against trade whenever you could. He got very good support from everyone in the mission. The most positive things we did over there was work with big American interests. That was good. That's classical work and that made total sense to everybody. One of the ways to do it, in addition to just doing daily work, was to use visitors. When you command some of the big agricultural interests in America, you can get very high level visitors. We had a lot of the top folks in the House of Representatives and the Senate coming over for these reasons.

Q: How would you use the visitor?

LEHOVICH: Make sure that they met everybody important and make sure that they communicated their sense of how important good commercial contacts were to them personally and to the United States. We had, for example, Wayne Hayes, who was very interested in this type of thing.

Q: From Ohio.

LEHOVICH: That's right. We had important figures in America who communicated their own interests in this.

Q: Would a Frenchman pay any attention to what a Senator or a representative from the Midwest had to say? Did we have something where we could say, "You know, if you do this, we can do that." Were we talking about saying, "Maybe French wine shouldn't come into the United States if you're giving our soy beans a rough time" or something like that?

LEHOVICH: Stu, this was going on. The big question there was linking economic and security issues, which was one of the things that some of the tough-minded policymakers, as opposed to the tender-minded policymakers, constantly wanted to do. That's another theme that was going on. Not too much of it happened. Most of the time, we tended not to link our economic interests with non-economic interests. Within the economic area anything was fair. It was absolutely fair if somebody appeared to be threatening one area of American exports for us to begin asking

some very pointed questions about some areas of their exports, leaving no doubt that we were looking at ways to make life hard by using the same tools. That was perfectly fair. The activity that was much more controversial was whether one was going to use European security interests as a lever. By and large, we did not do that.

Q: You really can't.

LEHOVICH: Stu, you really shouldn't, I think, from the long-term American point of view. But a lot of folks thought you should and a lot of folks came up with simple ways to do it. It's a little bit like the simple notion of surgery - "Give me that knife and I'll do some surgery." I don't think it makes a lot of sense, but it's a recurring tension.

Q: I'm just wondering, did you have sort of the equivalent of lists of every country that was involved in this Common Market effort, of what they imported to the United States, how much it was worth, and all that, so that you could sort of mix and match if they started messing around with our stuff? Was that something in your arsenal?

LEHOVICH: Something of that kind with the big difference that there was one multilateral partner. That one multilateral partner was what we were dealing with rather than the individual countries. We didn't really have individual- We could have individual balances if we wanted to keep those, but the trading rules were being played in common by all of the members of the European communities. One wanted to lobby them very hard nationally, of course. The place to lobby them nationally usually wasn't France. You could do much better lobbying in Germany and some other countries. France was a big sinner in the Common Market because of the common agricultural policy, which had "help France" written all over it. We weren't going to get an awful lot out of France. If we wanted to lobby bilaterally, we could get a lot more with other members.

Q: Did you use the equivalent of saying, "Look, if the French are going to do this about whiskey, we might have to take certain action and that certain action may affect you Germans as well as the French because of these bloody frogs over here," causing this trouble and hoping that the Germans would go after the French. I mean, all in a very subtle, diplomatic way. I'm just trying to get some of the techniques.

LEHOVICH: Stu, I don't want to invent stuff; I don't remember too much in that area. It's a great thought, but I'm not a great resource.

Q: Why don't we pick up the next time? We're talking about '71 and you went to what?

MANUEL ABRAMS
Deputy Chief of Mission to the U.S. Representative to the European Community
Brussels (1969-1972)

Manuel Abrams was born in Pennsylvania in 1919, and graduated from the City College of New York in 1939. His career has included postings in Frankfurt, Paris, The Hague, Rome, Brussels and Geneva. Mr. Abrams was interviewed in 1990 by Charles Stuart Kennedy.

Q: After Rome, you went to Brussels as the Deputy Chief of Mission to the US Representative to the European Community. This was in 1969 to '72. What were you doing?

ABRAMS: I was assisting in running the mission which meant all relationships between the US and the European Communities (EC). It's usually called the European Economic Community (EEC) for short but actually there were three communities involved. In addition to the Economic Community there were a group dealing with nuclear matters and the Coal-Steel Community.

The big problem that was facing the Community in 1969-72 was British entry. In addition here was the perennial issue of trade, particularly the Common Agriculture Policy (CAP). Earlier the British and their partners, the Scandinavians and Switzerland had tried to form a free trade area with the EC but this had failed. After much soul-searching the British applied for full membership in the Community. We were very much involved in this, probably more than we should have been but we tended to be extremely active in all matters connected with European integration.

Q: How were we involved?

ABRAMS: As a matter of fact, we were involved from the beginning. After the failure of the Free Trade Area negotiations, the British visited the United States and talked to George Ball, who was then Under Secretary for Economic Affairs. The British asked what the US thought the British should do and Mr. Ball said they ought to join the Community.

There were a number of reasons why we should have been involved, political, military as well as economic. We thought the European Community would be strengthened as a result of British membership. We also thought that the European Community would have more liberal economic policies, particularly with respect to trade, if the British were members. In particular, we thought the Community would have a much more open agricultural policy if the British were members. We also thought that it would help to strengthen NATO. This was a period when the Cold War was moderately warm.

Q: If you got Britain and France fully involved it would act as an anchor to Germany?

ABRAMS: Yes, that always underlay our policy with respect to the Community. We wanted Germany fully anchored to the West.

We followed the negotiations between the British and the Community in great detail, on a day to day if not hour to hour basis.

Q: How was that working out. Were the negotiators running back and forth telling us what was going on?

ABRAMS: In a manner of speaking, yes.

Q: Did we ever get involved as an intermediary?

ABRAMS: No, we did not become involved in the negotiations as such. But we talked to the people in the negotiations, and we knew exactly what was going on.

Q: What difference did it make?

ABRAMS: It's a good question. I don't think it made as much difference looking back as we thought at the time. But again it's one of those activities that tend to be self-generating. Once you get started you keep doing it and it seems a good idea to keep on top of things and know exactly what's going on. But it didn't really make that much difference.

Q: But there were underlying instructions to steer things.

ABRAMS: To some extent yes. If in the course of the negotiations there would appear to be a development which we strongly disliked we might well make representations. That was certainly the case but that was exceptional. Most of the time it was just a matter of knowing exactly what was going on, and trying to encourage a successful conclusion. Because we did have strong views. We did want the negotiations to succeed.

Q: Did you feel that those who were negotiating were also keeping the United States in the back of their minds as far as if we do this, this is going to create a trade war?

ABRAMS: Yes, I wouldn't have used the word trade war. I happen to think it's been overused. But yes it would cause difficulties with the US if certain things happened. And there were differences within the Community and sometimes one of them would talk to try and exert some influence. So there was that as well.

Q: How did you view the French at that time. This was the time when we thought of them as the _____.

ABRAMS: From our viewpoint which very much paralleled the British viewpoint, the French were the difficult negotiating partner. The Benelux countries were very strongly in favor of British membership. The Italians wanted British membership. The Germans were not quite as strong but they were certainly positive. The French were skeptical. And looking back at it with the usual benefit of hindsight, the French were justified in being rather skeptical of what role the British would play. If you now look at the future of this, namely 1992, the brake on the movement of the community is the British. But that is of course another matter.

Q: Your ambassador there was Robert Schaetzel?

ABRAMS: Yes.

Q: How did he operate? What was he doing and what was his interest?

ABRAMS: He was keeping in close touch with the commissioners of the community and with the ambassadors of the countries, the European Community members plus the British, the Danes, etc. He was a very strong advocate in all this.

Q: Was he put there because of this?

ABRAMS: In part. I was not in Washington at the time. He went from Deputy Assistant Secretary for NATO and OECD Affairs in Washington to the ambassadorship there. He was not a foreign service officer. And this was his only overseas assignment. He was a career civil servant.

Q: Did you find his being a career civil servant, did you find that you spent a lot of time in the running of the embassy?

ABRAMS: To some extent, yes. But I wouldn't attribute it to his being a civil servant. It is fairly normal in many embassies that the DCM does more of the running and the ambassador spends more of his time seeing other ambassadors and high officials.

Q: How did you feel about the reports coming from our embassies in Bonn, Paris and Rome, London and all of that?

ABRAMS: Of course we looked at them. The reports, to a great extent, reflected the quality of the people preparing them.

Q: Was the reporting from one post weaker than others?

ABRAMS: Oh, yes. This is always been true.

Q: Which ones?

ABRAMS: It has varied. Since I'm going to say something complementary. When Joe Greenwald was our number two man in the economic section in London, the reports from London were excellent, among the best I've seen. Other people, not quite as good. Same post, little later. This was a big factor. It also reflected the ability of the people in the posts to see the right people in the capitals who were not always available.

Q *How did you feel about the directions from the White House. This was the period when Henry Kissinger was in National Security Council. Did you feel any conflict between the National Security Council and the State Department as far as how they felt about this?*

ABRAMS: Well there was a conflict toward the end of the time I was there between Washington and my ambassador which ended with my ambassador being fired. So, it that sense, I felt it.

Q: How did that come about?

ABRAMS: I might mention that supposedly he resigned. But as a matter of fact he was fired. And the reason he was fired was that he was making statements which were not in agreement with what was coming out of Washington. So your question is well put because there were differences at that time. Within Washington, and between Washington and the field. Theoretically there was no differences between Washington and the field since we get our instructions from Washington, but in practice there were.

Q: What was the issue?

ABRAMS: The issue was the degree to which Washington was prepared to support things in the European Community which people in Washington, some people in Washington felt, were not very useful for the US and therefore lessened support. Bob Schaetzel was a very strong pro-European, pro-integration. And in a sense the Europeans couldn't do anything wrong.

Q: Well are you pointing out one of the problems that had been dealt with by the Department of State and sometimes with justification? That is we tend to see things in political terms, sometimes to the detriment of our commercial, our economic interests.

ABRAMS: Yes, I would say that there is some element of truth to that. We sometimes tended to exaggerate political importance at the expense of economic detriment to the US.

Q: Do you think that the support of what the Europeans were doing was getting overly strong without really thinking about what America ...

ABRAMS: Yes, I think so.

Q: Were you there at the time that he left?

ABRAMS: I left just before him. I was there at the time of the break between Henry Kissinger and Bob Schaetzel occurred.

Q: Were you able to see if he was diverging?

ABRAMS: We tried to tone down the sort of things our ambassador was saying or writing. We did this to some extent but not enough. Later he did write a book that was highly critical of US policy.

Q: This is a major problem within State. We have political interests and we have economic interests and they are not always the same.

ABRAMS: On the other hand, some of our economic interests could not have prevailed. The prime example is the Common Agricultural Policy. Almost from the day it was born, we began to fight against it but we have had very little effect, except on some specific items. For a long time it was the major accomplishment of the Community. It was the one thing they put together

in common. It was a great boon for their farmers, but not for their consumers, let alone our farmers.

Q: We are of course talking about politics. European politics. The farmers there are very important.

ABRAMS: A very potent force, far in excess of what you would expect looking at numbers. The number of farmers in Europe, as in the US, has diminished rapidly. Now it is a very small proportion of the population. Interestingly enough they have played a big role in the most industrialized country of Europe, Germany. The farm vote was extremely powerful in Germany.

Q: They tended to go towards the CDU, didn't they?

ABRAMS: Or in Bavaria, the CSU. So we would normally would have expected Germany to be our ally in the Community, because they were such an industrial country but it turned out to be wrong. They weren't. It was too big a political issue within Germany.

Q: Were you able to get this across to Washington, or was this not seen as...

ABRAMS: We got it across to State. We may not have succeeded with the Department of Agriculture. But we could not declare economic war against the European Community. And the other side of it is that the US has a great tendency to see the faults of other countries and not its own because at the same time we were inveighing against the European Common Agricultural Policy, we had agricultural and other policies that were pretty restrictive too. If you look at our press and listen to the Congress you would think that this country is completely open to exports from other countries, while evil people in other countries maintain restrictions on US exports.

There's an interesting anecdote that I could relate. We received an instruction to go see the Community and protest a specific Common Agricultural Policy. I called my Australian colleague, because we had worked together before on many protests. I told him that I had this instruction, and asked whether he would like to join us in protesting to the Community. He replied in an unusually jocular manner, "You know I'm always prepared to join the US in making a protest. I do hope you realize one thing though. The restrictions that the US has on its agricultural imports affect a larger proportion of Australian exports than do the Community's." I had never thought about that and he began ticking them off. And he was right.

So this was part of the whole problem, and it remains it to this day in dealing with US commercial policy. It happened to be a time when we had quotas on imports of meat, which Australia exports. We had, as we always do, restrictions on sugar, which Australia also exports. We were exporters of grain but never had any imports. We had then, as we still do now, restrictions on imports of dairy products. If you added it all together, it was pretty bad from the Australian viewpoint.

Q: This is always a problem. I know. When I was a consular officer and we used to protest vehemently the attempts to draft American citizens residing in a country who were originally of

the nationality of the country, saying they're Americans and all that, and yet the Vietnam War was going on and we were drafting people on visitor's visas if they stayed too long.

Any other issues you were dealing with in Brussels?

ABRAMS: Aside from the negotiations between the community, the British and the others, there were the day-to-day issues of our economic relations.

Q: Did you find yourself tripping over some of the embassies in Europe? These extra embassies that were put in always seemed to be in a way a bit awkward. They made a lot of sense but then you also had an embassy in Brussels, one in Bonn, in Paris and others. Just from an operating side, was this a problem?

ABRAMS: No, it was no problem whatsoever. It so happened that at that time, and it may well be true today too, all of the people involved were a group who knew each other well. We had annual meetings of the senior economic officers in the embassies and the missions to the EC and the OECD, and we would review our common problems. Washington was present at these meetings and would give us their viewpoint. I think this was a case where the coordination was pretty good. There weren't any problems that I know of. There may have been a few individual cases, but it was not a general problem.

JOSEPH A. GREENWALD
Representative, US Mission to the European Community
Brussels (1972-1975)

> *Joseph A. Greenwald was born in Illinois on September 18, 1918. He received a bachelor's degree from the University of Chicago and a law degree from Georgetown University. His career included positions in Geneva, London, Paris, Brussels, and Washington, DC. Mr. Greenwald was interviewed by Horace G. Torbert on May 16, 1989.*

GREENWALD: But finally the Department decided that it was time to move, so in '72, I went from Paris to Brussels, and Schaetzel came back. I guess he actually left the Service, or maybe he did some special assignments and then left the Service.

Anyway, as I had anticipated, it was a very pleasant change because even though there were some interesting activities in the OECD, it still wasn't really where the action was.

Q: Just to divert a little bit there, how did the OECD get its assignments? Did you invent them yourself and sell them?

GREENWALD: Sometimes. You mean myself?

Q: No. I mean, I just wondered, who decided what the agenda was going to be in this sort of thing.

GREENWALD: Well, the way it went was that sometimes things would germinate, originate, in the permanent representatives, which was what we were in Paris. Sometimes, not all that often. Mainly they came from governments, and governments would be looking for a place to develop a policy, to get a joint policy among industrialized countries. That was the main function of the OECD. It was a kind of a pre-negotiation in broader organizations or sometimes where it only involved the industrialized countries, a program or a policy or a project would be put through like, say, the technological gap problem. That didn't affect the developing countries. It only affected the OECD countries, and they did what I call the demystification exercise. But governments would use the OECD for a kind of a caucus for broader organizations like the UNCTAD or the U.N. or the International Monetary Fund. That was one function. Kind of a pre --

Q: It had no real organizational relationship to the U.N., however?

GREENWALD: No. No organizational connection at all. Entirely independent, funded by the member countries. We paid 25% percent of the budget, which was good at that time. We were paying more in the U.N. We were up at 33%, 30%. We paid 25% there. It had, as I say, this kind of caucus function.

In addition, it had a very important function, depending on how it was used, in the financial and monetary field. For example, the famous group of seven that we have now really had its origins in the OECD. There was a group of ten. There was also a group of five. Economic policy committees. I remember in the time that I was there that people who were head of the council of economic advisors in the United States or chairman of the governors of the Federal Reserve System would use the OECD much more actively -- it isn't any more because there are other channels that have been developed. But the OECD was a place where they got together to discuss macro economic policy, interest rates, exchange rates, all the things that have become much more prominent now and which are done through similar kinds of groups, but it's outside the OECD framework. But at the time while I was there and through the 1960s -- the OECD, by the way, was only established in 1960 -- well, it was when Dillon was the Secretary of the Treasury. I think that was in the Kennedy Administration.

Q: Yes.

GREENWALD: Early 1960s. He and a man named Jack Tuthill and John Leddy were the ones who dreamed up changing the -- I should go back. The OECD was a conversion of the OEEC to a more permanent broader organization. The OEEC was set up in the Marshall Plan days in the 1940s and 1950s to play the role and did play the role of allocating Marshall Plan funds among the European countries. It was then the OEEC, which stood for the Organization for European Economic Cooperation. And that was its first task, to achieve the most efficient and effective use of Marshall Plan funds by all of the European countries coming together and deciding what to do.

It was also used to carry out a process of European liberalization, of getting rid of the quantitative restrictions, the quotas that all the Europeans had on for balance-of-payments reasons, and the controls that they had, financial and monetary controls that they had, again for balance-of-payments reasons. And by the early 1960s, convertibility had taken place. The European economies had come back, European currencies were now convertible, and most of the special restrictions that they kept on for balance-of-payments reasons were eliminated.

So Jack Tuthill, John Leddy, working with Dillon, decided that there was time to take this organization and make the United States instead of an observer, the United States and Canada, full members. Subsequently, Japan was brought in. Subsequently, Australia and New Zealand. It turned into, basically, a caucus of -- a club of the rich countries is what it was called.

Q: Well, excuse that digression, but I think there is often some uncertainty as to the area of responsibility.

Well, back to the EEC.

GREENWALD: Yes, well, okay. Then I went up to Brussels. As I say, the multilateral diplomacy in the OECD was all right, and it had some high spots, some of which I have mentioned. But it gets to be a drag to go to meetings all day long of twenty-four -- there were twenty-four countries in it at that time. I was very, very happy to move to Brussels where it was closer to a bilateral relationship, in a sense. I mean, I had never had a real country as an ambassador. But the commission and the bodies of the European communities acted with a single voice.

Q: It is a discreet political organization in a sense.

GREENWALD: Well, it wasn't a political organization yet. But economically under the Rome Treaty, there were certain responsibilities that were the exclusive domain of the European commission as an entity. There was a commissioner for external relations. In my day, happily, Sir Christopher Soames was involved, and he was the son-in-law of Winston Churchill -- the British were in by that time, by the way. It was closer to a classic mission, accredited to a national government, although it was a collective. Closer to it certainly than I had at the OECD, which was just an international organization, where you mostly did a lot of talking. There wasn't much in the way of what I call serious, real negotiation. But I certainly had that in Brussels, and it was a very welcome change.

Now let me describe how things worked in Brussels in my day. I don't think it is true anymore, but I was very fortunate. When I first came in in '72, the Commissioner for External Relations, who would have been the equivalent of my Minister for Foreign Affairs, if I had been accredited to a national government, was a German named Rolf Dahrendorf, who went on to become the Director of the London School of Economics, and I think was a good socialist. It would not have been my first choice as Minister of Foreign Affairs, but I had him only very briefly because at the end of -- I came in in the middle of '72.

At the end of '72, the British were members, and at the end of each two-year period, the governments would nominate new commissioners. Commissioners were nominated by governments. They were political appointees, not civil servants. The British came in, and they appointed as the portfolio as its called, the portfolio of external relations was Christopher Soames.

Well, Christopher Soames is the best foreign minister that I could possibly have had. When we first met, he surprised me a little bit by saying we were going to have a lot of fun. As a career diplomat, I didn't look upon my relations with the commissioner for external relations as something frivolous -- in fact, I did have a lot of fun.

We also did a lot of useful work mainly in managing US-EC relations. This was a period when the British had just come in, along with Denmark and Ireland, and the community was more or less consolidating. It was, I would say, on a plateau. It was not really making any major steps forward like this new program of Europe 1992, for example, this 1992 program. It was on a plateau, and it was basically consolidating the enlargement that had taken place. So the three years that I was there, I would say my main function was in managing Atlantic relations, transatlantic relations, between the US and EC. In other words, to avoid the type of trade frictions that we get into periodically. You can't avoid them entirely, but to try to minimize the impact and basically try to keep the trade and economic issues from becoming political issues between the United States and Europe.

And in that context, Soames was absolutely invaluable, and I did enjoy my time with him. First of all, as a politician, he had been an MP, a conservative MP. Secondly, he had been appointed British ambassador to France by Harold Wilson so that he knew the French very well. The French were always the most, perhaps the most, difficult and most importunate in the community. And, of course, he knew the British. And, finally, he looked upon his job in Brussels as carrying out his father-in-law's (Sir Winston Churchill), special relationship between the United States and the U.K. In his case, because he was a committed European -- between the European Community and the United States.

So we had a framework within which we worked together extremely well. What we did was whenever we saw a problem coming up, to the extent that we could anticipate them, we would get together and map out a strategy, a joint strategy. He would take it in the European Commission as far as he could and try to deal with the solution that we either --

Q: Had agreed to before.

GREENWALD: We had agreed to before either in anticipation to head off a problem or deal with a problem which had already come up which we hadn't successfully headed off. He would take it as far as he could with his colleagues in the commission. Each of the member states had either one or two commissioners. Then he would come back to me and say, "Well, I have taken it as far as I can. You," not me personally, although I had to do some of it, "the United States would now have to go to the member states, here are the issues that we have run into, here are the aspects of this problem that you are going to have to deal with, here are the countries that are causing the difficulty." We would then -- we, the United States -- use our bilateral missions in

the member states to make representations and try to bring them around for the solution that we had reached an agreement on.

Well, that was rather unusual because you normally don't conspire with your opposite member country to find a solution. But it worked extremely well. It also worked very well because he had a special and direct relationship, which I sometimes wasn't very happy about but overall appreciated, with Henry Kissinger. He almost never went to Kissinger without telling me what he was doing, but he sometimes did it with --

Q: Although Kissinger may have gone to him without telling you. [Laughter]

GREENWALD: That is possible, too. There was a fair amount of use of the back channel. From his side, I was mostly aware of it but, as you say, maybe I didn't. There was Henry Kissinger and Hal Sonnefeldt, who were working with us. So that obviously helped, especially when Kissinger had both hats in the White House and in the State Department.

Q: Well, while you are at that, do you want to talk a little more about your relationships both with the Department and the US Government as a whole? I mean, what your channels were and how it worked.

GREENWALD: Well, as far as the Department is concerned, there is a -- I guess it is still there -- there is an office of RPE --

Q: Yes, the European Regional --

GREENWALD: European Regional Political and Economic Affairs.

Q: Yes. In the bureau. Which is in the bureau.

GREENWALD: Within the bureau, yes, in the bureau of European affairs. They were the backstoppers. As far as I was concerned, they did a first-class job. They were people devoted to the subject, followed it very closely.

Q: You really did most of your business on the political side of the Department, in this case, rather than --

GREENWALD: Yes.

Q: On the economic side.

GREENWALD: Yes, that is quite true. My backstoppers were in the regional bureau, although it was the economic part of the regional bureau, but those were the people who did the day-to-day backstopping. If I sent recommendations or messages, it went to them.

The Bureau of Economic Affairs got involved in it, but mainly when it became a multilateral issue that went beyond just US-EC relations. Some of them they had to get into, too. If there

were problems with the Congress, for example, that would be done through the Bureau of Economic Affairs. Problems with other agencies was frequently done through the Bureau of Economic Affairs. Both of them, actually. Like Agriculture, needless to say, we had a lot of problems in the agriculture field. There had to be close working relations with the Department of Agriculture. Both RPE and the Bureau of Economic Affairs would help on that.

We had periodic high-level meetings when Henry Kissinger would come over to a NATO meeting, much as is still going on now, although it had more content in it. He would have a meeting with the commission and with Soames and with the rest of the commissioners.

Other agencies I would sometimes deal with directly mainly at the level of either Assistant Secretary or Secretary of the agency. Agriculture was the most important one.

Q: Did you have to commute a good deal to come back to the States to --

GREENWALD: Well, not an excessive amount. People tended to come over there. Also, the mission over there had a separate agriculture unit. At that time, that was really the only non-State -- now it has changed a lot. You've got people from the USTR, people from Fisheries, but they've got a lot of non-State personnel. I think in the mission, somebody gave me a figure that the State Department component of the US mission to the European community was something like 30% of all the personnel. I think that similar thing has happened in other missions.

Q: Did you have any particular interaction with the ambassador to the NATO council or was that a totally discreet and separate operation?

GREENWALD: No, no. What we worked out -- yes, that was another kind of liaison function. What we worked out was a periodic working lunch. Part of the time, I think the first one, Bob Ellsworth -- no, he was gone by the time I got there. He was there when I was at the OECD in Paris, and we did some work together on the economic side of NATO and the OECD. He was gone by the time I got to Brussels. And I think it was Don Rumsfeld who was there. He and the ambassador -- there were three ambassadors, as you know -- the ambassador to the king at that time was Robert Stausz-Hupé.

And then he left, and Leonard Firestone came. We had a regular lunch. Occasionally, we would get the ambassador up from SHAPE then Al Haig was down in Monk as NATO Commander. So we kept in touch and had these periodic lunches to exchange information, try to coordinate our policies.

The other aspect of it was in coordinating the member states. And what we did then -- I think the budget has blown a hole in this but -- what we did was maybe twice a year, we would have a meeting of all of the ambassadors from the member states, along with myself, the man at the OECD, and someone would come out from Washington, either usually Deputy Assistant Secretary or head of the bureau or the office of RPE, plus Assistant Secretary or Under Secretary for Economic Affairs. There we would have pretty regular coordinating meetings getting feed-back from Washington and how they saw it, what the issues were, and talking among the

member states to see what the problems were in relation to the part of the community in Brussels, the commission in Brussels.

CHARLES K. JOHNSON
Political Counselor
Brussels (1974)

Charles K. Johnson attended UCLA before transferring to Stanford University. He joined the Foreign Service, officially, in approximately 1954 when he joined the Bureau of German Affairs. He served in Germany and Italy. He was interviewed by Jay P. Moffat in 2000.

JOHNSON: But not for long. EUR and Personnel had been hassling over selection of a new political counselor for the U.S. mission to the European Community (now European Union). I became the designated hitter for this assignment. I knew just about zero about what the EC did, except for what you would pick up being in the EUR in putting together country briefing papers. At first, I was very surprised to learn they had a political counselor and I wondered what in the world a political counselor would do. I found out. I got there in the fall of 1974 as head of a four man section, including one officer who was a labor specialist who was the liaison to several European trade union organizations headquartered in Brussels. What this section did, in addition to steady contact with the European Trade Unions there, was to report on meetings of the Council of the EC. When the Council met at ministerial level, and it was usually the foreign ministers who convened every three to four weeks in Brussels, a special meeting might be convened at the level of agricultural ministers when they came to talk about aspects of European Common Agricultural Policy. These meetings were strictly like an inter governmental organization. The ministers came there in the guise of representing their countries, not as European officials. Of course the United States was not a part of this European community and this was the big challenge our mission as a non-member was to make sure we found out everything they were doing. But we weren't under the tent so to speak. Certainly, it was very important to our interests because of the economic factors involved. Our trade with Europe, our exports, particularly in agricultural products, were important national interests involved in dealing with the European Union. The Political Section reported on the meetings of the Council and the officer who did that was usually a junior officer. He operated much like a newspaper man, hanging out at the Charlemagne Building in the press room trying to find out what was going on inside, usually by talking to national spokesmen. This was perhaps one of the most needed and important reportorial responsibilities we had because there were a lot of customers back in Washington who were interested in the decisions that would be made by the European Ministers there. The body we dealt with in Brussels, to a great extent, was the European Commission. These were European civil servants for want of a better way of describing them. They were representing the EC rather than the countries from which they came. These were our day-to-day contacts in trying to find out what the EC had in mind, what they were up to and what they might be projecting for next year on the economic front. The other point of contact for us there was the so-called perm reps (the permanent representatives of the EC member countries) in Brussels. They were all very large outfits. We tried to cultivate all of them to broaden our

knowledge of what was going on. The most interesting part of being assigned to the political side in Brussels was the opportunity to go to meetings of the European Parliament. These normally took place in Strasbourg, but every once in awhile they were held in Luxembourg since Luxembourg was still the titular home of the parliament. Everybody liked to go to Strasbourg because of the excellent restaurants and the delicacy of white asparagus in the springtime. I thought one of the more interesting developments in the EC at that time had been a study commissioned by the member countries to define what is European Union. What should a European Union look like and in essence - where do we want to go with all this? By that time they had nine members. An expansion was coming but I'll take that up in a little bit. There had not been any momentum toward a greater degree of integration among the member countries for quite a while. What were they going to do with all of this, and where did they want to go? That was supposed to be explored in this report. A former Belgian prime minister, Leo Tindemans, headed the project and his report was delivered about a year after I arrived there. We examined it carefully for how it might reflect on U.S. interests. There were a lot of cynics around who thought it signified very little. I remember our ambassador at that time had a favorite expression to describe what he considered flights of ideological fancy and pie in the sky - "eurocrap." This was Joe Greenwald, who was an excellent but realistic ambassador. His successor probably had more hopes for what the European community might become. That was Deane Hinton who was the ambassador during the second half of my stay. One of the things I remember about this report - tucked away in a rather long treatise - was a rather medium sized paragraph about defense cooperation. Obviously, this was way ahead of its time, but the American military was very sensitive to anything breathing the idea that the European Community might somehow engage in defense cooperation. This, they thought, could only lead to a diminution of the importance of NATO, and that bothered them. I'm not sure whether we specifically rapped anybody on the knuckles at this time over this but I'm sure later European visitors in Washington heard a lot along the lines of, "You know, this is great but what does this mean for NATO?" This issue is there, right down to today, because I get the impression that the U.S. military right now is still as opposed to having the Europeans cooperate militarily in any organized, effective way as they were 25 years ago. I find this incredible but that's the way things are.

Another thing that developed in Brussels at this time, which also made the political section's work interesting, was what they call political cooperation. This was a budding foreign policy coordination device which the Europeans developed after an earlier report drafted by a Belgian foreign ministry official, Devignon, who was looking for ways to deepen European cooperation and came up with the thought of coordinating foreign policy. So political cooperation - i.e., foreign policy coordination - became a rather standard part of the landscape there. At a certain level the political directors of all the foreign ministries would meet, either in Brussels or in member country capitals. They would discuss whether they could work out or express a common EC-9 policy on current issues of importance to them. As this EC practice developed, we decided it would be to our interest to keep in close touch with them as a means of avoiding surprises and perhaps influencing their policies before they were finalized. Also at the time I was in Brussels we saw the beginning of the Greek accession to the EC. This was the first step in expansion in the community since 1972 when the U.K., Ireland, and Denmark became members. By the time I arrived, the Brits, the Irish, and Danes had been pretty well integrated into the operation. With Greece, you had a country which had come out of the period of military rule by army colonels and there was a feeling among EC-9 members that they wanted to do something for Greece.

They might be able to contribute some measure of political stability if they encouraged Greece to move towards a closer relationship with the EC. We followed this brief closely, and were very much in favor of Greek association because we thought it contributed to stability in this area of the Mediterranean. Another country in the Mediterranean became a focus of EC attention. This was Portugal. With the disappearance of the Salazar regime there was an interim period (three years or so) when the government seemed to slip into the hands of left wing generals. We were getting very concerned, as we read telegrams coming out of Lisbon. The EC had a role here, which we encouraged, of urging moderation in Portugal and holding out the possibility of closer relations with and eventually membership in the EC. That period of instability in Portugal played out pretty much during the time I was in Brussels. It had a happy ending of course and the Portugese are members. The EC countries right down to today express their concern about the lack of democracy in European countries as witness their refrigerating their relations with EC member Austria when Haider's right wing party entered the government.

Q: Well, you got a well earned rest after Brussels and you were assigned to Senior Officer Personnel. Do you have any overall comments on that period?

JOHNSON: I think I can sum that up in a couple of sentences. Anybody who has done that sort of work in the last 40 years would agree that it's thankless work. One would try to do the right thing to help people out and to enforce some sort of discipline over the process of assignment. Almost invariably you are defeated by either the White House or the Bureaus who asserted their primacy in the assignment process and wanted to call most of the shots. One of the things we did was make the first-cut ambassadorial nomination lists and send it up to the director general. It never ended up looking much like what we started out with. But then sometimes you would get some nice surprises. Every once in a while you were able to do something to help somebody. That would make you feel good.

WILLIAM V. P. NEWLIN
Political Officer
Brussels (1974-1976)

> *Mr. Newlin was born and raised in Pennsylvania. He obtained degrees from Harvard University and the Fletcher School and, after serving a tour with the US Army, joined the Foreign Service in 1960. A generalist, Mr. Newlin's service took him to France, Guatemala and Belgium, where he dealt primarily with European Organizations and NATO. In Washington his assignments concerned Trade, Law of the Sea and other economic matters. Mr. Newlin was interviewed by Charles Stuart Kennedy in 2001.*

Q: So you went to Brussels.

NEWLIN: I want to back up and tell a couple of Kissinger stories. Kissinger wouldn't use the secure phone, for one thing. He'd just call in from the Ops Center to his house on an open line. There was a green phone, but he didn't like to use it. The quality of the green phones at that time

was not very good. I don't even remember what the issue was, but I remember it was a Middle Eastern issue and it was a NODIS cable. In the middle of the night, I called the Assistant Secretary for Middle Eastern Affairs and said, "We've got this cable." He said, "I think that we'd better tell Henry about that." I said, "Would you like to do it, Sir?" He said, "No, you've got the cable in front of you. You do it." I said, "Shall I use the secure phone, Sir?" He said, "No, he doesn't like the secure phone." So, I called him and reported the thing. There was a long silence. It was about what somebody was going to do. His only reaction was, "That son of a bitch!" Kissinger lived just off Massachusetts Avenue. That was the time that was leading up to his marriage to Nancy Maginnes. He had a companion whom he later married. I don't remember if they were engaged at the time or officially what the situation was, but he had this widely known very good friend whom he later married. On weekends, we would send a guy over with a bunch of briefing material. There were regular runs to Kissinger's house on the weekends. One time, the guy came back and said, "I hope I did the right thing." I said, "What are you talking about?" He said, "Well, I rang the door to Kissinger's house with this big manila envelope of really secret stuff. A woman in a bathrobe opened the door and said, 'Yes?' I said, 'I have an envelope of classified material here for the Secretary.' She said, 'Give it to me. He's taking a nap.' I gave it to her, shut the door, and left." I said, "You did the right thing."

All right. What came next? I went out to USEC [United States Mission to the European Communities]. In Brussels at that time, we had three ambassadors. We had a bilateral ambassador. We had an ambassador who took care of NATO affairs. We had an ambassador who took care of the European Mission to the European Communities, which had its headquarters in Brussels. Joe Greenwald was the head of that mission. The head of that embassy is another story. It's not my story to tell. I was not involved with that embassy, but I'll tell it anyway. It sort of bugs me. It was Ann Cox Chambers. Jimmy Carter was in the White House. Ann Cox Chambers was the scion of the Cox newspaper dynasty in Georgia. She was named for that reason to practically whatever embassy she wanted. What she got was Brussels. Her formal education stopped when she was graduated from Miss Porter's School in Farmington, Connecticut. Miss Porter's when my wife went there was not particularly high powered intellectually. My wife complained about that.

Q: It was a good solid finishing school.

NEWLIN: Yes. And it was more that way when Ann Cox Chambers went there. Lots of people who worked at that embassy would come back with horror stories of how embarrassing it was when she had to go in and present papers. In USEC, where I was serving, we had Joe Greenwald as ambassador. He was a very serious guy indeed. I thought highly of him. I had known him from the Department days. We had bumped into one another during this and that. He had asked me and asked for me to come out there. I was a political officer in USEC, but my job was going to be looking after energy and scientific stuff. He wanted a political officer who knew something about economics and numbers and things. I had graduated from Harvard Business School and had worked for a while in the Economic Bureau, so he thought that I was a political officer who could be trusted with economic stuff.

Brussels was a hard assignment for us. Our oldest son was having trouble at home. We didn't take the boys with us.

Q: How old was he?

NEWLIN: He was about 14 or 15. He was in boarding school. I guess this is of some interest in an oral history about Foreign Service officers. Why was he in boarding school? I wouldn't have put him in boarding school otherwise. Although I went to boarding school and my wife went to boarding school and lots of people in our families have gone to boarding schools, we had decided that we would not send our children to boarding schools. We liked having them at home. There were plenty of good schools. But our son when we were in Washington came to us and called a family meeting, a family council, which the family could do. He said very reasonably and with no apparent rancor, "I have never spent more than two years in a school in my life. I would like to spend my four high school years in the same school." It's very hard not to think that's a fair request, particularly perhaps because, as is so often the case in families, you have different kids who are all very different and have different strengths. Our second son was a little friend of the world. But our oldest son, who was the son who came to us with this request, was a bit of a loner and always had two or three very good friends where he was but not a very wide circle of friends. You could argue that the fact that he never spent more than two years in a school in his life contributed to that. So, we took him around to let him look at a bunch of schools. I'd have done it otherwise if I had been a little older and knew what I know now. I'd have chosen a school for him. I don't think that a kid that age necessarily should be given a choice of school. But we showed him a bunch of schools. Of course, only ones that we thought probably would be all right. He chose the school that I had gone to and that his grandfather and grandfather and a whole bunch of uncles had gone to. When he goes to this school, he looks around at all those plaques on the wall, all the teams and honors and awards and things, and he finds names and he knows he feels kind of at home here before he's even set foot on it. He went to St. Paul's, which is where a lot of his family had gone. So, he didn't come to Brussels with us. Then when it came time for his younger brother to decide where to go, it didn't seem fair not to give the younger brother the same choice we had given Bill, and he, too, chose to go to St. Paul's.

So, when we went to Brussels, the oldest boy was doing fine. He was an officer in his class, the captain of a couple of teams, his grades were fine. His grades were either outstanding because he's very bright, or he'd take a term off and his grades would get flunky. But then his grades were fine. But we got a call from the headmaster at one point that said, "Bill has come to me and he has said that he is not doing the school any good and the school isn't doing him any good and he's decided to withdraw from school. He says he has some friends in the Boston area with whom he can go and live for a while. We think that's a plan." Well, from my way of thinking, that was so excruciatingly unconscionably irresponsible that I just couldn't get over it. I'm sure that what that guy was thinking about was, "This kid is some kind of mixed up and he's just the kind of kid who might take his own life. I don't want that to happen on my campus, so let's get him as far away from here as possible." We spent a good bit of our time going back and forth to Washington and Philadelphia, where he ended up, and Concord, New Hampshire first, and trying to sort out the problem with our oldest son. One of the things that had happened was that he was going through some kind of a breakdown. It was probably induced by LSD. I don't really know that.

Q: This was an era where kids were playing around.

NEWLIN: Oh, it was a very bad era and the school was rife with it. I think the school was not unique in that. I think all the boarding schools were in trouble with it. I think that the day schools were in trouble with it, too. It was a bad time for that kind of thing. Anyway, we were very discombobulated all during the Belgium time. Brussels isn't that much my kind of town anyway. It's sort of a stodgy town. When we went to Brussels, people said, "You're going to love Brussels. It's three hours down the autoroute from Paris." But when we went to Paris, nobody said that we were going to love it because it was close to Brussels. But we had our tour in Brussels, which was fine.

My work in Brussels I didn't think was particularly interesting. I didn't think what the Mission to the European Communities was doing was particularly interesting. In a funny way, we were kind of spies. I felt that that was part of what I was doing. We were trying to find out what the hell they were going to do. We were trying to influence what they were going to do. The first thing to do was to find out what they were doing. They had meetings and proceedings that we were not able to attend, of course. So, they'd have an important meeting. Before it was reported to the press and reported to anywhere else, the mission felt that we had to report back to Washington what had happened in this meeting that we knew was going to take place. Well, how do you find out? You make friends with people who attended the meeting and you tell them, "When the meeting is over, I'm going to want to know what happened." You wait for them to call. If they don't call, you call them. You hope that they will tell you what happened. You hope that they will give you the papers that were used in it and came out of it. You particularly hope that you can get the papers in English. If you get the papers in French, you are going to have to translate them yourself. Most of the time, that's what I was doing. I was schmoosing with people who were going to be attending those meetings who would give me the papers in the areas that I was the most interested in. That's sort of an uncomfortable kind of a job to have, I thought. I played squash with my British friends and I had a good relationship with a Swiss. The Swiss was in the same boat that I was in. We would trade stuff shamelessly. But he got his stuff in French mostly. I had good friend with the Irish, too. My friends with the Irish were through poetry. That's how I stayed close with the Irish guy. But it's a funny kind of a job to be meeting in the locker room before you play squash and have your squash partner hand you an envelope full of papers that is stamped "confidential" which you then were going to pass on to your embassy – and you're not a spook, you're a non-spook diplomat.

Q: An interesting aside on this is in an interview I did with Ambassador Ed Rowell, who was ambassador to Luxembourg and was a professional Foreign Service officer. He found that it was a wonderful place to find out what was going because hardly anybody pays attention to Luxembourg as part of the European Community, but they were quite willing to share and he'd get wonderful things. But the awful thing is that that embassy is usually used to dump Ann Cox Chambers-type people there and they just have neither the interest or the contacts or the knowledge to milk that for what it's worth.

NEWLIN: A little aside on Luxembourg in that embassy. Periodically, they'd get a Foreign Service officer. right after my time in Belgium, the Luxembourg government asked our government if they could please have a Foreign Service officer. They thought they were due to have a serious ambassador. Jim Lowenstein was given the job. Jim asked me to be his DCM.

DCM is a very good job for promotions. You're thought to get managerial experience out of being DCM, which I think you don't ever get credit for when you're a consul general, which, of course, gives you much more managerial experience in a sense than being DCM because as a consul general you have to make the final decision. As a DCM, I suppose you make the final decision on lots of things anyway. Anyway, Jim asked me to be his DCM. This was right after Brussels. We had cut our Brussels tour to two years from three to come home and deal with our family situation.

As another aside, that kid is fine. He did some funny things for a while, just curious things, not weird things. But he ended up going to Johns Hopkins, did beautifully there, and has a nice job as a publisher. He straightened all that mess out. But we were home at that time. It was very important that we be home at that time. I have no doubt how important that was. We moved back into our house in Washington. The kid had moved back to Washington. He was looking for a place to live. He wanted his independence. Our communication was very bad. He didn't want to communicate with any grownups. He knew everything. Why would he do that? But we said, "We're here for whatever help we can give you. Never forget one thing. Of course you can live with us at any time. But there is the basement apartment. In the basement apartment, you can have your own exit and entrance. It's not a bad little apartment. It was built as a maid's room. The house had been built in 1907. One wonderful thing about it is, it's free." He moved into the basement apartment. He rarely used that door. All the magazines that he liked to read we made sure to subscribe to and have them on the coffee table. All the food that he liked to snack on we made sure was in our refrigerator. During those couple of years, our communication got very good.

But Louisa was not going to leave to go to Luxembourg because she wanted to stay with him. Lowenstein was not married at the time and wanted to have a DCM who had a wife. I was reluctant to leave, too. So, that didn't work out. Somebody else did that. I've always wondered whether my career might have been a little bit different.

Q: One always wonders making these choices. I've gone through this, too. You make certain choices in favor of your family. In a Foreign Service career, the run to the top leaves a good number of divorces. Jim and Dora Lowenstein got divorced. I knew them when we were in Belgrade together. Now it's Johnpoll and Larry Eagleburger. Jim, Larry and I took Serbian together. But before we leave Brussels, what was your feeling and that of the people around you who were dealing with this about whither the European Community? Was this going to be a real entity or were we talking about a solid customs union more than anything else? What were we thinking? We're talking about '74-'76.

NEWLIN: Backing up a little bit, when I was in Paris, we were wondering what the European Community was going to be like. My boss then, Jacques Reinstein, was telling the Department that the European Community was going to be a truly serious customs union and that it was going to keep us out and that we were going to have to deal with this entity that was going to have free trade within its own borders and not with us. The Department didn't want to hear that. Reinstein kept getting in trouble for being very blunt about how this entity was going to do what it wanted and that we weren't going to have very much say in what it did. Certainly by the time '74-'76 came around, the customs union side of the European Community was very clearly

established, but where it was going to go beyond that was not very established. Among the issues that were on the table was how big it was going to be, who else was going to be allowed to join the European Community, and then what it was going to be, how much was it going to have a political role? It used to have its summit meetings where it got a chance to play a political role. At the beginning, those summit meetings were very structured and not particularly useful. As time went on and they got more regularized, they became much more useful. The European Community was able much more to take useful positions on political matters. So, it was evolving during that time. My feeling of the U.S. position about that evolution was that we supported it, that we wished the European Community… My feeling was, when it was deciding whether to become a real trading entity or not, we didn't quite so much support it. We wanted it to do that, yes, but us, too, okay? I thought that we not only said that we wanted the European Community to develop itself into an effective political entity that could play a real political role on the world scene. That was certainly our stated position. But my own understanding of it was that that was our position. I thought we saw things moving in that direction. You had at that time the European Parliament. It was meeting alternately in Strasbourg and Luxembourg. I was the guy at the mission who would attend the Parliament sessions. That was a sort of a waste of time. The Parliament had practically no power. It was not directly elected. The scuttlebutt was that if the European Parliament were directly elected, people would be prepared to give it some authority. But the other side was that it couldn't be directly elected because it didn't have any authority. Later, they did move to direct elections. It now does have some more authority. I'm not quite clear what that authority is. But when I was there, it did not have very much authority. I thought it was talking about funny regulations and it was interested in the environment but couldn't do much about the environment.

Q: That seems to be almost its main thrust, trying to unify things within Europe, but a lot of things are environment… While you were watching the European Community at that time, who was keeping an eye on the common agricultural policy?

NEWLIN: We were. As far as I was concerned, we couldn't do a bloody lot about it. We knew what we wanted. They knew very much what they wanted. Individual countries knew what they wanted. Each country wants to protect its own agriculture. The Community as a whole wishes to protect its agriculture vis a vis ours. That was the hardest nut to crack for them, the common agricultural policy. Each individual country is protecting its own farmers.

Q: In a way, the common agricultural policy has ended up with that's it… Each country is protecting its own agriculture. It's a common policy that they've all more or less agreed that they can't do a damn thing about it except to protect their agriculture.

NEWLIN: Yes. All of this stuff, we watched it, we tried to influence it. But I just didn't have the feeling that we were effective in trying to influence it. It would have been very hard to be effective. They had things they wanted to do and we didn't have a whole bloody lot of leverage in making them do it the way we wanted to do it.

Q: Was there a divide at all between what we used to call the "true believers…" Were our people on the American side divided into true believers and Euroskeptics?

NEWLIN: Yes, I think so. But I don't think that it really affected how we behaved terribly. Whether you were a true believer or a Euroskeptic, you weren't going to be able to make your view prevail, so that was pretty much the way you felt about it. Your true believers and Euroskeptics could work together.

Q: We're talking about '76. Carter came in in '77.

NEWLIN: I think we were there from '76 to '78.

Q: In '78, you came back to Washington.

NEWLIN: I came back to Washington.

W. ROBERT WARNE
Finance and Economic Analysis
Brussels (1974-1977)

> *W. Robert Warne was born in Washington, DC on November 30, 1937. He attended high school in Iran, Hawaii, and Brazil. He received a bachelor's degree from Princeton University in 1962. Upon graduation, he joined the U.S. Army. Mr. Warne joined USAID in 1962. His career included positions in Buenos Aires, Brussels, Kingston, and Paris. He was interviewed by Charles Stuart Kennedy April 1, 1995.*

WARNE: No, '74, actually. Subsequently, I was stationed in Brussels with the European Community for three years. I was developing a specialty in finance and economic analysis. I had three tasks in Brussels with the European Community. First, was financial reporting, following monetary, tax, exchange rate and macroeconomic policies. The second was to handle our development cooperation policies with the Community, mainly the EC's Lome convention with over 60 developing countries. I also worked on trade issues. The European Community at the time was going through a major transition. It was moving from six to nine members and was coming to grips with increased economic integration. Just a fascinating time to be there.

Q: What was our attitude? Did we see this European Economic Community as being just a wonderful thing? Or did we see it as a potential trade rival or a closed market?

WARNE: No, not at all. The U.S. attitude was positive about the Community. We were trying to assist in its evolution, strengthen it, and cooperate with it. We had trade problems, a chicken war, for example, and other issues. Those were normal commercial squabbles. Overall, we were determined to see the Community strengthened. We looked upon the EC as a means to integrate, stabilize and develop Europe. If we could bring about a reconciliation, we would secure a longer-term stable environment for ourselves and the Europeans. These goals were achieved, the EC has been a been very positive force.

Q: Sometimes this gets lost when we talk about things. This is true of NATO and everything else. If there's a war in Europe, everybody gets involved.

WARNE: That's right. And not only that, but we benefit in other ways -- political stability, peace, a stronger Europe. These factors mean a better market for us. Europe has been a good market for us, both trade and investment. The U.S. had a unique role with the Commission of the EC during that time. I knew more about what was going on in the European Community than many of the Europeans within the Commission. I was horizontal, cutting across the activities if all the directorates. I followed everything that was of importance to the U.S. The Commission and Council --the member states' decision-making body -- were accessible. They welcomed U.S. diplomats.

Q: You could talk to everybody.

WARNE: There were no problems. I had complete access. I met with the top people and the working level officials. I made sure to meet with all levels. I networked all over, filing two or three reports a day. For example, I followed the devaluation of key currencies. I knew as much about it as the bankers did. Or what the Community was doing on a certain specific trade issue or its regional and country specific development plans. I did my dissertation for a Ph.D. in economics at SAIS, The Johns Hopkins University. I completed the course work and passed the Ph.D. exam before leaving for Brussels on what I felt was a novel idea, the Lomé Convention. The Convention tied the former colonies of Europe into a network of aid recipients that would be given preferential aid and trade advantages. Recipients set up a governing board to help run the substantial aid program (which was a lot larger than our own). It was based on equality and collaboration. And they had a series of guidelines they followed. I felt it had some insightful ways of administering aid that we could draw on. So I spent quite a bit of time, on my own, studying the program. I hate to admit it to you, Stu, but I never received my doctorate. I finished a draft of the dissertation, but I gave the draft to my SAIS advisors who wanted me to rewrite it. I was put in another job and never had the time. I really regret never finishing it. The Europeans had a continuous flow into Brussels of leaders from Africa, Asia and the Caribbean into the Community. These talks had as much political content as economic. I would regularly assess European policies around the world, whether it was about Vietnam, China or South Africa. I did quite a bit of analytical work on the political side as well as the economic. The Lome Convention was a key vehicle to consolidate the EC hegemony in several regions.

Q: You probably had as strong an economic background by this time as one could get within the Foreign Service. How did you find dealing with the people who were putting together the European Community? How did they treat the Americans?

WARNE: Well, they treated us fine. I'll give you just three vignettes.

That was during the period when we had the first oil disruption by the Middle East; OPEC was showing its colors as a cartel. The U.S. and European-led initiative put together a coordinated response. It didn't work out well. I had a good relationship with several of the delegations that were working on this. The Community would coordinate its position, and then meet with the Americans and others in Paris. I gave the meeting insights into the European position and how

the EU felt about the meeting. In fact, I got an award for doing the work. But all agreed OPEC was not serious about collaborating and could not be trusted. The effort collapsed. The consumer response was to organize the International Energy Agency (IEA) as a cooperative consumer group. The IEA began stocking oil to cope with an OPEC-caused crisis. The Europeans came out with something called the ECU (European Currency Unit). No one knew what the hell this was about. So I went trotting up to a couple of my friends (one headed up the Monetary Committee; another the Financial Committee), and I asked, "What in the world are you talking about? What is this ECU."

They replied, "Rob, it's nothing. It's just an accounting unit. We're trying to figure out how we can blend all of our currencies together in a basket for budget and accounting purposes. It's just a unit of account. Nothing more."

I responded, "Are you giving me a straight story? You sound like you've got something up your sleeve." "Oh, no, this is it." I filed a report: "The EC has come up with a new unit of account, officials say it is just a bookkeeping device to keep the accounts. Don't believe it. They've got other motives. This is part of the goal to strengthen the single market." Today of course, the ECU has evolved into the euro and is becoming the single currency. I also worked on European Monetary Union which was just beginning. Maastricht confirmed the goal, which will be achieved as planned. It took 25 years of hard work to overcome member country opposition. But it represents a major achievement.

A third vignette was my effort to expose the Europeans to the United States. The USIA international visitor grants were tremendous assets for State Department officers. I don't think we make enough use of them. I got to select three or four visitors a year -- the bright, young Europeans who were nationalistic. They spent a month traveling the United States.

One Frenchman, who's still a good friend, and a chef de cabinet for agriculture at the time, had almost a religious experience. He was dying to go to the Grand Canyon. He'd read about it and seen pictures of it. We arranged for him to fly over the Grand Canyon and to go down it. It was just a marvelous experience for him. He was just a different person when he came back. Surprisingly, many important Europeans were quite provincial.

Q: Well, then you left Brussels when?

ANNE O. CARY
Rotation Officer
Brussels (1976-1978)

Anne O. Cary was born in Washington, DC in September of 1952. She received a bachelor's degree from the University of Wisconsin and entered the Foreign Service in 1974. Her career included positions in Brussels, Port-au-Prince, Paris, Addis Abba, New Delhi, Casablanca, and Washington, DC. Ms. Cary was interviewed by Charles Stuart Kennedy on November 30, 1995.

CARY: I went to Brussels and to the US Mission to the European Community. Deane Hinton had been named ambassador and I had always been interested in the European Community as a concept. So, when he was named, I asked if I could go. After some haggling Personnel created a rotational position at my level. USEC is a unique mission with only economic and political sections, no admin or consular sections. I got an opportunity to work in both. I did three months in the consular section in the Embassy at because junior officers were required to do some consular work. I left for Brussels in July, 1976.

Q: You were there from when to when?

CARY: From July, 1976 to August 1978, two years.

Q: You saw Deane Hinton both in the Under Secretary's Office and in Brussels. He became later a Career Ambassador and was a trouble shooter all over the place and one of the stellars of the Foreign Service of this era. How did he operate and what was your impression of him?

CARY: He is a very direct person and you either liked him or you didn't. He was very smart. Smart, rather than intelligent. He had very good sense of what was going on and could size up the situation quickly. He did not put up with any nonsense. If he said something he didn't spend an awful lot of time explaining it or expounding it. He said it and if somebody asked why he said it, he would present his arguments. He was very much a rough type of a personality. He wore cowboy boots and smoked cigars and would put his feet up on the desk and drop ashes all over the place. He would yell at people in front of other people, which I don't think is a good management approach. But he would apologize as well, publicly if he had made a mistake.

He took my small cubbyhole of an office when he came into Robinson's office but in USEC he had a beautiful suite and a gorgeous house. He dealt well with the Europeans. We have an adversarial relationship in dealing with the Commission

Q: This is the European Commission which was still in its formative years, would you say?

CARY: Well, this was during what most would call Eurosclerosis. The Commission was not doing anything, not managing to move things forward. The European economies were all stagnant. Whereas the United States traditionally has been a great advocate of European integration, most Europeans were not. You would see efforts to do things in the European Commission that were undercut by other member states. We used it minimally, but it was the trade negotiating entity for negotiating the Tokyo Rounds. So trade issues were the main concern that we had. They had just started the idea of political cooperation but it there was no reason for us to deal with the Europeans on any political issues through the Commission.

Q: Essentially the political side was taken care of by the various embassies and the issues were basically trade.

CARY: Yes, trade. We had automobiles, chilled chickens, and brandy wars. Bob Strauss was Special Trade Representative at that point and he would come through very frequently to discuss

various issues with the Europeans almost always of a negative nature. I remember once he had just come back from negotiating a car agreement, a restrictive agreement, with the Japanese and the Europeans had wanted to get one and couldn't. He more or less rubbed their noses in it publicly. The Europeans at that point were feeling very much that they were second class and with Japan building up they felt maybe they would be third class in the future. They were trying to do things, Stevie D'Avignon, Belgian Commissioner for Industry, was one of the closest collaborators who we worked with on a regular basis.

Then you got involved with the German Commissioner, and his mistresses and it was really just a different world.

Q: What type of work were you doing?

CARY: As a rotational officer I spent six months in the economic section and six months in political. So in the political section I did an in depth report on the European Court of Justice, which is a separate branch of the European Community sitting in Luxembourg. It was more or less an academic exercise. However, the court is important as it has been, as the Supreme Court has moved US policy further along than perhaps any other entity.

Q: In other words we were looking at the European Court as saying if we have a problem here we are going to take it up to the highest law of the Community and we being a legalistic country feel we could do something.

CARY: Yes, there is very little you can do if you are not a member state to bring a case before the court. The Court was used very effectively to make progress on the social front. Workers' rights, in which the court set the policy that has to be followed in all the member states and at that point there were nine members.

Q: What was our interests with workers' rights?

CARY: We thought the Europeans went too far. The Europeans had legislated more vacation, maternity leave, paid leave, etc. Also there was the question of the ability to have more say in management which was one of the things they were talking about then, the workers' council idea which would allow the workers to have somebody on the board. It took the European Community a long time to do anything, so you usually had the ability to put some input into it.

Q: Why would we care?

CARY: Because American workers would say that the European workers had such and such and since they are our main competitors you can't say we would be at a disadvantage if we did that.

Q: We always had this dual policy of wanting them to do well for our own security, to mainly keep the Germans and French from going to war, and that this was very nice but we are going to price ourselves out of the markets.

CARY: The workers' situation was one small part, the real issue was the trade, their regulations kept us out of markets and it was a time when people were just beginning to get in. So, agricultural products were a major issue for us because they were not covered under the GATT. They had to deal with agriculture on a case by case basis and most of our great issues were access for US products. That really was what we spent most of our time on. Cranberries and blueberries were an issue. Cranberries and blueberries are not grown in Europe but they grow arielle and myrtilles which are little berries, one red and one blue, so the Europeans argued indeed they did have cranberries and blueberries because these are red and blue berries that grow on bushes. So they would put a tariff on imports. We kept arguing that they were not the same and finally won so today cranberries and blueberries can go into the European market duty free.

Q: As I recall it, soybeans were not a European product until all of a sudden they started using it as a way to use up surplus land or something.

CARY: A lot of people will say that we really caused the problem because we cut off the sale to Europe in the '60s ...it is used as soymeal for animals. Europe started growing soybeans and paying farmers a subsidy and introduced the variable levy based on the community price vs world price. It was a major market displacement for US soybean growers. Later the EC started exporting. The US and Brazil were the real soybean exporters of the world and we took real exception and have been fighting on soybeans ever since.

Q: What was the mood of the mission towards the various big nations?

CARY: The French were a pain in the neck. The French Mission was in the same building that we were and there was remarkably little interaction. With the Brits we always had a very good relationship. This was again when the Commission was dominated by the French language which has changed over time as more and more people prefer to speak English than French. But in 1977 you had the Brits, with whom we traditionally had good relations. The Italians were a joke as were the Germans. Their philosophies seemed to be to name politicians who were in trouble or a liability at home to the EC. So their commissioners were always people who for one reason or other were not wanted in Bonn or Rome. Consequently, they were not as powerful. Again at this period the Germans were really being rather soft, not trying to make a ruckus or flex their muscles in any respect. They would always hid behind the French. You knew that the French position was not always disadvantageous to the Germans but they always blamed unfavorable Community action on the French.

Q: The Germans as well as the Brits have a highly subsidized agricultural side.

CARY: There was no majority voting at all. Everything was done by consensus. The French were more than happy to stand up and say no. It didn't bother them in the least.

Q: I would think Deane Hinton would have problems dealing with a French technocrat.

CARY: He did all right with the French. Each country had both an embassy and a mission to the Commission. The Commission was run politically like the UN. You balance exactly by grade who is doing what and have to have the same number of people at the director level and that sort

of thing down to the staff. Every document had to be translated into all official language...one third of the EC budget was for translation of documents. This was ridiculous because really there were two working languages, English and French. The Italians tended to prefer French, the Germans, English. I can remember a dinner party for most of the Commission and some of the people from NATO...that was the other thing, in Brussels you had three US ambassadors, NATO, Bilateral Mission to Belgium and USEC, so it was an interesting way of relating one thing to the other...I remember going to a black tie dinner party for most of the Commission when Mrs. Hinton stood up and said, as they were passing out the cigars, “Ladies shall we go.” I wasn’t sure what to do, I was there working, not as a spouse, so I stayed with the men, which was perfectly fine. Hinton offered me a cigar, which I turned down, but I did take the brandy. That was really the last time I can remember a dinner with the ladies formally withdrawing to a separate room.

A quirky thing about language was when the mission hosted the premier of “Star War”. We invited all of the Commission and needed a subtitled version. The question of what language for the subtitles arose. But we ended up with the French subtitle version. The Europeans really didn’t appreciate the movie, and seemed bewildered when the Americans responded with cheers, and laughter.

Q: How about the Netherlands and Belgium in this melange?

CARY: The Belgians were very good, as a matter of fact. They tended to send their best people to the Commission so they had a more important role than their size would indicate. Clearly they felt that their future really was in making the European Community work and you could see that in the people. There was not the huge negative feeling towards the Commission. The fact that the Commission was in Brussels hiked the prices up tremendously for apartments, parking, food. It was also interesting because the language differences between French and Flemish were very strong. There were riots and whatnot. The Commission helped put things in English. Rather than have everything put into two languages, it was a lot easier to use English, because if they used French they would have to put it in Flemish too. Putting things in English was a much better way.

Q: What about the Netherlands?

CARY: The Dutch sent very competent people. I can’t remember any major problem that we had with the Dutch. They were for more open markets.

Q: Were you getting the feeling that the British were really in this thing yet?

CARY: No, they, again, seemed still to be of two minds. They had only been in six years or something and Community membership remained a political hot point. A lot of the Brits who were seconded to the Commission never went back. The Commission paid very well with lots of benefits, better than they could get working for the British government. So, you didn’t have the back and forth between the top levels of government and Brussels that you need for it to work well. It has started now. But back then you had people who were just there. The people from the Mission were real diplomats and would go in and out, like any other posting.

The journalists were another part of the equation. The local “Economist” staff, the British weekly, were the best if you wanted to know what was going on in the EC. It was one of two relied upon sources, the other was a little pink sheet that came out every day which everybody read religiously and that told you what the issues were of the day and who was doing what.

Q: You left there in 1978. What was your feeling whither the US to the European Community and whither the European Community?

CARY: I am a Europeanist. I felt it was the only way to go. Protectionism among member states was striking, but you could see that people were beginning to realize that that it couldn't continue. Unemployment was a problem and you can’t continue to be protectionist when you can see clearly that you can get some more jobs if you allow some more trade.

I didn’t see that political integration was going to happen. The monetary union, yes, because you can’t have a totally integrated economic community without monetary unity. But political unity, no, the European interests were conflicting. There were NATO and non-NATO interests, special relationships with Russia, with the Arabs, and the developing world.

Q: Did you ever get the feeling that your Mission was looked upon with a certain amount of suspicion back in the Department or Washington?

CARY: No, because I think what we were doing was so clearly in the US interest. On the political side there simply wasn't much. A group from Congress maintained loose contact with a group from the European Parliament. The European Parliament was going to have direct elections the whole time I was there and never had them. So, that part was not a threat to anybody. The Mission and USTR worked very well together and Commerce as well. Treasury just regularly dismissed the European Community until recently...The relationship between the OECD and the European Community was an interesting one. There were a lot of things we were doing within the OECD to try to work with the Europeans at the time.

HARMON E. KIRBY
Political Counselor
Brussels (1976-1979)

Ambassador Harmon E. Kirby was born in Ohio on January 27, 1934. He received a bachelor's degree from Harvard University in international relations and served in the U.S. Army overseas for two years. His Foreign Service career included positions in Geneva, Madras, New Delhi, Brussels, Khartoum, Rabat, Lome, and Washington, DC. Ambassador Kirby retired on September 29, 1995. He was interviewed by Charles Stuart Kennedy on August 31, 1995.

KIRBY: I arrived in August of 1976, in Brussels to become political counselor at the U.S. Mission to the European Communities, now known as the European Union.

Q: You were there from when to when?

KIRBY: From the summer of 1976 to the summer of 1979.

Q: We got you in Brussels, 1976-1979. What was the NATO situation in that period? Was this the year of Europe or something like that?

KIRBY: I think the year of Europe came later. The question is a good one. I suppose for Europeans, any year since World War II has been an interesting year in the development of Europe. The period we were in Brussels had a number of fascinations for us. There was a lot going on within the Common Market context or within the European Communities context as they were called. During those three years, I would pick out three things that were especially interesting in regard to the development of European institutions which we were tracking.

One was that the negotiations were going forward for the enlargement of the Community. Greek negotiations for accession to the Community were in their last year when we arrived, and during my period there the EC opened negotiations with Spain and Portugal as well, looking forward to their potential accession.

The second thing of interest was that during that period, for the first time, the European communities decided to go for direct elections to the European Parliament, one of the institutions in the Communities framework.

And thirdly, this was the early stage of the attempt by the member countries of the European Communities to forge a common foreign policy. Their phrase for it was "political cooperation". This was the early period in "political cooperation," and by that they meant cooperation in the foreign policy field. Those three developments were taking place during those years. It was also a very interesting time in terms of U.S. relations with the European Communities. Of course that's an on-going saga. Trade relations are always important, and we were very much involved in a variety of trade matters, discussions, negotiations with the Europeans at that time. And then, another thing that has always been of interest to our USEC mission, but with the dossier being particularly "ripe" during our time, is Europe's relations, trade and aid relations with the developing world. The so-called Lome II Treaty with forty plus countries in Asia, the Pacific, and the Caribbean with which the Europeans have trade and, particularly, aid relationships was negotiated and signed during that period. So taken all together, there was quite a lot to observe and report on. I mentioned that I was political counselor. The European community had a large political dimension despite the overshadowing economic dimension or dimensions, so both the political and economic sections in USEC were in effect involved in observing and reporting on both political and economic affairs. I used to think at the time that my section's work on some days was maybe 70% political and 30% economic, and then the next day, it would be the other way around, since we were doing all the reporting to Washington on all the major EC institutions and the decisions taken within those institutions including on economic matters.

Q: First, a bit about the mission. Who was the Ambassador and how did it fit into the complex you had in Brussels?

KIRBY: There were three U.S. missions in Brussels at the time, as there are now: the Embassy to the Kingdom of Belgium, the U.S. mission to the European Communities (where I served), and then the U.S.-NATO mission. The Ambassador at USEC during my period was Deane Hinton, a very senior American diplomat. He had successively as Deputy Chief of Mission, Bob Morris and then Denis Lamb, who were also extremely able, capable officers. It was a mission of roughly 20 officers, with some additional supporting staff. Included in the officer complement, were two USIA officers, as I recall. It was, if I may say so--and this sounds a little self-serving--a first-class mission. People on the staff were extremely competent, extremely well-versed on their dossiers. We were able to concentrate on the substance of what we were supposed to be doing, the substance of the emergence of modern European institutions and U.S. relationships to them. We didn't have any administrative or other kinds of roles that we had to play. Fortunately, the U.S. Embassy just down the street from our Mission, the Embassy to the Kingdom, handled administrative matters including housing, communications, budget for all three of the American missions in Brussels. My perception was that the Embassy handled those matters very well. It was a big task. They kept us all reasonably well satisfied. Maybe there were some who weren't well-satisfied, but it seemed to me that administratively that it all ran pretty well and that the intermeshing of the three missions was pretty successful. But that meant that at USEC we didn't have to do our own administration, and so we could concentrate on the economics and politics of Europe. I should also mention labor developments as well, which was in my section.

Q: How did Deane Hinton operate?

KIRBY: I liked his operating style very, very much. Deane was obviously very much in control of things, and very self-confident, as one with his years of experience and background would be expected to be. Yet he gave an almost amazing amount of latitude, I thought, to people on the staff. He handled some of the very senior contacts at Berlemont, at the European Commission headquarters and those with his fellow ambassadors. He held daily staff meetings and was always available if one needed guidance. But if I may quote him, his comment to me as I arrived as political counselor (with a chuckle) was, "I expect the counselors to run the mission, if you need me, I'm here, but I won't be looking over your shoulder all the time." And he was as good as his word. And the two DCMs, taking their cue from Deane, were first-class, and their style was excellent as well. It was very much a matter of their allowing their political and economic counselors to sign out, to authorize the transmissions to Washington of the great preponderance of reporting and analytical cables. The political and economic sections also had major representational responsibilities. But clearly we had to exercise judgment as to when we needed the front office on something. I felt that because of the daily staff meetings, and the quality of the Mission's people that it all meshed amazingly well.

Q: The EC was talking about the admission of Greece into it, shortly to be followed to it at that time a very poor Portugal and particularly at that time a very poor Spain.

KIRBY: Spain was in better shape than Portugal.

Q: This was obviously inviting...sort of like having public housing coming into where you were living. I mean, these were poor neighbors. What was the feeling that you were getting from your European colleagues about the arrival of these people at that time and also how did we view it?

KIRBY: Well, I think those are very good questions. My feeling then and now, has been that the Europeans--on this issue--were to be complemented on what was essentially for them an act of faith. They swallowed hard. They recognized that the economic cost and the cost of Community administration and coordination were likely to be very, very high for a considerable period of time as the Community would begin to absorb first Greece (which also was not in very good economic shape) and then Spain and Portugal. They recognized the cost would be high. There was, however, a strong feeling in Europe at that time--i.e., in Western Europe and particularly in the core countries of the Common Market that Western Europe had to be made whole, that the Iberian Peninsula at long last had to be brought into the mainstream of political and economic life in Western Europe, and that Greece, as the original "cradle of democracy" should be brought in to stabilize its political moorings. And there was a belief that if you could get Spain in (they never that I can remember considered taking in one Iberian country without the other) democracy would be shored up in Spain, and it would be bound to the Western system. It hadn't been so very long before that Franco had died and that, later, there had been a military coup attempt. So there was a strong feeling that if you could get Spain into the major western institutions, NATO and the Common Market, that this would stabilize the country and bind it to the West. And, it was generally recognized that it would be very hard to sell NATO membership in Spain. Many Europeans and Americans were actually more concerned about getting Spain into NATO than into the Common Market, but it was generally understood that there would be resistance in Spain about bringing them into NATO alone. You would have to bring them into the major political and economic grouping as well. And then there was also the feeling that you couldn't just leave Portugal twisting alone, which had been a very early member of NATO going back to the early 1950's. Wait a minute; they were a founding member, weren't they, in 1949? Yes, Portugal was a NATO founding member in 1949 and had experienced its own recent emergence from decades of dictatorship with some ensuing initial political instability. So there was a strong sense that it was important to get Portugal into Western Europe's main economic and political institutions, as well. It was an act of faith by the Europeans, but with full recognition that there would be some future bumps in the road in terms of smooth functioning of Community institutions. Above all, the major Community core countries, particularly Germany, France, and the others, would have to pay a considerable amount of money during a prolonged transition period to bring these countries in. You asked how the U.S. viewed it. We supported enlargement on roughly the same grounds as the Europeans. We felt the West would be stronger with all of these countries in the major Western European groupings.

Q: Was the feeling as we were doing...but actually we had been right from Dean Acheson on strong supporters of getting Western Europe together. Was there in back of things, the feeling that we got dragged into two wars because of the bloody-mindedness of different countries in Western Europe and this is a security apparatus that will keep us from foreign involvement?

KIRBY: Absolutely. I think that was a very strong American feeling then and I hope and believe it is now. Earlier I commented that I thought the Europeans were to be complimented for their act of faith, even though in dollars and cents terms it would be costly for a while. I think that I

may suggest that Americans are also to be complimented for their act of faith in supporting the enlargement of European institutions. We did it for reasons that you have just stated, feeling that if Europe could create the institutions that would keep Europe from having more of what Deane Hinton used to refer to as its "civil wars", that would be in American strategic and broader interests. We took this stand even though we knew at the same time that this could be creating a trading entity that would prove somewhat costly to the U.S. in the external trade field. But as we worked out a balance of U.S. interests, we concluded it was in our broader interests to be supportive of these institutions. And I think that manifestly has been a correct decision all along, the way we supported those institutions.

Q: How did we find, again at that time, the role of France? France as far as America was concerned is always the odd man out.

KIRBY: The role of France in the enlargement of institutions and EC membership? France, my memory of it, is that France took a positive and supportive role in terms of enlargement, that they were in favor of bringing Greece in and they were in favor of bringing in the Iberian Peninsula countries. France also supported the development and extension of Community institutions--direct elections to the European Parliament and to development of political cooperation.

Q: Were you pretty much a reporting officer on this going around, making your calls, finding out how people felt? Or was the United States pushing something which you were involved by saying, "I hope you'll do this...sort of thing?

KIRBY: In terms of the political section's work, I think it was both of these. Certainly, we did a lot of reporting and analysis. The European Community institutions are so far-reaching and are making so many decisions all the time on economic, trade, agricultural support matters that arguably affect American interests or at least are of interest to us, that the Mission has always been required to do a lot of reporting on trends in the community, community law and community decisions, etc. But at the same time, there is a fair amount of representational work, representing U.S. positions to the EC. I'll give you one example of something I got drawn into. I mentioned earlier in these interviews, that before going to Brussels, I was responsible for U.S.-Turkish relations in the State Department and that I had something to do with Cyprus and Greece, as well. Without boring you with a lot of detail, within the Community, the Cyprus set of issues were highly salient during the time that I was in Brussels. What trade policies the European Community should adopt towards Cyprus, what assistance, monetary and refugee assistance they would give them, etc. and Washington had a set of views on those issues. We wanted to work along parallel lines on Cyprus because of a European and American joint interest in Cyprus, Turkey and Greece. So Washington wanted to make sure that in trade and aid matters, as well as on political issues, we were not working at cross purposes with the Europeans. Since I was supposed to have knowledge of that area, I was asked by Ambassador Hinton and by Washington, to keep a very close eye on the development of community policies towards Cyprus, particularly Cyprus refugee assistance, and to weigh in and make sure that our views were regularly known. And so I found myself representing our views on Cyprus, Greece and Turkey at high levels in the community. There was also a question of what the EC should do about Turkey. And that tricky question is still roiling the European waters with Turkey even today. Turkey and Greece both became associate members of the Community long before I went

to Brussels, although I've forgotten exactly when it was. Greece has been a full member of the Community since about 1981 and Turkey would like to be a member of the Community but has not been able to get in. So, again, there were questions about the European Communities' relations with Turkey about how the Europeans planned to make their non-accession to the Common Market palatable to them. We would weigh in with a fair number of representations. While the U.S. could not force the EC to take Turkey in as a full member, we could, and did, emphasize to the West Europeans Turkey's reliability as a NATO partner, its dedication to the Western cause, and its hope that its concerns would be addressed equitably by the other Europeans.

Q: Was there any feeling going to the Turkish side? To me, countries who come into the European Economic Community have a veto power. Is it a one veto?

KIRBY: Essentially, yes, they do.

Q: It doesn't take a genius to figure out that the Greeks, once they were in, would do anything they could to keep the Turks out. I mean out of visceral reflexes or something.

KIRBY: That happened over the years. You are quite right. Although, in strict fairness to everybody, I'm inclined to think that even if Greece had not been a full member of the Communities these past fourteen years, Turkey would still not be in. Purely apart from Greeks blocking the forward movement of the Turkish dossier in the EC, there are still strong feelings elsewhere in the European Community today that Turkey has not met the full democratic test, particularly on human rights for admission to the Common Market. So they would be having some difficulties with full membership even if Greece didn't exist.

Q: Going back to this time, I've never dealt with Europe. What countries were not in?

KIRBY: France, Germany, Italy and the three Benelux countries were the six original EC members. And then in the 1970's you had the accession of Great Britain, Ireland and Denmark. That took it to nine. There were nine members when I arrived in Brussels. Then the Greeks concluded their negotiations for accession and, as I mentioned, sometime in the 1979-81 period the Spanish and Portuguese began their negotiations with the Common Market and came in as full members during the 1980's. So with the accession of Greece, Portugal and Spain it brought the Community to twelve--which was where things stood until the recent expansionary round.

Q: Were we making any moves to try to encourage the Scandinavian countries to come in, or Austria?

KIRBY: I don't know that we, the U.S., were making any moves to try to persuade them to come in. People who worked in Washington at the time would know more about that than I would. There was at that time, in any case, the beginnings of a closer working relationship between the two main European trade bodies, the Common Market and EFTA, which grouped the Scandinavian countries. They were beginning to talk to each other and engage productively during that period, and my memory is that we did encourage that. We thought it was a good idea

for all these European countries to be taking this step toward each other. Then, eventually if it did evolve into something more than that, then fine.

Q: How did we feel and what reactions did you get from the other people about the British coming in? I mean the French had kept them out for a while and the British had not come in with any great enthusiasm on the part of many of its citizens and this was still sort of the teething stage.

KIRBY: There were tensions between Britain and the EC at the time revolving around some of the same issues that have been roiling the waters for them again recently. The British in the late 1970's were complaining very vocally, very vociferously, that they were paying more into the Community than they were getting out of it. The balance was an unfavorable one, and in every negotiation with the rest of the EC, the British were trying to get more of a return flow of funds from Community organs than they had gotten up to that time. And there was still great ambivalence about EC membership among the British public. I mean, the referendum to join had won in Britain, but there was still considerable sentiment in Britain against membership, and so it was an issue in domestic politics. That then caused any British government of the day to insist very hard in Brussels that it get its full benefits and rights out of the Community. Although it was not a day in and day out acrimonious set of relationships, there were tensions in the Community, which was still "digesting Britain" at the time, if you will.

Q: How were you all received? Was there any time when you found them saying why don't you Americans just butt out while we just do our thing? How did this go at that time?

KIRBY: Obviously, my overall response to that would be that with occasional grumbling, community practitioners understood very well why the Americans were interested in what they were doing in Europe and in what was happening in Europe, and they saw it as a two-way street. They themselves saw a need to work as constructively and harmoniously as they reasonably could with the Americans. But certainly on these issues that they considered their private preserve--e.g., what their relations were going to be with the ex-colonial world for example and the nature of their trade and assistance therewith--they took a somewhat proprietary air. We used to bicker over such issues a bit. They would frequently, in effect, tell us to "butt-out". But on the broad philosophical issues of whether the Americans and Europeans should be talking to each other on how the Western world was going to hang together generally, and to trade with the rest of the world, they recognized it as a common interest, I think.

Q: Was there any talk at the time about what has now taken place in the Western Hemisphere...the NAFTA?

KIRBY: There was certainly not anything that we were discussing with the Europeans, I don't believe. I don't have a strong memory of that. I think that at the conceptual level it was probably one of those things that was floating around in Washington and elsewhere,--"You know one day, we could do the following..." I don't think it was a stronger gleam in anybody's eye at that time. I don't think it was a subject of real policy debate--at least not as far as I was aware.

Q: What were you getting on the reception of the Carter Administration? You were basically there during the Carter Administration and they came in as having been out of the Presidency for some time and they came charging in and there were some things like the so-called "Neutron bomb", and the Olympic business--maybe that didn't happen during your watch there, but like all new eager administrations they went off in one direction and then kept moving around...there was sort of an uncertainty there. Did you find this as a problem?

KIRBY: Europeans were a little puzzled at times. I think they felt that the Administration during at least part of that period, with good will to be sure, was involved in a learning exercise, and I think they were a little bit concerned from time to time about how we and they were going to "gel" and forge common policies toward the Eastern Bloc. Let me digress to say that thoughtful Europeans, the ones who knew something about American politics and the American national psyche were probably, as I recall, prepared to "cut us a little slack". In a sense, they recognized that we were, as a people, recovering from the twin traumas of Watergate and the Vietnam War. And I think they understood to some extent, although imperfectly...Europeans don't totally understand American politics anymore than we do theirs, but the thoughtful ones understood that Carter's election was part of that...an attempt to emerge from the trauma and move off in new directions. I think they, the Europeans, probably felt that we hadn't yet wholly found our way. But, then, the Europeans weren't showing a lot of leadership on anything either at that time. They were coming out of some of their own traumas, and not quite sure how to deal with the end of dictatorships in Spain and Portugal which had occurred in the mid-1970's. And Greece posed its set of problems. While by the late 1970's things looked somewhat better in Greece and Cyprus than earlier in the decade, the West Europeans had a lot of preoccupations about the Eastern Mediterranean. And, the Europeans remained uncertain about ongoing developments in Eastern Europe. And so, as I said earlier, there was a very strong sentiment in Europe that we have heard in other periods of history: "Why doesn't somebody show some leadership around here, in our neighborhood, in the West?" It's not a new or startling idea--such criticism occurs regularly. I remember that on one occasion in a seminar with some senior Europeans, Americans were being criticized for something and at the end of the day, the most thoughtful European present looked across the table at the Americans and said, "This has been a heavy afternoon, but don't take it badly. Remember that for you Americans, it's part of your role in the world...it's the way we Europeans will always treat you." He continued: "When you don't show leadership, we're going to sit around demanding that you show it and criticize you for being feckless and spineless and what have you, and then when you snap to and show leadership, with an equally high decibel count we'll claim that you're brutish and overbearing and trying to railroad us...you can't win. That's the price of leadership." And that particular man's view was that (and maybe that's why his words appealed to me so much) if you Americans don't show leadership, nobody will. And without being unkind to Europeans which I don't mean to do, I had the very strong feeling at the end of the 1970's, and used to say so to Congressional and other U.S. visitors to Brussels, that despite serious European attempts to forge a common foreign policy in the EC, I did not think that in the near term we could expect Europe to be able to take major political and political-military initiatives. And, indeed I feel that way in a sense today. Despite all that's happened in Eastern Europe and so on and all the good things that have happened in Europe in the intervening period. I think Bosnia, which has been difficult for all of us, is a case in point. The West Europeans, even with a common policy under the EC, often work at cross purposes with each other, which is what we saw three or four years ago in Central Europe.

Q: Really at a certain point if we're going through it as of today, the United States trying to turn the whole mess of the break-up of Yugoslavia over to Europe and after a couple of years and a bloody civil war, we eventually had to step in and I don't know how it will work out but certainly nobody else, I mean, we're "leading the pack".

KIRBY: That is right. When this (Yugoslavia's break-up) all began, in 1991-92, my wife and I deliberately thought ourselves back to 1978-79 and said the Europeans wouldn't have been able to do it then and they can't now. This was not because Europeans are deficient in any way; it has more to do with their institutions, ongoing national rivalries, and all the things that roil them historically.

Q: What about the role of Germany? I mean, Germany is sort of the "black star" of things in European affairs. You hear about the French yelling and taking an opposite tack and the British being reluctant to do this or sometimes that...but Germany is still the major power in that block and yet one is never particularly aware of their taking leadership. How did you find, this is my impression from a distance now, the role of Germany during this period?

KIRBY: In the Common Market and European Council? Well, certainly during my time in Brussels (1976-79) and based on everything I've read and heard since, the Germans have played a prominent and constructive role in EC affairs even if they have usually been reluctant to assert broad leadership in Europe. I say this with great admiration for the role they have played in the Common Market. I think they have worked hard, indeed worked overtime, to prove they are good Europeans. They have a past, of course, and they worry about their past. They know how they are perceived in Europe. The French have always believed, and this was evident in the late 1970's, that the way you corral Germany...the way you keep it from doing things it has done in the past, is by binding it into institutional relationships where it has to be a good citizen. Well, the Germans accepted that approach and said, in effect, "You're probably right. The way we all avoid being "bad" citizens is that we embrace each other so tightly that out on the margins miscreants can't do bad things." So, the Germans worked very hard, I think, at making EC institutions work. The bureaucracies of the European institutions are peopled by bureaucrats from all the member countries, and the Germans, like the French, send very, very able people to those institutions. As I talked with them at that time, and talked with people in "think tanks" back in Bonn, I got the impression that they really meant it when they said, "We've really got to make this thing work, this is how we live together and ensure that nobody in Europe does anything that takes us back to the bad old days." Now, again, you put it as the "black star". Germany is, in a way, a 600 lb. gorilla. Their weight...they overshadow everything because of their economic muscle and they have to be taken into account; it is understandable that their partners scrutinize their every move to ensure they are remaining good Europeans. But today the feeling around the European community is that the Germans have played a very constructive role in Community institutions.

Q: How did we view, and again your contacts and the growing European community...Eastern Europe and the Soviet Union? Did this play any role at all, I mean, just knowing it was there?

KIRBY: I used to call fairly regularly on some of the upper level officials in the European Commission, (the executive body of the EC) who dealt with Eastern Europe because in the late 1970's, and on into the 1980's, the Common Market was consciously reaching out to the East to establish communications and to try to establish a network of working relationships. Specifically, they were trying to initiate negotiations with COMECON, the economic organization of the Warsaw Pact countries. The two sides would meet every so often and issue reasonably hopeful and forward-looking communiques which had very little substance. During my period in Brussels they never got into real negotiations. The EC was trying to see if it could work out some limited trade arrangements with the East which would somehow bind the East closer to Western Europe and make the East less inclined to go to war. The EC kept a very close watch on Poland and those Eastern European countries that they felt were the most fragile in terms of relations with the Soviet Union. The EC was extending certain types of aid and trade assistance to those countries at that time, and we used to spend a lot of time, in our discussions with EC officials, speculating on how the Soviet empire was going to go.

Q: Also, it was part of the Carter policy if I recall to try to have some trade openings to the Soviet Union. We sent Arthur Watson to Moscow, who was basically a businessman, and this was until the Afghanistan thing in December of 1979. This was not inconsistent with...

KIRBY: We and the Europeans were working on parallel lines to see if we could create some new relationships that would point in a peaceful direction away from the Cold War.

Q: How much, as this whole thing developed, did trade problems, obviously this is of great interest to us...and I'm thinking of Congress and farmer groups, etc., how did that play as far as your operation went?

KIRBY: Well, I don't have total command of all the details at this remove. Then, as today, there were areas in which our trading policies and those of the European Community were in conflict. We felt that the Common Market's Common Agricultural Policy (called the CAP), which posits very high support prices for almost all agricultural products, was contrary to international trading patterns and that certainly it kept a lot of our products out of the Common Market countries. This was a fairly regular bone of contention. And sometimes in negotiations, it would come to..."if you're going to send your cognac into the United States, then we should be able to get Florida's orange juice and California's raisins into your markets." There was sometimes a fair amount of acrimony which broke into the press. The EC would counter by arguing that we unfairly subsidized our wheat farmers and took markets they might otherwise have gotten into. And so it went. There were substantial trade issues that we were in contact on all the time. The EC's TABEX arrangements--stabilization funds they tried to set up for certain commodities in some of the old colonial countries with which the Europeans still had major relationships--was another area of friction. Or perhaps coffee and soybeans, we felt that some of the stability exchange arrangements skewed the patterns of world trade, and so on. We and the Europeans joined in very serious discussions on those issues and so there was regularly enough to keep us all hopping. Not all of these issues were totally resolved to our satisfaction, of course, but these were the kind of negotiations and discussions that went on fairly regularly.

Q: Were there any issues particularly dealing with Africa where the United States and the EC were sort of "at odds"?

KIRBY: I think there were no issues where we were at odds on Africa that came into the Brussels context at that time. Again, I may be missing something on this, but simply going from memory, I don't recall that we had any great concerns about the aid and trade relationships (apart from some of the Stabex arrangements that I mentioned) that they were establishing or maintaining through the Lome Convention agreement with the African, Caribbean and Pacific developing countries. Certainly there would have been at that time some differences of emphasis on how we and the Europeans viewed certain critical political issues in Africa. There were some differences on South Africa, and some on Angola, for example, but these differences would have been played out largely in other arenas, especially the UN. The Common Market institutions and our exchanges with them at that time were not as such, designed to handle this kind of issue. I should say, however, that the European Parliament to which I referred before, considered its brief to embrace the entire world...economic, political, and social issues included. They could debate any issue in the Parliament. The Parliament wasn't a decision making body, it was a debating body that adopted a lot of resolutions. It would sometimes adopt a resolution on one African issue or another, as in other parts of the world, that wasn't totally "in line" with the U.S. way of thinking. We used to weigh in with the European Parliamentarians to try to make sure our views were reflected. That was part of my job and that of USEC's Political Section, which I headed.

Q: A little bit about the way we dealt with the UN in a way.

KIRBY: Yes.

Q: How did we view this movement that you mentioned at the beginning of our talk today? About having this Parliament elected directly and all?

KIRBY: Well, it wasn't ours to decide. But as a general proposition, I remember that the U.S. applauded the move. We thought it was a step toward greater democracy in EC institutions and therefore a desirable thing.

Q: Well, is there anything else we should cover about this particular period? Were there any events...?

KIRBY: I don't think so. During that period there was a visit by President Carter, a very quick one-day visit in Brussels as part of a European trip. I can't remember which year it was. He visited all the important institutions in Brussels...visited NATO, visited with the EC Commissioners (the EC executive body) and I think had a meeting with the King of Belgium, though I'm less certain of the latter. But the President's going personally to EC headquarters, and meeting with the Commissioners even for a short time, was designed to show that we, the United States, continued to consider important our relationship with the Community, purely apart from our important bilateral relationships with EC member states. We had a lot of U.S. visitors. Some would come for NATO reasons, some for EC reasons, some for both. There were a lot of Congressional visitors during that period. I remember, also, that Chief Justice Warren Burger

came to visit the European Court, one of the institutions of the European Community. Daniel Boorstin, who was then the Librarian of Congress, came to meetings with the European Parliamentarians. I cite this as evidence that the Washington firmament tended to see these EC institutions as important and felt we should make the gestures designed to keep the U.S.-EC dialogue fruitful and important.

THEODORE E. RUSSELL
European Community Desk Officer
Washington, DC (1978-1980)

> *Theodore E. Russell was born Mardras, India and was raised in the United States and Italy. After attending Yale University and Fletcher School of Law and Diplomacy, he entered the Foreign Service in 1963. His posts have included Italy, Czechoslovakia, Washington, DC, Denmark, and Ambassador to Slovakia. Russell was interviewed by Charles Stuart Kennedy in 2000.*

RUSSELL: Right and even back then Personnel was considered to be a place where you are not going to get a fast promotion, but where you could look for your next assignment. So from Personnel I ended up taking the European Community desk officer job in Regional Political and Economic Affairs (RPE) in the European bureau. That was terrific. I was not an Economic Officer; I was a Political Officer, but I had studied a lot of economics in grad school. So I became the EC desk officer.

Q: You did this from '78 to...

RUSSELL: '78 to '80, two years.

Q: First a little bit on the superstructure in which you were working. Who was head of the European affairs when you took it over?

RUSSELL: George Vest was Assistant Secretary. Alan Holmes was the Deputy Assistant Secretary we worked most closely with. He was a very effective, decent guy. Rick Burt was EUR Assistant Secretary the second time when I came back to RPE from 1981-83 after senior training and served as Deputy Director of RPE. The Deputy Assistant Secretary to whom RPE reported was Tom Niles. In 1978 George Vest was the EUR Assistant Secretary.

Q: Well this was during '78 and '80 was the Carter period. What was the status of the European community, the EC, that you are going to be dealing with at that time? Was it fully established?

RUSSELL: Greece was still to enter the EC in 1981 and Spain and Portugal joined a few years later. Then, of course, there was a further expansion in the 1990s and an additional one planned for a number of former Soviet bloc Central European countries. One issue on which we would occasionally do think pieces was the degree to which the process of European integration and European unity was good for us. Is the EC on balance a good thing? Is further integration on

balance a good thing? We came out very solidly that it was because it gave Europe greater stability and strength, and of course, during the Cold War, it was very crucial that Europe remain strong and prosperous. We had the feeling that a successful EC, despite the problems on the trade side that would occasionally arise, was very helpful to us. As I remember one of the principal things we were dealing with in that period was improving coordination with the EC on political issues, including sanctions on Iran, the Soviet invasion of Afghanistan and Middle East problems.

Q: It was '79, so it was a bit of a turbulent time. And then we were making all sorts of grain embargo, Olympics and all that. All of which had quite an impact.

RUSSELL: All of these measures that we took against the Soviets as a result of Afghanistan were things that we were dealing with in RPE, and we were actually trying to coordinate with European allies in the EC what sorts of measures could be taken. One of my principal jobs was to run the political cooperation dialogue with the EC presidency countries. Every six months, of course, this would change. I would go over and visit with the Foreign Ministry personnel in the presidency country either before or immediately upon them taking the presidency and decide how we were going to exchange political information. We would tell them the U.S. position on important issues like Afghanistan and they would give us a detailed series of ideas reflecting the EC position. Not being an economist, my job was more about political cooperation and dialogue with the European Community.

Q: The original idea of the European Community had been you might say sort of the cornerstone of American policy. Its two purposes, one was to obviously pose a block against the Soviet Union, but basically it was to prevent another European civil war particularly between France and Germany. Had France and Germany reached the point where we no longer even thought about that, and we were more concerned with development as a whole?

RUSSELL: Yes, I don't remember if the famous saying about NATO being useful to “keep the U.S. in Europe, keep the Russians out and keep the Germans down” was seen as applicable, certainly as far as the last part of the joke is concerned. I think we considered the Europeans were certainly not about to fight with each other again and that our main problem was keeping up trans-Atlantic unity in the face of Soviet pressures, as in Afghanistan.

Q: Time had passed.

RUSSELL: Time had passed. We were not worrying about German revanchism. What we were looking at was the degree to which further EC integration, to include Greece for example, would affect our interests. We were looking at the implications of further enlargement of the EC and U.S. national interests. This included the extent to which enlargement stabilized Europe by bringing in new members who, because of internal problems, had taken longer to be accepted and who would therefore benefit most from EC membership.

Q: Was Spain, Portugal...

RUSSELL: Spain and Portugal came in after Greece. We were looking at the situation very carefully and trying to figure out, not that we could prevent it or help it that much, but what

should our national position be. The conclusion was it was clearly in our interests to see this enlargement succeed. However, we recognized that enlargement would produce additional trade problems and that we could not dismiss these because of the political and security benefits of a more stable Europe. On balance, however, it was clear that the U.S. should continue to support EC integration.

Q: Did you find that we had problems within the European bureau. As far as the EC was there; it was now a political force, but each nation was also a political force and probably stronger than the EC. Was part of your job making sure that we were all singing out of the same hymn book or something like that?

RUSSELL: Good question. Part of the job was figuring out what the positions of the individual countries were because the EC Council, then as now, is the key force in the EC, and, while the EC Commission has become more powerful, it is the larger countries, which still carry decisive weight in the Council, that shape the final decisions. We were very much concerned with keeping track of individual country positions. Also we were concerned in terms of bilateral dealings with individual countries within the EC. Some were the more free trade oriented, like Denmark and the UK, for example. We often found that they agreed on certain trade issues, which involved a more liberal approach towards trade than say the French had. So we would talk to people bilaterally and say we hope you oppose this proposed ban on U.S. exports of whatever in the interests of maintaining a liberal trade policy and preventing a trade conflict.

Q: What was your impression of the role of France within the EC at that time?

RUSSELL: I don't remember us being preoccupied with France being particularly obstructionist overall. However, they certainly were more protectionist. They were basically mercantilists. They always have been and still are. But it was just that some of the countries, more the southern tier than the northern tier, would take positions that were more protectionist, particularly on agriculture, which was a big concern for us. Countries more dependent on trade and open markets and not as preoccupied with agricultural questions were our natural allies on some of these issues.

Q: How about Italy? I mean you had just come out of there. What sort of role were they playing in the EC?

RUSSELL: I don't remember them playing all that active a role. I remember the main thing that would come up would be that Italy did not want to be excluded from decision making. If the U.S. would sit down with the British, French and Germans, the Italians would get annoyed and say “Wait a minute, we are a major power too. We ought to be included.” The so-called “Quad” meetings always upset the Italians a lot. We tried very hard to bring the Italians in if there was an issue where they might be our natural ally.

Q: Did the Soviet introduction of the SS-20 intermediate range missile, was that an EC problem or...

RUSSELL: That was later. That was in the early ‘80s. That was in my next assignment

Q: Okay. How about the Soviet Union? Were they developing any relations with the European Community at that time?

RUSSELL: Yes, they were always trying to do that, but they were trying to do it more in the early '80s with the pipeline issue. You remember that. We can get into that when discussing my next assignment. I think our preoccupation was on the invasion of Afghanistan and how are we going to try to penalize the Soviets. I remember we were involved in drawing up lists of sanctions. There was sort of a reflexive response. They have done something that we don't like, and therefore a memo would be done with all the things we would cut off, block, retaliate in and that sort of thing. The main idea was that economic sanctions would be brought to bear vigorously and quickly.

Q: Well, I mean much of this was coming out of the National Security Advisor, Zbigniew Brzezinski's office. Did you have the feeling, what was the spirit of those dealing with the EC, that we were trying to drag them, that we find enthusiastic support or that we were trying to drag them into things that they were very reluctant to do or what?

RUSSELL: It was the latter as always, and as was true in the pipeline issue, that they were always reluctant to go along with some of the sanctions that we proposed for various reasons. If a proposed sanction affected their trade, they were more likely to oppose it. If it would tend to annoy the Soviets more and make them more belligerent, they didn't like that. Yes, by and large, we typically were taking the lead in anything that involved penalizing or pressuring the Soviets. You know, the British would be more favorable or perhaps the Germans would be depending on the issue. The smaller countries were often more reticent.

Q: Well did you sometimes have the feeling that the directives from above were a little bit excessive?

RUSSELL: I sometimes had the feeling that it was rather a seat of the pants reaction to draw up a list of sanctions, and so we would sit down and spin out a list. Then it would go up the line and they'd say, yes, this is what we are going to do. I didn't know whether we always fully analyzed the impact or feasibility or the diplomatic ramifications of the sanctions.

Q: I have talked to other people who were in this. You produce a list of sanctions and it goes up and there is no real analysis. It is just that looks good; let's do that. We want to show we are tough.

RUSSELL: That's it exactly. There wasn't time to do much analysis, particularly if you had to get a memo up to the seventh floor the next morning on a list of sanctions.

Q: Well even if you did analysis, politically it probably wouldn't have made much sense when you are dealing with something like the very, I am characterizing and I shouldn't, but posturing national security advisor's staff and all that of say well if we do this it is probably won't work or it is not a good idea, but you end up by doing very little.

RUSSELL: Afghanistan was so egregious that I think that did not become so apparent. It was felt that we needed to oppose the invasion vigorously even if we couldn't have much impact, even if others wouldn't go along with it, and even though it might involve shooting off a couple of our toes in the process. Where you really got into that was in the pipeline crisis later on.

Q: Did you feel in working with the Presidency of the EC that a new breed of Europeancrats were being developed, I mean people who were beginning to look at Europe as a whole within the bureaucracies of these various countries as opposed to a bunch of Belgians or Luxemburgers or Germans or French be put together?

RUSSELL: Yes, I did. I found the European Commission middle level bureaucrats I was talking with, the Director or Deputy Director level, were generally very competent. They were also extremely well paid and really locked into their positions. They lived extremely well as near as I could figure out. They were typically very European minded and pretty serious people. They were in for the long term backed by their own country and by the commission structure. And if the official was smart, he could go far. In negotiations with the U.S. they had the advantage that DOD or Treasury has over State – the continuity of career experts backed up by a large, aggressive bureaucracy. However, they sure had a better economic deal personally than their U.S. counterparts.

Q: I have seen pictures of the quarters at Strasbourg, you know sort of lackeys with fancy uniforms opening doors for everybody.

RUSSELL: There was a lot of that. Well, on the other hand it reflects the elitist approach they have inherited from countries like France with their famous schools whose graduates get the plum lifetime career jobs. They see themselves as in these jobs for life and moving steadily up towards higher positions, so they feel they ought to be treated well. But, as I said, most of them were very sharp and doing a pretty darn good job for their particular departments.

Q: Did you run across any fissures in this between the EC types and the national types?

RUSSELL: Yes. And the national types, if you talked with a Foreign Ministry official in any one of these countries, they would make it clear the EC Council will decide and not the EC Commission. France in its wisdom will decide what it wants to do. Britain in its wisdom will decide. So my point is it is sort of like why the State Department gets taken to the cleaners in dealing with the DOD. You have people who have been in jobs for years and years and moved up the ladder and know every nook and cranny on every issue. Some guy in a two year job at State is dealing with these people and has a tough road to hoe in negotiations because they haven't been working the issue that long. There is also the big question of how much support you get from the Seventh floor compared with how much political support your opposite number gets.

Q: How about the British? Were there reservations did you feel at that time?

RUSSELL: Reservations?

Q: On the good of the EC and all that.

RUSSELL: Yes. I don't remember a lot of details except that my impression was the British people certainly didn't like the idea of the EC telling them, for example, what ingredients could be put into their “bangers” or otherwise micro managing their national customs and habits. They didn't want to be heavily regulated from Brussels and that is understandable. The British were perceived as outsiders and there was still the political residue of the French trying to keep them out.

Q: How did your various attempts at boycotts go in trying to sell it to the EC over Afghanistan?

RUSSELL: I honestly don't remember all the details. I remember we just went ahead and implemented various measures designed to make the Soviets pay a price for the invasion. I don't recall that they required others to follow suit. Our initiatives were self-standing.

DENIS LAMB
Deputy Chief of Mission
Brussels (1978-1982)

Ambassador Denis Lamb was born in Ohio 1937. He received his BS from Columbia University and MS from the Massachusetts Institute of Technology. Upon entering the Foreign Service in 1964, he was posted in Fort de France, Paris and Brussels. He was interviewed by Ray Ewing on September 19, 2005.

LAMB: When I left the deputy secretary’s office, I went to USEC, the mission to the European Community (EC) in Brussels as deputy chief of mission. It was another job for which I was not particularly well prepared at the outset. On the other hand, biting off more than you can chew, and then chewing it, is not necessarily a bad approach to work and life.

Deane Hinton was our ambassador to the EC at the time. Bob Morris, who had been serving as his deputy, had completed his tour and moved to London as minister-counselor for economic affairs. While Deane was casting about for a replacement he met with Chris. Deane asked to interview me for the post and Chris concurred. I sat down with Deane, we talked, and I expressed interest in the job. Deane posed a test question: what should U.S. policy be vis-à-vis the incipient European Monetary System (EMS), the forerunner of the Euro zone?

To provide some context, I should note that Western Europe’s economies stalled in 1973-74. Productivity stagnated, the absorption of excess agricultural labor had run its course, coal mining was decimated by the transition to oil, and rising steel makers in the developing countries inundated Europe with imports. Adding insult to injury, the transition from fixed to floating exchange rates introduced a new element of instability, which was in turn exacerbated by inflation. As one element of their response the Europeans sought to replace the global fixed rate regime with a regional system, first the “snake in the tunnel,” which faltered, and then the EMS.

The objective was clear: replace a wildly gyrating currency system with a stable one, which would respond to the fact that Western Europe's economies were highly integrated. The problem was -- and is -- that, unlike the U.S., which has a central fiscal system that automatically moves resources to regions in difficulty and can respond to nationwide downturns with fiscal stimulus, the EC doesn't work that way. Central resources are limited; most taxing and spending is controlled by the member states. As with the EMS, so with the Euro; it is not clear that it will work to the ultimate benefit of its members. Of course, the EMS and the Euro have a political side. For some the bet is that, once currencies are irrevocably linked, the fiscal tools necessary to the functioning of an integrated European economy will follow

At the time I met with Deane, the Treasury Department had qualms about its ability to influence the monetary policy of countries that joined the EMS and about the effect of the EMS on the role of the dollar. They espoused an anti-EMS stance. I told Deane that the EMS was not something to have a policy about, pro or con. The EMS might or might not be in our interest but there was nothing we could do to prevent its creation. We should not favor the EMS because it could conceivably work to our detriment; we should not oppose it because we had no way of stopping it. My reasoning seemed to resonate with Ambassador Hinton because he offered me the job. (The U.S., led by Secretary Blumenthal at Treasury, subsequently warmed to the EMS, perhaps for tactical reasons. Expressions of U.S. support facilitated efforts to influence various details of its functioning such as the valuation of members' gold reserves.)

As I prepared to leave his employ, Chris sought my advice about a successor. I ran over various possibilities with him, but urged him to choose Steve Oxman. Steve had acquired the necessary experience and the two were on the same wavelength. Chris agreed.

The time I spent in Brussels was a good period for me. Over three and a half year years I had an opportunity to work for three top-flight ambassadors, all Foreign Service officers. Each was different. Deane was difficult; he managed by intimidation, although he spared his DCM. EC Commission President Roy Jenkins described Deane's diplomatic style as "ponderous but well informed," which it was. He was a stickler for detail. The only time he lost his temper with me was when I paraphrased something he wanted put into a cable. Tom Enders was tightly wound, but when he came to USEC he shifted into a lower gear. Somewhat to my surprise, he proved easy to work with. While Tom was in the Department awaiting confirmation -- his previous posting had been ambassador to Canada -- I involved him in filling some key vacancies on the mission staff. Equipped with my recommendations, he interviewed the candidates who were in Washington and reviewed the files of others. Then, in consultation, we made our picks. In contrast to Deane, Tom was happy to leave the day-to-day management of the mission to me, a task for which I was by now fully qualified. He set the tone and direction, worked the outside, and left the rest to me. Tom once asked me how many cables the mission had sent over the past 12 months. It turned out that we had originated 4,000 messages. Some of them were routine -- travel arrangements and the like -- but many were substantive. I signed off on most substantive cables.

On first meeting him, Jenkins sized Tom up as "an impressive, self-confident, over-tall Yale man," whom he thought would be "probably very good." When they met again over dinner at Jenkins' house, the president found Tom "intelligent, detached, and perhaps slightly self-

seeking…" Tom, in fact, saw his time at USEC as "between jobs." After six months or so, he was selected as assistant secretary for Latin America.

George Vest was very smooth, very low key. But his bonhomie disguised an ability to make cold-eyed judgments about people and issues and to act decisively. By the time George arrived, Gaston Thorn had succeeded Jenkins, so George did not come under Jenkins' scrutiny. Finally, during my tour I was chargé for about a year.

We had a very strong staff, better versed in the issues than I was at the outset, and so I played more of a management role initially, inserting myself into substance gradually. However, from the day I arrived I worked the circuit of contacts that the DCM traditionally cultivated.

Q: And you also had three ambassadors, three United States representatives, who were very strong on substance as well.

LAMB: Exceptionally so, I would say.

Let me say a word about how the EC makes decisions. The decision-making body is the Council, which is composed either of foreign ministers or ministers with particular portfolios such as agriculture or finance. Council meetings are prepared by the COREPER (***Co**mité des **re**présentants **per**manents*), on which the resident ambassadors of the member countries sit. Their deputies meet as COREPER II and prepare COREPER meetings. All clear?

My job was to track COREPER II, or junior COREPER as it was sometimes called, while the ambassador staked out his counterparts. COREPER II was important to us because following its agenda gave us advance notice of decisions headed to the Council that we might wish to influence. The tracking was done by cultivating relationships with several deputy permanent representatives whom the mission had found to be reliable and forthcoming. My closest relationship was with the German deputy, who was a Finance Ministry civil servant. Interestingly, although we occupied offices in the same building as the French mission, which would have facilitated interaction, I never had useful contacts with the French. They changed deputies once but the new man was just as distantly polite as his predecessor.

Of course, prospective Council decisions did not just pop up on COREPER agendas. They emerged from the EC's bureaucracy. Mission officers assigned to follow particular sectors were responsible for tracking issues as they moved toward the decision phase.

I learned early on that, at times and on certain issues, other non-member countries were often better plugged into the EC apparatus than we were. The agricultural exporters in particular -- Canada, Australia and New Zealand -- usually had good intelligence on agriculture policy, and the Swiss tracked financial issues particularly well. Pooling information with the deputies of those missions proved to be very valuable. In fact, I probably obtained more and better information than I provided. Accompanying the information gathering -- really an integral part of it -- were efforts to exert influence. The member state deputies wanted me to believe that we had nothing to fear from pending decisions; I wanted to shape decisions to protect our interests or bring the U.S. a benefit. The deputies of the agriculture exporters sought to enlist us in their

campaigns to subvert one or another element of the community's Common Agriculture Policy (CAP). I was often a willing accomplice.

Q: Did you have those contacts with the Canadians and the others that you mentioned mainly sort of bilaterally, one by one, or did you all come together as a group occasionally?

LAMB: Pretty much bilaterally: over lunch, by telephone, and at social events.

The DCM is also responsible for maintaining contact with the chiefs of staff of the commissioners. I developed a good relationship with Alex Schaub, chief of staff to Wilhelm Haferkamp, who was responsible for external relations, including trade policy. Alex is now a director general responsible for the internal market. I have stayed in touch with him over the years. I also kept in close touch with Eric Larsen, who looked after Finn Gundelach, the commissioner for agriculture and with Hugo Paemen, chief of staff to Stevie Davignon. Stevie's portfolio was industry policy, including steel, where we had problems from time to time. Paemen later became the EC ambassador in Washington. The ambassador and I shared responsibility for contact with Crispin Tickell, the top aide to EC Commission President Roy Jenkins.

I inherited another key contact. This was the Commission's senior civil servant, Emile Noel. He was a soft-spoken, pro-American Frenchman, with the air of an intellectual. He made a point of having a regular lunch with the U.S. DCM to promote EC policies. Broadly stated, his main argument was that we should go easy on the EC in order to support European integration, which he contended was in our overriding interest. Despite his demeanor, Noel was reputed to be a tough bureaucratic infighter. His mentor, Jean Monnet, once remarked that his tenacity matched his modesty.

Q: At that time, '78 to '82, the European Community had how many member states?

LAMB: There were nine. Britain, Ireland, and Denmark joined the original six in 1973. When I arrived in Brussels, enlargement negotiations with Greece, Spain and Portugal were about to begin. Enlargement was another issue on which we did not have a policy and did not need a policy, although within the mission there were strongly held views. Ambassador Hinton thought the community should integrate more closely rather than expand.

Q: Deepen before…

LAMB: Deepen before widening. Our political counselor, Harmon Kirby, and I thought otherwise. The socializing and growth-inducing benefits of adding the three prospective new members were more important, we thought, and we were not overly concerned about the deepening part. While waiting for integration to take place, the U.S. could conduct relations with individual member states as well as the central organs of the community. Which is what we did and, incidentally, what we do to this day.

Although Harmon and I proved to be right, the situation in the late 70s was murky.
All three countries were western in some sense (Greece and Portugal were members of NATO), but all three had been under authoritarian governments in the early years of the decade. All were

linked in various ways to the northern European economy, primarily via remittances and tourism. But their living standards were far below those in the north and more on a par with those in Eastern Europe. So the EC was making a big bet. In the end it paid off, particularly over the nine-year period that it took to bring Spain and Portugal in. The reforms entailed in aligning their legislation with Community legislation, the so-called *aquis communitaires*, jump-started their economies and democracy took firm root.

Q: You mentioned the contacts you had, particularly with the chiefs of staff of the commissioners. How big was the Commission at that time? It was limited in size, too, compared with what it is today.

LAMB: Yes, the large member states each had two commissioners; the smaller members one each, for a total of 12. These days, the Commission employs about 18,000 people and has a budget of $90 billion, about 45 percent of which goes to fund the CAP. In my day those numbers were smaller. I believe that the Commission staff numbered about 12,000 in the late 70s.

Q: To what extent did you have instructions, guidance, views from Washington that you were also sharing or was that pretty much left up to you all at the mission?

LAMB: We received a steady stream of instructions from Washington on a range of issues, agriculture and steel prominent among them. So we were making representations to the commissioners on a regular basis.

On other matters of interest, such as the enlargement negotiations, where we were alert to developments that might impinge on our interests, we more or less operated on our own. This brings to mind a general observation. What Foreign Service officers do in the field is trade information with contacts, some of it drawn from classified documents. How much can you say? Should you say? It all comes down to personal judgment; there is no manual on the topic. New officers have to observe and learn by doing. I closely calibrated how much I "gave" to how much I "got."

Normally, the mission would have received regular instructions on trade policy, but these were few and far between when I arrived in Brussels because the Tokyo Round of GATT negotiations was coming to a conclusion. The interaction between the Washington and EC negotiators was continuous and we could only contribute at the margins. Regular visits to Brussels by our top negotiators, Robert Strauss, then the USTR, and his deputy, Alonzo "Al" McDonald, ensured that we stayed reasonably well informed about the state of play. After the round was concluded in 1979, the normal rhythm of demarches and reporting resumed.

Speaking of Bob Strauss, I am reminded of something that happened while I was working with Chris. Apparently, at that time, Cabinet officers had to go through hoops to fly the Concorde and one of those hoops was State Department approval. For reasons I do not recall, I was asked my opinion about a flight Strauss wanted to make. The justification looked weak to me and I said so. That was enough to kill the flight. Strauss was beside himself and went to the president. The flight was approved and Strauss was absolved from asking permission in the future. Thankfully, my name did not come up. (When Strauss arrived in Geneva after taking that controversial

Concorde flight to Paris, a reporter asked him whether he would fly on the supersonic plane again. “Yes,” he replied, “until they come up with something better.”)

The Concorde rule was part of a presidential effort to cut back on perks that, initially, denied Chris and one or two other senior State Department officials the use of a car and driver to take them to and from work. Effort was expended to overrule this dictum. After a short time it was dropped.

I learned a lot about agricultural policy and agriculture trade while I was in Brussels. One thing I learned is how stubborn agriculture policy is, how difficult to change. Since farmers can’t adjust their “inventories” in the course of the year in response to market conditions, they are exposed to significant risk. Societies that can afford to do so offset the risk with price floors or direct subsidies or both. These policies become entitlements. When they are not adjusted they lead to overproduction. The need to dispose of surpluses spawns export subsidies and food aid schemes. With these in place, trade disputes inevitably ensue.

Over the period that I served in Brussels the Commission was trying to impose a tax on soybeans. It would have had the same effect on U.S. exports as an import tariff. They sought to nullify an overlooked provision, or a provision that only became important later, in an early GATT agreement that allowed free entry of U.S. soybeans into the EC. This was important to them because one key element of the CAP is to apply tariffs to bring the price of imports up to the EC’s internal target price. Free entry of soybeans disrupted markets for competing animal feed and markets for vegetable oil.

There was another factor in play. In June 1973 President Nixon imposed an embargo on soybean and soybean meal exports. (The 1971 devaluation of the dollar was sucking soybeans out of the U.S. and raising prices to domestic buyers.) The soy embargo seriously damaged the U.S. reputation as a reliable supplier of animal feed protein. As an aside, note that the Nixon embargo put Brazil in the soybean business in a big way. Brazilian production, fueled by Japanese investment (the Japanese may have been even more unnerved by the embargo than the Europeans) increased from 5 million metric tons in 1973 to about 52 million metric tons in 2002, the latest number I was able to find. Today Brazil is the world's second largest soybean exporting country. Lesson: beware of the law of unintended consequences.

To plug the hole in the CAP and generate a homegrown source of animal feed protein, the Commission kept trying to sneak the tax through. Periodically, the commissioners would consider proposing a tax to the Council (all community legislation must formally originate with the Commission) and we would have to go to battle stations and fight it off. The tax proposal was revived yet again during one of the periods when I was chargé. When you become chargé you quickly learn, if you did not already know it, that you simply do not carry anywhere near the weight of an ambassador. You’re a placeholder, essentially, holding the game together while awaiting the arrival of a personal representative of the president.

So, I surmised, the commissioners who favored the tax (not all did) thought they could sneak this one by on my watch. I had an instruction which was fairly open-ended to indicate our opposition, but it did not specify what tactic I should use. I chose the nuclear option: a letter to the president

of the Commission and each commissioner, which stated our opposition to the measure in strong terms. It fell short of an ultimatum, but it was forceful. Several commissioners were outraged. The upshot was that action on the measure was deferred yet again and Stevie Davignon called me in for a dressing down. He read me the riot act, which included this colorful turn of phrase: "Denis," he said, "we came out on the field to play baseball and you turn up with a hockey stick and start beating us over the head with it."

When George Vest arrived as ambassador shortly thereafter and we discussed the episode, he struck his forehead with his hand and said, "What were you thinking of?" in writing such a strong letter and sending it to the entire Commission. I said, "George, I wasn't going let it happen and this is the only way I felt certain that I could stop it." George questioned my judgment on that one. And in truth an ambassador with good working relationships with key EC ambassadors and commissioners could have achieved the same result without breaking so much crockery.

Since I brought up embargos, I should mention President Carter's January 4, 1980 decision to suspend delivery of all U.S. grain sales to the USSR in excess of the eight million tons guaranteed under the terms of a 1975 bilateral agreement. His purpose was to punish the Soviets for the December, 1979 invasion of Afghanistan. No other exporter followed our lead. Worse (or better, depending on one's viewpoint), the U.S. had no way to enforce the embargo. Once a grain shipment left a U.S. port, we had no way to control its final destination or to prevent a buyer from using our grain to replace grain that he shipped to the USSR. Once elected, President Reagan lifted the embargo, fulfilling a campaign promise. Later, in the Department, I tried to convince Secretary Shultz to approve a generous loan to the Soviets to buy wheat and burnish our reputation as a supplier. Apparently I was not attentive enough to the state of U.S.-Soviet relations at the time. The memorandum I sent (carrying a strong counterargument from the European bureau) came back with a big "NO!! opposite the decision block. I think he even underlined the "no" a few times for added emphasis.

One of the other issues to arise while I was chargé concerned oil imports. In the wake of the 1978-79 oil crisis and price spike, agreement was reached at a G-7 Summit to adopt oil import targets. The Commission, for internal political reasons, took the view that the target should be EC-wide. The U.S. insisted that the targets apply to individual countries so that North Sea production could not be used to offset imports. I was instructed to call on President Jenkins and make our view clear. The appointment duly granted, I went to his office and delivered my "talking points," which spelled out our understanding of the Summit agreement and asked the Commission to fall in line. Jenkins responded by reiterating the Commission's view of the matter. I left a "non-paper" containing my talking points, returned to the office, and sent a reporting cable. Our side looked pretty good in the cable; Jenkins got the message.

Some years later Jenkins published the diaries of his years in the presidency. I acquired a copy and looked up my name in the index, where I found one entry. It refers to a paragraph on the meeting I just described. Jenkins's take on the meeting was, in effect: "Lamb now understands our viewpoint."

Q: Beautiful. It helps to write the report.

LAMB: It does, indeed. As Henry Kissinger said in his memoirs, “Perhaps in a meeting with no witnesses it is impossible to capture the truth exactly.”

Q: Okay, I’d like to ask you a couple more questions about this period. Want to talk just a little bit more about the structure of USEC. You were the deputy, the DCM. There were people from lots of different agencies. You mentioned there was a political counselor.

LAMB: We had political and economic sections and a public affairs (USIS) section. John McCarthy was economic counselor when I arrived. Ed Casey succeeded him. I had worked with both in RPE. Dick Monson headed the USIS unit. The political section was staffed by State. The economic section included two officers from Agriculture, the senior of whom was later elevated to counselor rank, and a trade officer on loan to us from USTR. One way to think about the EC and OECD missions is that they are just very large economic sections. There is no consular section and administrative support is supplied. They are compact, tightly integrated operations and, for that reason, relatively easy to manage, compared to an embassy.

Q: And you therefore presumably had a good relationship with the Embassy Brussels DCM and perhaps other people in the embassy. How about with NATO, USNATO?

LAMB: We did need to work closely with the embassy DCM, Ed Killham, and his administrative counselor, because we depended upon them for support. We had fewer dealings with the NATO mission. Brussels is a very stimulating city to work in because you have NATO people and Community people and bilateral embassies, but our contacts with the NATO international staff and the staff of our mission to NATO were primarily social. It was good to exchange information in a general way, but we did not do business together.

Q: And you had a lot of visitors from Washington.

LAMB: Yes, quite a few and of course we welcomed that. Part of the way you know you’re doing your job and doing it right is through contacts with people coming from Washington. I met Malcolm (“Mac”) Baldridge and Bill Brock during one of the periods when I was chargé, just after Reagan was elected. They came on orientation trips and stayed in my residence with their wives. I was able to get to know them in a relaxed setting, which turned out to be useful when I returned to Washington and worked in trade policy.

Charles Z. Wick, having been named by President Reagan to head USIA, also visited us. He was quite a fellow. He came in a wearing a bulletproof raincoat, which meant he wasn’t able to sit down.

Q: Was it raining?

LAMB: Rare for Brussels, it wasn’t even raining. So he stood up -- maybe he leaned against the wall -- in the ambassador’s office and we tried to get to know him.

Q: The other interesting question, I think, in terms of process and U.S. entities working together in Europe involves the relationship between USEC and embassies in the capitals of the member states and who does what and where demarches are made and so on. Want to talk about that a little bit?

LAMB: I'm glad you raised that because of something that had slipped my mind. There was a regular consultation between the principal ambassadors in Europe: USEC, NATO, the UK, France, Germany, and Spain, as I recall. I participated a couple of times as chargé. I found these meetings very useful.

As you know, Ray, one important thing ambassadors do is coordinate Washington. A query or recommendation from an ambassador can spur the government to get its act together. The six ambassadors discussed the quality of Washington policy support and agreed on a common line that they might want to take to encourage the agencies to coordinate and resolve problems.

Often demarches were made simultaneously to the Commission and in capitals. When the Commission's involvement was marginal, as it often was on strictly political matters, we would drop off a paper with the appropriate commissioner or Crispin Tickell and use the rest of the meeting to discuss matters of greater salience.

If the ambassador or anyone else in USEC planned to travel to a member country on business, say to give a speech, we always obtained "country clearance" from the embassy.

Q: Did you have visits while you were there by the secretary of state or the president?

LAMB: Secretaries of state met with the Commission every year in December. These consultations were scheduled in conjunction with a recurring NATO ministerial meeting. The drill called for a private meeting between the secretary and the president of the Commission, a general meeting with other commissioners, and a press conference. The mission contributed to shaping the agenda of these meetings and supplied material for the briefing books prepared in Washington by RPE. The Ambassador, accompanied by mission staff, briefed the secretary and his staff before the meetings. If appropriate, we would meet again with the secretary to discuss follow-up.

On one of these occasions, I met Secretary Haig's plane and drove into town with him. I used some of my time to urge him to secure the appointment of a new ambassador in the mold of Hinton and Enders. Not long thereafter, George Vest got the nod. Note that I am not alleging cause and effect. (George told me later that Judge Clark had played a key role in securing his nomination after the White House had turned him down for Bonn and Brasilia.)

There were no presidential visits during my tour. Vice-President Mondale visited in January 1977, during the same trip that saw him launch the Christopher mission to Brazil. President Carter visited in January 1978.

Q: Vest certainly was experienced in terms of Europe. He didn't maybe know trade policy or other things.

LAMB: A little known fact about George Vest is that he spent a year at USEC as Bob Schaetzel's deputy in the late 60s. His tour was cut short when he was transferred to the NATO mission. So he knew the EC machinery at first hand. With support from the staff he quickly got up to speed on the issues.

Q: Let me come back to the internal structure. You mentioned various elements. What did the political counselor and political section do? This was basically an economic organization, of many dimensions. What about, had political cooperation started at this point? What kinds of things did the political section do?

LAMB: The issues we were interested in at the time were trade, the CAP, the internal market (mainly the various plans to downsize the steel industry and control national subsidy programs), the EMS, energy policy, and development assistance (the bulk of EC member country aid was disbursed by the Commission). In part, having two sections was just an artful way of dividing up the work under two counselors. The political section dealt with enlargement, institutional issues, labor, development, and the parliament. The economic section dealt with the rest. We had a labor attaché in the political section whose remit extended to the European and international labor organizations headquartered in Brussels.

Perhaps I should say a word about steel and what the U.S. and the EC were quarreling about. When developing country steel producers began to make major inroads in developed country markets, the U.S. responded with a series of voluntary export restraint measures. While these agreements slowed the rate of increase of steel imports, the pressure on the U.S. steel industry to downsize was maintained. In contrast, the Europeans responded by nationalizing some large producers and subsidizing others. They wanted to protect jobs in a deteriorating labor market. Because EC firms could sell at a loss and remain afloat, the growth of imports was curtailed. For the Commission, the problem was that member state subsidies (termed "state aids") were distorting the internal market. For us, the problem was that the protection afforded by subsidies was "diverting" developing country exports to the U.S.

Political cooperation was launched in October 1970, but it was still nascent during my time in Brussels. Existing outside the EC treaty structure, it was strictly intergovernmental. Although the Commission president participated in the political cooperation meetings of EC foreign ministers, he was not a major player. We met with Jenkins on various issues and delivered our talking points, but without much discernable effect on outcomes. Political cooperation assumed its current form in 1993 when it was brought within the treaty structure and some permanent Brussels machinery was put in place. (The current "face" of EC foreign policy, Javier Solana, carries the unwieldy title of High Representative for the Common Foreign and Security Policy, Secretary-General of the Council of the European Union.) During my tour the action on political cooperation lay primarily with our embassies in member state capitals.

Q: Now there've come, over the years, to be a structured relationship between the United States and the now European Union (the European Community before), at the cabinet level, periodic meetings in Washington or Brussels. Had that started at the time you were there or did that come later?

LAMB: That came later. You had, as you do now, the rotating six-month presidency, but there was no formal structure for interchange with the U.S. administration. The creation of such a structure was an initiative of Secretary of State James Baker. Baker's approach, quite brilliant, was to have the U.S. be a "member" of all the important regional groupings: Europe through NATO and a mechanism to link up with the EC; the Asian-Pacific Cooperation forum that he initiated to connect to Asia; and a Western Hemisphere trade arrangement to bind us more closely with Latin America. It's an organizing concept that did not survive Baker's tenure at State. Perhaps, with the rise of India, China, and Islamic fundamentalism, its time is past. I don't hear people analyzing our approach to the world in Baker's terms anymore.

Q: Now you mentioned the rotating six-month presidency, rotating among the member states of the European Community. In terms of our contact with the presidency, you would meet, perhaps, with the deputy at their mission in Brussels. We would meet, exchange views at the capital. Had the idea of a troika started yet or did that come later as well?

LAMB: That was a later development.

Q: So we kind of every six months, well, the European Community, every six months, would have a new president who would kind of start from scratch, continue as best they could and it was a little harder for Luxembourg than it was for, say, Germany but it was probably a little difficult for everybody. How about in terms of our interaction? Did we, did you at the U.S. mission, kind of think that was something that you ought to mainly do or did you kind of look to our embassies in capitals to kind of pick up the ball every six months in a different way?

LAMB: Most of the work was done in capitals because the presidency involves all the agencies of the presidency government. The ministers heading the agencies or departments would become the chairmen of the specialized Councils. It was possible to pick up a bit on their agendas in Brussels but the real nuggets could only be dug up in capitals.

One additional comment. "Troikaism," to coin a word, is now rampant in the European Union. They do a lot of things in threes. On foreign policy issues, for example, EU delegations are frequently composed of a representative of the presidency country, a Commission representative, and a representative of Javier Solana. There are endless variations.

Q: I think, as I understand it, there's now a position at the U.S. mission to the European Union that basically, I don't know at what level it is, I think it's in the political section, which actually moves every six months from one embassy to another to augment the resources of that embassy. It nominally is on the staffing roll of the mission in Brussels but I don't think that person spends much time there. That hadn't even been conceived of during your time there.

LAMB: No, it had not.

Q: And had elections to the parliament started?

LAMB: The first elections to parliament took place in 1979.

Q: The Europarliament met in Strasbourg, which is a ways from Brussels. How did you handle that?

LAMB: They met in Strasbourg and occasionally in Luxembourg. (They now meet frequently in Brussels.) The ambassador would attend their sessions occasionally and so would I. But the officer in the political section assigned to the parliament supplied day-to-today coverage. The parliament was and is a relatively weak institution, yet it does have influence and we wanted to stay in touch with it and on its good side.

Important people would turn up in parliament from time to time. I remember being invited to debate Giulio Andreotti, the seven-time prime minister of Italy (now, at 87, living under a cloud because of mafia-related corruption scandals), who was head of the Christian Democrat group at the time. I don't remember what we talked about; I do remember that he treated me gently. His English was heavily accented, but fluent.

Q: Did you try to make a point of moving around occasionally, traveling to some of the other member state capitals?

LAMB: Not often. Too much travel would have crossed the line with our colleagues in capitals. They didn't want us mucking about in "their" countries and I think they were right. I did make speaking trips to Lille and Lyon in France, and to Berlin, but I had to explain what I was planning to say, why I wanted to say it, and get clearance. Travel within the EC was scrutinized fairly carefully by the embassies. We're very territorial people.

Our embassies were not the only ones on alert. When I gave a talk on trade to the Chamber of Commerce in Lille I was shadowed by a young *énarque* (i.e., a graduate of the elite *École Nationale d'Administration*) from the *préfet's* office. The discussion was pretty lively until he started asking pointed, somewhat aggressive questions. The audience clammed up. I have to admit that speaking on trade policy in Lille, a textile center, was somewhat provocative.

An amusing incident from that trip comes to mind. I had arranged to meet with some political science professors at the university. The discussion was going well, with much of it focused on the pernicious effects of the concentration of power in Paris. Then, about 5:00 pm, I noticed my interlocutors looking at their watches. It turned out that, it being Friday, they were anxious to catch their trains to Paris for the weekend.

Just one more story. This took place in Paris while I was ambassador to the OECD. I was seated next to the wife of the head of Airbus at an embassy dinner. As we talked, she extolled the virtues of Toulouse, where Airbus is located. Finally, I asked "How long have you lived in Toulouse?" She replied, "I don't live in Toulouse, I live here." *Mais oui.*

Q: So you liked the idea of the European Community being transnational and integrated, but we still want to respect the boundaries of the member states.

LAMB: That's right. One interesting anomaly is that the member states still maintain embassies in each other's capitals, which is very strange when you think about it. Shall I mention bureaucratic inertia again?

Q: To what extent had they, had the European Community begun to have their own missions in Washington and elsewhere?

LAMB: This was developing. They had a mission in Washington and of course there was a rivalry over where business would be conducted. The mission in D.C. wanted to work directly with the U.S. government and we wanted to do business exclusively in Brussels. No doubt this was healthy competition. I can't really remember now how developed their diplomatic service was at that time. Of course, they had a mission in Geneva. They opened offices in the countries that were going to become members for education purposes. Beyond that I'm not really sure now where they were present.

Q: Perhaps Tokyo?

LAMB: Oh, yes, Tokyo, absolutely, yes.

Q: Okay, anything else about your time at USEC, we'll still call it that?

LAMB: That pretty well covers it except for three things. The first concerns the U.S. business community. U.S. business was amply and, for the most part, ably represented in Brussels. I had a major role in the mission's dealings with the American Chamber in Brussels. I met frequently with individual members and I addressed their meetings from time to time.

The second is about promotion. I received good performance reports from the deputy secretary and shortly after my arrival was promoted to minister-counselor rank, whereas Bob Morris, who was a Deane Hinton protégé, was not promoted. Hands down, Bob was more qualified than I was to do the kind of work I was doing at the time. The ambassador could barely contain himself. Bob was promoted the next year and it all smoothed out.

The third concerns "representation," official entertaining. The first thing to be said is that I was very fortunate that Helen was skilled at managing an official household and staff and was a gifted hostess. In these jobs, DCM and ambassador, you essentially "live above the store," in houses with formal living and dining rooms and family quarters upstairs. Nice, but not homey. We had a live-in couple -- great for babysitting -- and a cook. The couple was Portuguese, the cook American. David had been in the army, working in Mons, Belgium for generals attached to the NATO staff. He met and married a Belgian girl and stayed. When we hired him he had been executive chef at a Belgian bank. The only problem with David's cooking was portion size. If you specified roast chicken and did not supervise him carefully, guests would find a half chicken on their plates.

Helen received good training during our first assignment to Paris, so she knew the ropes. (In those days, wives were "rated" along with the officers. My career received a boost as a result of this nefarious practice.) As the wife of the DCM she was also the chief morale officer to the

other Mission wives and their families. In a country where it seems to rain interminably, this was a major assignment, which she carried out with élan.

While looking through my (meager) files in preparation for this interview, I came across a letter that Helen received in 1964 from the director of the Foreign Service Institute. The letter welcomed her to the official family and said that "Your primary job as a wife will always be, of course, to maintain a happy home and to be sure that your husband and children are fit and happy, ready for their work." My how times have changed. The only indication I have of Helen's reaction to the letter is that she underlined "their work" and added a question mark. No doubt she was concerned about just what tasks the little tykes were expected to perform, gratis of course, for Uncle Sam.

Q: Let me ask you, to come back to substance a little bit. We talked a little bit about enlargement and the U.S. attitude towards that. To what extent did you get involved in the enlargement that was taking place: Spain, Portugal, Greece, in the early Eighties?

LAMB: I remember the issues as being largely technical, as opposed to political. I had good relations with the Commission negotiator, Roland de Kergorlay. We were just looking for things that might end up discriminating against us, very basic, nuts and bolts, trade-related concerns. As I recall, we may have found a few items but they were easy to straighten out. Turned out not to be a difficult matter for the United States.

Q: I'm sure the issues were technical and detailed. The fact of that enlargement was very political, linking Southern Europe, Spain, Portugal, Greece, more closely with the rest of Western Europe.

LAMB: Both political and economic, and the two are not easily separated. If enlargement did not spur economic growth, it would have been judged a failure by the nine and the new entrants. Franco died when, '75? So by '78 the EC had already begun the process that eventually linked Spain much more tightly to the rest of Western Europe. Portugal got a strong economic boost and EC membership eased tensions between it and Spain. But Greece got a pass on the hard steps it needed to take to benefit from EC membership. The northern Europeans may have forgotten that they were dealing with a Balkan country. Greece is finally getting some benefit in terms of structural reform and growth but it took years, actually decades, for that to happen.

Q: And certainly politically, linking democratic Greece to Western Europe, was certainly important in the post-military period of Karamanlis and then it was actually Papandreou who finally brought Greece into the European Union and that was good to have that solid linkage to the socialist government of Greece.

LAMB: For good or ill, politics trumped economics in the case of Greece. And because it was so poor, Greece did very well, on a cash basis, as an EC member. From 1985 to 1989 alone the EC transferred almost $8 billion to Greece.

Q: The British had not been members of the European Community for too long when you were there. You want to say anything about your relationship with your British counterpart?

LAMB: The UK joined in 1973, fulfilling a Foreign Office dream. UK membership was the work of Edward Heath, who was committed to Europe. George Pompidou, who welcomed British membership as a counterweight to Willy Brandt's eastward-leaning Ostpolitik, abetted him. Representing the new member, the Foreign Office types were concerned to prove just how "European" the British were, which I found off-putting. My ambassadors had close relationships with their ambassadors, but the deputies were less accessible. Relations were cordial but somewhat cool and distant. Of course, for most of my stay in Brussels, the commission had a British president who was reasonably accessible. His chief of staff, Crispin Tickell, was a British FSO who later became their ambassador to the UN. The ambassadors and I had close relations with (now Sir) Crispin.

Q: Roy Jenkins being the president.

LAMB: Jenkins being the president, yes, so some of our access to what the British were doing or thinking really came through our Commission contacts, rather than through their permanent delegation, although as I say the ambassadors had good relations with their chiefs of mission.

Q: Did you use English pretty much in your dealings in Brussels or French?

LAMB: With British entry, English became the dominant working language and we used English primarily. Aside from my periodic lunches with Emile Noel and one occasion when I translated for Secretary Haig during a press conference, I can't remember doing much business in French. Occasional conversations with members of the French delegation were also conducted in French. (What a difference a couple of decades make. In 2005, French officials virtually insist on speaking English with American counterparts.)

ARTHUR L. LOWRIE
Political Officer
Brussels (1979-1983)

Arthur L. Lowrie served in U.S. Air Force during the Korean War. He graduated from Allegheny College with a degree in international relations and studied at the Graduate Institute of International Studies in Geneva, Switzerland. In addition to serving on the Algeria Desk, Mr. Lowrie served in Syria, the Sudan, Tunis, Iraq, and Egypt. He was interviewed by Patricia Lessard and Theodore Lowrie on December 23, 1989.

Q: Your next posting was to the US Mission to the European Communities in Brussels?

LOWRIE: Yes, it was a little over three years and challenging from the intellectual point of view, complicated issues, very stable countries. They say major decisions in the European Community take about seven years to work their way through. But it was interesting, if not exciting. The European branch of the US Foreign Service is very different from the Middle East.

The life is very comfortable, lots of money for things like periodicals and newspapers. I think I got three different newspapers, plus the Economist, at the office just for me. Whereas in most of the Middle Eastern embassies, you were lucky if the Embassy got two copies of the International Herald Tribune. Also, very sizeable representational allowances, nice housing, just a very different Foreign Service. Compared to service in the Middle East, it was boring, but the lifestyle made up for it and so it was a nice respite for almost three and a half years.

One great experience in USEC was working with Ambassador Tom Enders, probably the most intellectual, brilliant person I ever knew. We used to say his head was filled with computer chips.

J. WILLIAM MIDDENDORF, II
Ambassador
European Communities, Brussels (1985-1987)

Ambassador J. William Middendorf, II was appointed ambassador to The Netherlands during the Nixon administration in 1969. He also served as Secretary of the Navy from 1974-1977, ambassador to the Organization of American States from 1981-1985, and as Representative to the European Economic Community from 1985-1987. Ambassador Middendorf was interviewed by Charles Stuart Kennedy in 1994.

Q: This is November of '84.

MIDDENDORF: Yes, about the 12th of November, and asked me if I would like to go European Union, it was then called the European Community--it had previously been called the European Economic Community, which is really how it got its strength. So I said I would let him know, and I talked it over with my wife, and she said, "Hell, no." She was furious at me. But at any rate I decided to go ahead anyway on it, and showed up there and I guess I may have presented my credentials a month later.

Q: So you were there from '85 to '87.

MIDDENDORF: Yes, '85 to '87. I mean I went through a very quick hearing.

Q: During this period in the mid '80s, what does the American Ambassador to the European--I keep wanting to say the Economic Community--but the European Union--what does he do?

MIDDENDORF: Well again, there the first thing you're confronted with is the expansion of the European Union to include Spain and Portugal. What does that mean? It means that some of our major exports are up for grabs. The French immediately saw that our principal exports over there, first to the second largest export the United States has, was corn gluten feed and soy beans. We were exporting to Spain and Portugal, we had a sort of special relationship with them. The French said immediately they decided to go after that quota, so to speak, and grab for themselves as a price for letting Spain and Portugal in. Well this would have caused a virtual revolution in the farming states. It would have been horrendous. So Frank Yaeger, who is probably the most

effective, aggressive, special representative I ever saw, at a moment's notice would fly over and we'd have big negotiations with Willy de Clerk who was the commissioner for external relations. And Willy de Clerk was a wonderful, northern Belgium, Flemish speaking, down to earth speaker, and person. I mean who was a brass knuckle negotiator, right to the last minute would always keep you hanging, but in the end we prevailed. Although negotiations may go on for days, but in the end the Lord was with us, and we were able to prevail and preserve our major export from the French.

There were a number of issues. When you're ambassador to the European Union, its all trade issues. I mean you're always fighting over something, somebody is trying to grab what you've got.

Q: Were we trying to grab anybody else's?

MIDDENDORF: Well, the air bus situation. An air bus being an European airplane. We had Boeing so we were fighting for Boeing all the time. Boeing was the show in town, a U.S. show. The French got ahold of the Germans, and they got the Germans to go co-production. So they were able to get their alliance on the thing. And our friend down in Munich who had aspirations--a wonderful guy, Franz Joseph Strauss--Franz Joseph Strauss was on the board, and he was a real apologist for the air bus, and made it tough as hell on us. It was one thing to have to battle the French, but its another thing to have to battle the Germans and the French on that thing. We wanted to export the better product and they were subsidizing, and we could prove it. We had big arguments over--and perhaps they still go on--over this hormones in meat. The American meat exports to the European Union was a very important thing. So they came up with what I perceived as an untapped barrier, they wanted to preserve their own meat industry, perhaps much less quality, in my opinion, in most cases. So in they came with that hormone argument. We apparently fatten up cows in the mid-west with hormones until the last 90 days. There's no trace, no scientific trace of any residual hormones. In fact, there are normal hormones in the body. But at any rate, that scared the hell out of a lot of people and they made a huge issue of it, there were pickets around, as if we were murdering babies. It became a very big issue. It seems that those things shouldn't be a big issue, but they are big issues. We had to argue and fight it. Secretary of Agriculture came over from time to time. We were always in there fighting on that issue.

Q: Again, how did you find it worked? I mean, in a way I would think the Germans and the French on the air bus they've got their interest and no matter what you argue its not going to change them. They're not going to argue and change you. Do you have to work on the other members?

MIDDENDORF: Yes, you have to get all the rest of them lined up. You always win, we won every battle.

Q: I take it though the fly in the ointment was always the French.

MIDDENDORF: Their ambassador was a socialist. He was their commissioner, the French had two commissioners, he was a delightful guy, by the way, and a great intellectual, but certainly no roaring friend of the United States. He would always lead some great support team down to

support the Sandinistas, or offer some cash for these deserving Grenadians. And for the European Community to spend some money on those people, I thought was outrageous, and I would always protest that. And then Jacques de Leurs, who was the president of the European Union, was also a French socialist, and always had eye, in my opinion, on Paris and the developments going on down there. He was also very much responsible for the coming together of the community, but not necessarily for the good. I think that as the community pulls together, and in Brussels there's a huge bureaucracy developing, all of which are cooking up environmental protection laws and all that, some of which may be very deserving, but some of them may be a huge handicap for any business production, whether they can shoot crows in English farms, and who can shoot them, that sort of thing. Well, it's going on and multiplying. And the European parliament, which I had to deal with all the time, is made up not by political parties, or not by countries representing as on an English bloc or a German bloc, or a French bloc. The communist bloc, socialist bloc, is spread across country lines, so it's a horizontal delineation, not vertical. So you've got the conservatives in England allied with some conservatives in France. You've got the socialist labor party viewpoint still representing parliament, and England is not represented in that sense.

Q: Did anybody ever sort of turn to you and say, you're not a European, stay out of this particular issue, or something like that?

MIDDENDORF: Oh, everywhere. I mean I was just as much a part of the woodwork as any of them. They knew where I was coming from, we had trade issues, and whenever the Europeans start--its a huge big bloc--and whenever they start to move around some American interest is going to get hurt because they're a 600 pound gorilla.

Q: How about the Japanese?

MIDDENDORF: The Europeans knew how to handle the Japanese. The Japanese came in in sort of predatory way on their automobiles, and the Europeans set up a non-tariff barrier and required all their cars to come to the port of Marseille through a laborious inspection route, so they probably got three cars through a day. They just handled them that way. They didn't say, we don't want your big cars over here. At that time we were producing cars that weren't necessarily...and Ford and General Motors were very effective producing a Ford and General Motors that looked like a European car. But our so-called exports weren't effective because our cars just weren't as good quality really. But there was no restriction on bringing an American car in, it always wouldn't sell. People just didn't want to have them because the roads are narrow, and they use a lot of gas, and the people are very frugal and gasoline is very expensive there, it's triple the price we have here. So anyway, Europe is a vibrant place. Lord Caulfield was shipped down by Maggie Thatcher, probably not entirely to see what he could do in Brussels, but also probably to relieve her of some responsibility for him in the cabinet in London. But at any rate he came down, and he decided that if he was going to be farmed out to Siberia, which I think he probably thought, but if he was going to be there he was damn well going to do a good job, and confound his enemies, and surprise his friends. So he got very active. I met with him a number of times when he started this process on a 300 point white paper, 300 issues to be resolved for the European Union to go forward on a truly Common Market, common currency and everything else. And all these roadblocks had to be approved both in the countries themselves, but also by

the European Commission. There's a series of approvals that were required, a very laborious process. He did a superb job if you call bringing Europe together and breaking down all the barriers, it was a superb job but not necessarily in our best interest. In the end I felt very strongly it probably was in our best interest to have a united Europe. Not just because a strong united Europe that wasn't always warring at each other was necessarily best for our trade interests, but I looked at them as a united Europe was a great bulwark against communism, so individual countries couldn't be picked off one by one.

Q: We're talking about '85, before the collapse of the Soviet Union. I would think in the back of everybody's mind would be you really want the Germans inside the tent, and part of the process, and not somehow left to themselves, because even before they were united we'd had enough problems before. I don't know, but was this part of the background thinking and one you could never express.

MIDDENDORF: Well, it was certainly the view of the Dutch...the Dutch have been run over by them, and possibly the British, and the Luxembourgers, and Scandinavians too. Europe is made up of two compartments. There is that latent feeling about the Germans, but Europe is split more into what I consider the south have-nots, versus the north haves. For whatever accident of history, or accident of make-up, the northern folks make a little more money and seem to have more cash around. The southern bloc is led by the French, Italy, Greece--you were there and you know far better than I do--and Spain, Portugal, and France, that's the southern bloc and they're always looking for something from the north, some subsidy or a little bit more access to something. Whereas the north knows darn well that they're being taken, but for unity they're willing to pay that price--the Dutch especially, who as I say are very external, 60% of their gross national product is exports, so the Dutch are an external nation. They live beyond their borders, so to speak, they don't look inward at all. Ever since the 17th century, the age of Rembrandt, the Dutch have been the great merchants of the world. They're really very great Atlanticists, they're wonderful. So it comes down to the Dutch, and the Belgians, and the Luxembourgers, and the Germans, and the Danes, and the British--the British are late in the Union, but the British are trying to hold on what they got, not give up too much in the way of subsidies. And the British, curiously enough -- even though they led the charge against the Belgium ex-Prime Minister and have blocked the common currency -- the British are good leaders in the Common Market. They've been very aggressive and active, and so have the Dutch. The Germans have always sort of been understated. For some reason they don't throw their weight around.

Q: This has been true in foreign policy.

MIDDENDORF: I think they may be emerging now, but certainly not in my time. The Germans would always hold back. Perhaps its going to change. The Germans certainly have the power now with the East Germans. They are really the 600 pound gorilla in Europe right now.

Q: When you left in 1987 you felt the European Union was really rolling, and essentially in the long term would be a good thing.

MIDDENDORF: I supported Colfield, we were very close friends, and whether history judges me for making a horrible mistake--and I'm sure my Bruze group friends would be mad at me on

this--but I strongly supported his concepts, and strongly urged him to continue on what he was doing, and told his friends back in England at the European Atlantic Group and others, Allen Dan's group and others, that he was doing a superb job. I feel stubbornly comfortable that this was the right decision, even though it may be trade-wise, it made them a much more strong, as we saw in some of these negotiations recently on the GATT, and we will see it in the future. They're very, very strong.

MICHAEL E. C. ELY
Deputy Chief of Mission
Brussels (1987-1980)

> *Michael E.C. Ely was born into a military family. After receiving a degree in international affairs from Princeton University, Mr. Ely entered the military as a second lieutenant of artillery during the Korean War. In addition to service in Algeria, his career in the Foreign Service took him to China, France, Somalia, Italy, Belgium, and Japan. Mr. Ely was interviewed by Charles Stuart Kennedy on March 9, 1992.*

Q: Today is April 22, 1993, and we continue. Mike, you went to Brussels from '87 to '90. What were you doing?

ELY: I was deputy chief of the US Mission to the European Community. As I mentioned during our last conversation, because of the supercomputer episode I thought that my utility in Tokyo was going to be restricted. When the director general of the Foreign Service asked if I was interested in becoming deputy chief of the US Mission to the European Community, I decided, yes, this was probably a good thing to do. Also, I found working in Japan strenuous. I enjoyed it and found it stimulating, but it was a struggle. Each day, every day was fight, fight, fight, either within the embassy or with the Japanese.

Q: One question about with the Japanese. Did you find that you had to go out a lot at night to sort of business dinners and things like that? I speak from my experience in Korea, and these were a little bit difficult, because it meant a lot of heavy drinking.

ELY: With the Japanese it was not the same. American businessmen had to do the drinking business, both the locally resident and the visitors. We foreign officials were considered in a different category. We had to participate in all kinds of official entertaining, but not in going out, eating and drinking and taking our hair down with our Japanese counterparts. So that part of the work was not particularly onerous.

However, I became friends with Karel von Wolfran, who was one of the founders of the revisionist school of analysis of Japan. I found that I was then, and am now, in full agreement with von Wolfran in his characterization of Japan as a country where everybody collectively and nobody individually is in charge. Dealing with the country is very difficult. An individual can hardly engineer a common appreciation of what he's trying to do among people whose agreement

will be necessary for decision. Accordingly, you end up chipping away with individuals and making very little progress.

I found it (and I'm not the first) quite a frustrating experience--Bill Clinton being the latest member of this club, with the Japanese saying yes, but they really mean no. The Japanese are very embarrassed by that but know there's some sort of American truth in it.

Anyhow, I left Japan after two years, glad to have been there, wiser, maybe a little bit sadder, and went off to Brussels.

And that was a different kind of sad experience.

I was told by the ambassador to whom I was reporting that I could not take any time in transit, I had to come immediately. I took two days leave. When I arrived in Brussels, I was met by a junior member of the mission, went home and a telephone call came in from the ambassador's secretary: Was I planning to come in right away? I did. And that began a long process, which I don't think is appropriate for me to go into.

Q: Well, I think it's interesting. I don't want to overpress you, but I do want to press you a bit. We're trying to get not just the foreign relations, but how the system works or doesn't work and all that. So, however you feel. Who was the ambassador?

ELY: His name was Alfred Kingon. He'd been the secretary of the White House Cabinet committee on the economy. His successor was Eugene McAllister, who's just leaving as assistant secretary for economic and business affairs in the Department of State. Both men are quite difficult and are not thought to get along very well with other people, or be effective with them.

Kingon was parachuted into the job [in Brussels]. He was the second political appointee to have that position. It is not suitable for political appointees. Foreign Service officers say that about all jobs, but this particular one it is true.

Q: Yes, I would think. I mean, you're dealing with a big bureaucracy, one where you really have to know the territory.

ELY: That's right. Your political connections in the party do you little good. Your ability to understand and express complicated ideas, to be on top of a whole series of areas where the US and the European Community were interfacing--trade was the most important, but there were lots of others--transportation, finance, regulatory considerations, trade rounds--and to penetrate the complicated European institutional structures, to understand them and become influential with the Europeans, is very difficult.

George Vest, who was the ambassador minus two before, although not a specialist on economic matters in any respect was very effective. He'd had political skills with people, understanding them and getting their trust, conveying to them ideas and situations. Vest was also an intellectual who could win their respect.

Kingon had none of these abilities. He's an extraordinarily insecure man. He trusts no one. I thought I could gain his trust over time by being responsive and by being unthreatening, by being loyal. But this made no difference. In his eyes it made me more dangerous. It meant that I was being very skillful in trying to conceal my true purposes.

He changed his mind all the time. He would bring the staff in and make elaborate plans for travel programs, and then scrap them. Or the night before he would leave, he'd start making telephone calls to his secretary to change the reservations. She would change them several times. The next day, he'd decide not to go.

Kingon was both very insecure and self-important. He considered himself an extraordinarily important person, and wanted to be treated that way. At the same time, he was obsessively suspicious of his two ambassadorial colleagues in Brussels--the bilateral ambassador and the ambassador to NATO--and saw in everything they did elaborate schemes to achieve procedural preeminence over him, and of their missions over our mission. He would have nothing to do, in substance, with the other two chiefs of mission, and he forbade or would try to restrict contact between our staff and their staffs. A bad idea, I thought.

Q: Yes. Well, how did this affect the staff?

ELY: I tried to be the buffer between the staff and this strange and difficult man, who had the habit of calling all the section chiefs in several times a day to have long meetings to discuss his travel plans or his social schedule, at the expense of their work output.

Indeed, one of the small fragments of guidance I got from Washington was that they hoped that I could get the work of the mission back up to snuff; it seemed that everybody was spending their time in meetings. It turned out that there was something to that.

I was not successful. For a while, I blamed myself. I now think that it was mainly the person that I was dealing with.

It was one of these classical no-win situations. If you try hard, you are interfering, you are taking over his prerogatives and getting on his territory, and you become threatening. But if you pull off, then you are derelict in your duties, you're not on top of the job, and you should be replaced. Either way, you could never get it right.

The more senior the people, the poorer his relations with them. He got on best with the younger officers, whom he would bring in without the participation of their superiors, the section chiefs, and have long talks with them about the work of the section, trying to get complaints from them to find out what they thought could perhaps be criticized. These were good young officers. They were puzzled and troubled by this process, but by and large, they did not get taken in by it.

Anyhow, Ambassador Kingon fired his DCM, his secretary, his gardener, everybody he could fire. He fired his social secretary, his housekeeper. He would screw up the accounts and then accuse his housekeeper of having mishandled them. It would have been amusing if there weren't people involved and livelihoods.

It was a bad period, probably the most disheartening period I ever had, professionally. There seemed to be no way out of it. I was at the point where I was ready to quit, and he was dissatisfied and ready to fire me. We tried and we smiled weakly at each other. He never took me into his confidence, and he would seldom accept any advice I gave him.

For example, he used to write bad telegrams. He wouldn't take people along with him when he would go out calling, and he was not a good writer. He prided himself on his writing, because he'd been editor of some financial papers in the New York financial area, but he wrote in a very inchoate, disorganized way. He would send these telegrams off to State, for Shultz, the Under Secretary for Political Affairs, and Under Secretary for Economic Affairs; to Treasury, for the Secretary and the Under Secretary for Economic Affairs; to the White House, for various people, for the vice president and the head of the NSC. And after a while, I said, "Well, you know, that's not really the way it's done. You can slug your telegrams, but you have to be careful, because very senior people don't read telegrams. That's done by their staffs."

His answer was, "Look, you don't know anything about this. You've never been a senior person like me. You've never served in these high levels. So, come on, don't give me your advice. Your advice is incorrect. It is not wanted."

So I stopped giving him advice.

Meanwhile, these telegrams were being put up at the Operations Center as jokes. This guy thought he was sending them all over the US government with the idea that they were going to be read avidly by those senior people. He would put on 17 slug lines.

After a while, he began to complain that he wasn't hearing anything from the recipients. And once again, I said, "Well, very senior people don't read telegrams, or very rarely. They have staffs that read telegrams for them, and bring to their attention, usually in memo form, sometimes sending in the telegram, those important items that require their attention."

He never acknowledged any merit to this argument but after a while reduced the number of slugs and stopped covering the ridicule, to some extent.

He had been lined up with a member of the European parliament to make a protocol visit in Germany. The day before, he canceled, leaving this fellow high and dry, who begged me (I don't speak a word of German) to come along as a substitute. I did and had a wonderful time, learning a lot about Germany. He had to keep introducing me as an ambassador. I would say, "But, but..."

And he'd say, "Mr. Ambassador..." and I had to help him out.

Ambassador Kingon was invited to a big conference by the European University Institute in Florence, to discuss US-European Community relations. He canceled at the last moment. I went down and covered for him on that.

This was a behavioral pattern.

He didn't get on with the US-European Community Association. He didn't get along with the Atlantic Visitors Association. These were both American-sponsored organizations. He always wondered what their basic motivation was, why they felt that they could include him in their plans without his permission, et cetera.

He was not a wicked man or a bad man. He had a handicapped son to whom he was devoted. His wife and he had a close relationship. But basically he was a person so deficient that if I didn't dislike him so much I would pity him. An inferior person. Not unintelligent, with enough intellectual capacity to make him intrusive and unpleasant. You could not disregard him. He was untrustworthy, suspicious, poorly educated. He could not acknowledge that he didn't know anything, that there were areas that escaped his knowledge. He was always lecturing people on how wise he was and how much more he knew than other people.

He gave me two wretched efficiency reports. There was nothing I felt I could do about it, just litigate with him, and I was not going to do that.

After Reagan was defeated and Bush came into office, most people thought that he would leave. He didn't. He stayed on and on. It became clear that he wasn't going to be asked to remain, but he didn't leave. Eventually, this became the subject of some merriment. He allowed, well, he didn't know whether he was going to stay on or whether he would take a big job in the next administration.

Eventually he called everybody in and, with his usual tight little smile, said, well, he and his wife had been talking this over and decided that they had put up long enough with this official business. They were going to really put down this burden and go back to private life, with a sigh of relief. Lies, lies, lies. Quite characteristic.

He'd put together an arrangement with one of the public relations firms there, trying to play this period of representation into a substantive career. I think he got there halfway. Then his lack of skills with people eventually caught up with him. The last time I heard, he'd changed three secretaries in his tiny little office in New York, where he had an associate arrangement with a public relations firm.

Anyhow, that was a bad time. He eventually left and was replaced by his opposite, Thomas M. T. Niles, one of the best of our professionals.

Q: My problem with Tom Niles is that he was a junior officer with me in Belgrade, serving what I believe was his first tour overseas, and I always think of him as a young kid, just learning the trade.

ELY: Well, he still kind of acts that way, except he's got a photographic memory that works 12 hours a day. He is absolutely straight. He is honorable, good humored and energetic.

Q: Well, Mike, before we go to Tom Niles, let's talk about the Kingon period. Normally, the system works so that if you get a real klutz for an ambassador, career or non-career, which can

happen either way, there is almost a self-sealing thing, where people take over around the ambassador, reports go back that maybe he or she doesn't see, the word gets out, and the work basically gets done. And not just with the Department of State, but with your opposite numbers and all that. Did you see any of this, or was he sort of running around so much that it was very difficult to do this sort of thing?

ELY: Well, he was very suspicious of anything that went on without his knowing about it, and I didn't feel free to do matters that might be questionable.

For the first year, I was very active as the DCM in representation, getting around. And people, such as the Israeli ambassador, who couldn't talk to Kingon got to know me well. I got to know some of the senior people in the commission. I couldn't really deal with the Commissioners; it wasn't appropriate that a number-two guy do that, and that would also upset Kingon. After a year or so, however, I must say I got discouraged. He didn't like that; it made him uneasy. He didn't try to stop me, but the more active I was, the more problems I had.

Q: Things have sort of simmered down, but they seemed to be building up to a crescendo, with the European Economic Community turning into a superpower. And the United States' relationship with that superpower were hypercritical.

ELY: Well, that's true.

Q: So what was happening?

ELY: Well, you've got to remember that the assistant secretary for European affairs was Roz Ridgway. Roz is a very intelligent, principled person. She's a NATO loyalist, and she never really has thought much about the European Community. She doesn't today. She considered this essentially an arrangement among Europeans, for Europeans, which could have benefits for them, but which would have few for the United States, and which could also have a capacity for mischief. So she never thought that the position was terribly important. She had Kingon's number; she wouldn't pay any attention to anything that he said or did, which was correct. The EC was very low on her priorities.

She was, at the time, virtually destroying her health in her attempts to keep the NATO alliance up and functioning. She was living in the period after the deployment of tactical nuclear weapons, which almost wrecked NATO. And she worked herself almost to death in support of the ambitious and difficult campaign that we'd run with the Europeans.

So EUR was not particularly either concerned or sympathetic with my plight. I got winks and nods occasionally, and that was about it.

Q: But what was happening was the system then was saying, okay, just disregard this guy and really everybody else there, and we'll go our own way.

ELY: I tried to help the staff, which is full of capable officers who knew well what they were doing. The Economic Section was a mess, but the officers who were assigned to it were good. By

and large, the work got done. Some initiatives were on our side, some were reactive. But as the EC-1992 suddenly loomed out of the fog, our response was to get everybody a personal computer, with word processing capability. And we doubled the output merely by applying technology. By the time I left, USEC was, from the standpoint of reporting, the most productive post in the Foreign Service. That is because it didn't have a Consular Section or have an Admin. Section, or any representation. USIS was very small. All we did was negotiate and report. And we were very good at that, and still are.

Anyhow, when Niles came, it was totally different. While with Kingon, I was in one kind of a no-win situation, with Niles, I was in a much better one, but it was also no-win, because he's so good he doesn't need anybody. Initially, he would take me along on some of his calls, and I would do the reporting telegram. I found that he could do the reporting telegram better than I could. I'm good; he's better.

He arrived there in August and worked 11 hours a day, which was his normal day. He'd get in at eight and leave at seven. His secretary would get in at seven so everything would be ready for him when he got in at eight. I explained to him that August, when everything was closed down there, was normally a time when people would slacken off a little bit. He smiled and thanked me and continued his eleven-hour days, which turned out, of course, to be very sensible, because, while the Commission was not working, there were lots of things for him to catch up on. He did that during that period.

He was a joy to work with, except that he didn't need a deputy. You could almost abolish the mission. He was so good on each of the issues, having a photographic memory (he really does have a photographic memory, incidentally), that he could digest and master almost any issue, pick out the critical points, and handle it extremely well. These were bravura performances that I found impressive.

In addition to that, he as a person is honorable, and friendly. A little bit distant, in a sense. He would never drink too much or tell you a dirty joke, which is good in a way, but you never really felt that you were terribly close to him. But this is not criticism; I admire him very much.

I was disappointed to see the rumor this morning in the paper that he's going as ambassador to Sweden. I don't know what the Swedes are going to do to keep him busy. He could handle Germany very well. Niles was put in charge of the Office of German Affairs back in the early ‘70s, when Germany was...well, it still is extremely important, but when GER was perhaps one of the most important offices in the Department of State. Niles took early-morning German so he could learn to speak the language, which he proceeded to do within a year or so. So now he speaks Russian, Serbo-Croatian, French, and German.

Q: What were the major issues that you were dealing with, with the EC?

ELY: There were issues over which the mission had very little control. The central one of these was the Uruguay round and the hesitation waltz between us and the Europeans on how it was going to be put together. The trade negotiators on both sides tended to dominate this process.

Working with trade negotiators is difficult, and working with European trade negotiators is even more difficult.

You probably are aware of the way that these negotiations take place. Both sides send forth their negotiators, who are very tough, smart people who know the issues, and who each seeks to out negotiate the other or to beat the other. They often have old scores to settle. And they will battle over symbolic points as well as substantive points. The negotiators go at each other for a long period and eventually they come to a point where they can go no further. Each goes as far as he is prepared to go and feels his or her instructions permit him or her. And at that time, the political people step in and say, "Okay, you fellows have done all you can. Strike a deal." Then it normally happens, except for the Russians. With the Russians, you try to strike a deal, and of the distance that's remaining, they want to take it all and you take nothing.

For the Community, there was nobody to step in. The negotiators reported to the Commission, who then reported to the Council. There was nobody who was accountable for the success or failure of the negotiations, as there was on the American side. Indeed, finding accountability on the European side was always difficult, and this caused resentment among the American trade negotiators.

Meanwhile, among the Europeans, there were negotiators, particularly some of the old-timers who'd been around in the ‘60s, for whom the test of manhood was the ability to hang one on the Americans and out negotiate them.

So there was always a lot of static among the trade negotiators. And even if people had good instructions and wanted to come to an agreement, these old animosities tended to make simple things difficult. And both sides, looking ahead, would put a lot of symbolism on solutions to simple problems.

We had one on EC subsidies on pasta, as a manufactured agricultural product. Since the EC internal prices for durum wheat are higher than world prices, the EC claimed the right to subsidize pasta exports to make up for the price differential. We contested the whole idea, it was a manufactured product primarily, not an agricultural product primarily. We negotiated for months over how the subsidy was to be calculated and how it was to be monitored. We were being fairly fastidious, careful, untrusting and stubborn, while the Europeans were being devious and less than candid. So that the negotiators were trying to outsmart each other. Now in this atmosphere our negotiators were reporting right back to USTR...

Q: United States Trade Representative.

ELY: That's right. So the negotiations were 80 percent out of our hands. And the European negotiators were reporting back to their faceless bureaucracy.

I was surprised and troubled by the fact that little things like this that I thought should be quickly resolved could not be resolved. And it was not in the power of the mission to do much about it.

In addition, as the deputy chief of mission, I was responsible for the administration of USEC, as it's called. USEC had no administrative section of its own. The three missions shared the combined administrative section called the JAS (Joint Administrative Support) Section.

NATO, in point of fact, also had a military administrative section, because it was a joint mission. And the military, boy, they took care of their people in a way the State Department never dreamed of doing. I don't want to exaggerate that, but we had continual problems.

The JAS was dominated by Flemish nationalists who were entrenched. There would been periodic scandals there as these entrenched people eventually...

Anyhow, these guys really thought the ambassador from Belgium was the real ambassador, and that my ambassador wasn't a real ambassador at all. He had the title, but he didn't have a country and he didn't know the King and Queen of Belgium. We consistently came off second or third best. This was a problem for me and it made my life unpleasant, because I was always negotiating with the JAS directorate. They always tried to cut us back, and they refused to acknowledge that what we were doing was important. Well, I don't think they knew or they cared to know what USEC did, which was infuriating. What we were doing was much more important than the bilateral embassy, which had little to do, particularly after the short-range nuclear weapons issue had been settled. We had almost no diplomatic business with the Belgians, while NATO was a world rather apart and didn't really depend on JAS. But we couldn't get very much from those people. And Kingon was such a loose cannon. Well, they would get to him and complain to him about me, that I was being unreasonable and pushy. Well, I was not. If got tough on the budget, that was a problem, if I didn't get tough on the budget, that was a another problem. It was a variant of the no-win scenario.

Anyhow, when Niles came, he immediately straightened those guys out. He'd say what he wanted. He didn't ask, he didn't even listen to their response, he just did it. And they said, Yes sir, and soldiered on, because they knew they were up against somebody who knew what he wanted and was going to get it. And he wanted it not for prestige, but in order to accomplish his mission, which he then proceeded to do superbly.

Q: Mike, you were there dealing with European affairs on the economic side at the time of the collapse of the Soviet empire. Eighty-nine was the great year of everything falling apart, and that had to have very strong reverberations in the EC and on what we were doing. Or did it?

ELY: Well, it did. In the Versailles Summit of June '89, as the East was coming...

Q: This was the economic summit.

ELY: The G-7.

Q: Which was major nations.

ELY: Yes, Mitterrand hosted it at the Arche in Paris, and put on a big celebration.

Q: Because it was the bicentenary of the French Revolution, the fall of the Bastille and all that sort of thing.

ELY: That's right. One of the main substantive results of that summit meeting was the decision to coordinate all aid to Eastern Europe--Eastern Europe initially, and eventually others of the ex-Soviet Union--through the European Community. All the European member states plus the United States agreed that we would work together jointly. This was done in part for reasons of efficiency and in part because the United States didn't have a lot of money, didn't know quite what it wanted to do, and felt that basically this was a European responsibility that would be best, at least in the first instance, assured by getting the Europeans to be formally responsible for it.

By that time, the EC-92 exercise was fully underway and the early fears of Fortress Europe were beginning to recede. We did a lot of indirect work on Fortress Europe.

Q: Would you explain what Fortress Europe meant?

ELY: Yes. The Europeans, as early as 1985, had decided that they would take the measures envisioned in the Treaty of Rome to form an economic union, and this they would do by the end of 1992. They didn't get agreement among all their national parliaments by '86, and the program didn't begin, in a serious way, until '87. Even then, it was hung up by the disputes among the Europeans, but particularly the British, over the budget and the financing of the agricultural program.

In Denmark, in the spring of '88, these issues which had been plaguing the Community for years were suddenly solved and fell away. People immediately turned to constructing the single European market, the unified market, with a target of implementing several hundred directives by the end of 1992. This involved basically converting the European Community into a single market for labor, goods, money, and people, which is a fairly complicated business. It involves dismantling of impediments to movement within the Community for these four factors. Indeed, there are still a few obstacles to the movement of people. For example, the British won't let European Community citizens in unscreened in Dover, for reasons that I can understand.

The immediate reaction was, well, gosh, if the Europeans are going to turn the EC into one market, very much like the United States (the single market is as unified a market as the American; in some respects more so), how will this be done? When they have to make a decision about whose ox gets gored; will it be the foreigners, or an open system?

By and large, under the influence of the Germans and the British, the single-market exercise was liberal and outward-turned. There were and still are several areas which cause acute concern in Washington. One was the financial services directive, in which the Europeans initially specified that they would require reciprocal treatment in order to give liberal treatment to foreign banks and financial institutions. The use of reciprocity in financial services was bitterly resisted by the United States. Our Treasury has always held to the principle of national treatment: you treat foreigners the same as you treat your own people, and because of regulatory prerogative, you don't talk about reciprocity. For example, the states in the United States have considerable

authority over banking and insurance. We could not give mirror-image reciprocity to the Europeans. They could take away access to their market on the argument that their access to the United States' market was impaired by the states. The Europeans winked and nodded and said, "Well, they were really basically aiming at the Eastern Europeans, the Chinese and the Japanese, not the Americans." That may have been true, but American banks were acutely concerned about the principle and the practice of this directive. Sir Leon Britton, who is now negotiating with Mickey Kantor, was the competition commissioner who had a big voice in framing this directive. He eventually intervened and watered it down to the point where there was a fig leaf of reciprocity but in such a way as to assuage the fears of the American financial community. Both sides seem to have come out all right.

There were several other issues, including European local content requirements for certain electronic components, particularly semiconductors; flirting with various kinds of industrial policies that took place (they were never actually implemented, but they appeared to be in the process of formulation); the fact that the Community maintained very substantial tariffs on electronic goods when we and the Japanese had gone to zero tariffs (this raised questions about their intentions).

On television broadcasting, the French pushed for and achieved the principle of national or European quotas, to assure European content to television broadcasting, a measure which we found both insulting, because it gave, say, the Portuguese better coverage in Europe than the United States, and protectionist, because it seemed aimed at the enormous quantity of movies we have stored away and which we were selling to the Europeans; and to reflect a French idea that American culture is basically bad, and Europeans should be protected from it and its corrupting nature by trade barriers.

Jack Valenti, the very powerful head of the Motion Picture Producers Association, visited Brussels several times. Dealing with Valenti is difficult; he's a very deft and skillful political operator with no particular interest in US-EC relations.

Meanwhile, the Europeans kept telling us, "Well, look, this is better than the 12 national systems that its replaces. The intent is not protective. We had to compromise somewhere. We went a long way toward your viewpoint. This is going to do you a lot of good; it is not going to hurt you."

Then Valenti would come back and say, "Well, on the principle, we refuse the idea that because films are made in the United States they might be excluded on the basis of geography from the European market." Both sides have merit in their argument. It still has not been decided.

At that time, the Europeans were debating about government procurement. This has turned out to be the issue that Kantor and Brittan are now trying to work out among themselves.

It's an interesting example of, on the one hand, the American side rejecting the Europeans writing into their 1992 directives a small amount of exclusive protectionism. They'd always had a lot of protectionism, but none of it had been explicit. It had all been informal, in government procurement. They didn't have rules like we have such as "Buy American." On the other hand, they never bought anything from us. We had rules about how, with certain kinds of contracts, we

provide advantages to American bidders. So the Europeans didn't win many contracts, but they won some. So they were basically doing better than we were: our sellers never won any.

They wrote this provision into their directive, and then offered to negotiate, to try to get rid of the "Buy America" stuff. This is trade negotiator footwork. They gave themselves a crowbar to pry open the American market, but they dared to be closed all these years. In these circumstances, it is very easy for both sides to become patriotic and assertive in defending their claims against the unreasonable foreigners.

This is, again, an example of small issues that, because of the footwork at the staff level, tend to escalate and become difficult to solve.

Similarly, the president reopened the Airbus issue.

The Airbus issue goes back a number of years. The Europeans basically shot their way into the international civil aviation market by heavy subsidies to a consortium of European suppliers that manufacture the Airbus. They did this in a way that was closely linked to industrial policy. They wanted the advanced technology that goes into making civil aircraft, as well as a part of the civil aviation market. It played to constituencies in France and Germany that were very strong. The Europeans just went ahead and did it.

Eventually, last July ['92], after years of negotiations, we came up with an agreement in which neither side agreed to the merit of the other's arguments but at least it settled the situation.

The president reopened that in February ['93], in Seattle, when he accused the Europeans of causing unemployment in the American aerospace industry. A lot more unemployment came from the depressed state of the worldwide air transport industry than from Airbus. But also, he [Bush] settled that thing last July and he [Clinton] reopened it in February, accusing them of the same things that we'd been accusing them of over the years.

They responded with the same arguments, that we had been cross-subsidizing from our military programs, which gave us an overwhelming advantage.

We said that they had put in $36 billion in subsidies, a figure that they contest and have American lawyers employed to contest a figure that they contest vociferously. There we were the way we were a year before, yelling about the figures and who struck whom until we agreed to put the whole thing to bed and go on to something else.

Q: As you were sitting sort of at the hub of the economic thing, looking at overall Europe and all this, were we getting intimations of basically the economic collapse of the Soviet Union?

ELY: Certainly not in Brussels, not where we were sitting. The Community at that time didn't even have an office in Moscow, and had no formal mandate to look at the Russian economy. We did pick up a lot from their visiting missions. They would go to Moscow to talk about various projects, or to Warsaw, Prague, or Budapest. There were exchanges, impressions, and information, but none of this was strategic.

There was the beginning of talks on Yugoslavia which was falling apart when I left.

The one big politically macro question that we did get mixed up in was the preparations for the intergovernmental modifications of the Treaty of Rome that took the form of the Maastricht Treaty, signed in December of 1991. The preparations for that were underway in 1990 when I left Brussels.

It involved essentially a two-track process of negotiating a Franco-German idea of an economic and monetary union, with a timetable, procedural steps on how this was to be arrived at, and a flanking set of measures which would lead toward a union with responsibilities for foreign policy and security and eventually defense.

Our colleagues in the NATO Mission were already getting uneasy about the defense aspects.

This is the one substantive issue that I'm still mixed up with today in my retirement activities with the Monnet Council.

The NATO alliance is probably the most successful alliance of its sort that we've ever experienced. And over a period of 40 years, the Department of Defense and the State Department had put their best people and their best efforts and a lot of money into making that alliance work. We provided people, leadership and money, but we were also careful not to dominate, not to run it like a bunch of Russians. We had and have an old-boy network, a unified command establishment, experience in working with each other, relationships of trust and understanding that have been built up over the years. And, indeed, NATO had turned into a really major asset for the Europeans and for the United States.

The only problem is it has no purpose. It has nothing to do now. It has succeeded. The reason for its establishment--that is, to counter the Soviet threat--has now disappeared; the Soviet threat is gone. There are other threats, different kinds, to which NATO barely responds, in some respects.

In 1990, my clash with the NATO loyalists in the State Department began when I sent off a telegram, with the encouragement of Ambassador Niles, saying that, Europeans were moving down the 1992 road, they're going into a Maastricht unification process, and sooner or later, they were going to come up with an idea for their own security and defense establishment. This was a long way down the road, but we should understand that it was coming. It would be a mark of manhood for a European Union. So when the Europeans start saying that they wish to develop for themselves a defense identity, we should understand this as a legitimate culmination of what the Europeans have been doing for a number of years, and the culmination of a policy direction in which we have either acquiesced or where we've encouraged them to move. In other words, a separate European defense identity linked to or even within NATO was something we should be thinking about.

Well, this turned out to be right, but the timing was off. The telegram never received a reply, and, indeed, the lack of a reply was emphatic. I had said something that nobody wanted to say, that the Europeans might want to get together a caucus within NATO, that they might want to

eventually put together some sort of arrangement within NATO. The NATO loyalists were appalled at this idea. In other words, the thought was good, but it went to the wrong people.

Q: Well, you left about when?

THOMAS M. T. NILES
Ambassador
European Communities, Brussels (1989-1991)

> *Ambassador Thomas M. T. Niles was born in Kentucky in 1939. He received his bachelor's degree from Harvard University and master's from the University of Kentucky. Upon entering the Foreign Service in 1962, he was positioned in Belgrade, Garmisch, Moscow and Brussels, and also served as the Ambassador to Canada and later to Greece. He was interviewd by Charles Stuart Kennedy on June 5, 1998.*

Q: It was called the U.S. Mission to the European Community?

NILES: At that time. Now, it is called the U.S. Mission to the European Union. As Assistant Secretary for European and Canadian Affairs, I decided that the name of the Mission should be changed after the December 1991 Maestricht Summit when the Europeans changed their name from "European Community" to "European Union."

Q: You were there from when to when?

NILES: July 1, 1989 to September 1, 1991. It was to have been a three or four-year assignment, but it was cut short in 1991 when we had a musical chairs routine that started when Henry Catto, who had been Ambassador to the UK, decided he want to leave London to come back to Washington as Director of USIA. He replaced Bruce Gelb, from Bristol-Myers, who came out to Brussels to be Ambassador to Belgium. Ray Seitz, who had been Assistant Secretary for Europe and Canada, replaced Henry Catto in London; I went back to replace Ray as Assistant Secretary; and, finally, Jim Dobbins, who had been Ray's Principal Deputy, came to USEC to replace me. Ray Seitz had been DCM in London from 1984 to 1989 suddenly went back to London as U.S. Ambassador to the United Kingdom. He was the first career officer, in history to hold that job and probably will be the last, the way we are going, to serve in that position. Ray's departure left open this job as Assistant Secretary for Europe and Canada. I resisted the assignment when the Director-General raised it with me, but when the Secretary of State calls and asks you to do something, you do not say "No." I told the Secretary that I had some important things going on over there, such as the Uruguay Round, and asked whether it would be better for me to stay. Secretary Baker said, "No, I think it would be better if you came back to Washington." I said, "Well, that probably is the best solution, Mr. Secretary. Thank you for your confidence in me." That was the way that went.

Q: When you went out there, could you describe what the USEC was at the time?

NILES: The relationship?

Q: No. I am thinking of the mission itself, and then we will talk about...

NILES: At that time, the Mission was of medium size as our foreign establishments go, and growing. In part, that was because people in the U.S. Government were beginning to understand that USEC was really an important place, and that the European Community, whether you thought it was good for the United States or not, was something that was: (1) here to stay; (2) probably a growth industry; and 3) of growing importance for the United States. Several U.S. government agencies that previously had never thought of having any particular interest in the E.C. or in the Mission to the E.C., suddenly wanted to have their people there. One thing I had to do was to manage the pressures from other agencies, not the State Department, to expand the Mission. The growth phase of USEC began in the early 1980s when Bill Brock very wisely decided that he needed someone from USTR there. I think Tim Bennett was the first USTR representative on the USEC staff.

Q: Trade representative.

NILES: He was the representative from USTR on the USEC staff. We had a USIS office, of course, for some time. By the time I got there, a very able officer named Chris Marcich was the USTR officer. He now heads the MPAA office in Brussels. The Departments of Agriculture and Treasury had offices in USEC, and the first issue on my plate was Commerce Secretary Mosbacher's decision to station USDOC officers there. Given Mr. Mosbacher's close ties with President Bush and Secretary Baker, I was not in a position to resist. Initially, Secretary Mosbacher tried to get a couple of Texas businessmen to come over and take the job, but I managed to discourage that. The businessmen quickly realized that it really wasn't the job that they wanted after they came over and looked at it. USDOC finally did the right thing and assigned Jim Blow, one of their top career professionals to USEC as Commerce's first Minister-Counselor at the Post. It was great for me since Jim had been my Deputy in the Moscow Commercial Office from 1973 to 1976 and my Commercial Counselor in Ottawa. While I was there, other agencies began to look at USEC, including, of course, the intelligence community. Shortly after I left, officers from the FBI and CIA were assigned. So, USEC grew while I was there and it has grown considerably since I left. While I was there, we almost doubled the floor space. I managed to get new space in the same building. When I arrived, we had one floor, and then we move to two floors in the same building. Now, I gather that they have moved to another building in order to obtain more space. USEC, now of course USEU, has become an even more multi-agency mission than it was when I was there, and we had quite a few agencies represented by the time I left. When I arrived, I found that USEC had no classified word processing because we could not establish the necessary "zone of control" required by State Security. This was an impossible situation, and one of the reasons why I pushed for the move to different space was because it involved the top two floors in the building. This satisfied the "zone of control" requirement for the top floor, as long we were able to control access to the roof, which we were.

One of the best things about USEU is that it is a totally "substantive" mission and has no Consular or Administrative Sections. Embassy Brussels handled consular affairs, and in Brussels

we have a combined administrative section for the three embassies: USEU, U.S. NATO and the Mission to the Kingdom of Belgium. In a way that was good because I did not have to worry about those issues, but it had a bad side because the employees in the Joint Administrative Section were really working, in the first instance, for the Ambassador to Belgium. So, on occasion, I had a little trouble getting the kind of administration services my colleagues and I needed.

Q: Your DCM was who?

NILES: When I started off, my DCM was Michael Ely, who had been there with my predecessor Al Kingon. Mike stayed on for one more year with me. Then, Tom Weston came for my second year. Of course, we had planned to spend more years together than that but the personnel changes I mentioned earlier intervened. Tom stayed on with Jim Dobbins, who replaced me in 1991.

Q: I interviewed Mike Ely and he said during the time he was your Deputy, the problem was that you knew how to run an Embassy, and he didn't have anything to do. That was a compliment to you. He said that you didn't really need a Deputy.

NILES: I'm sorry to hear that because that means I wasn't using my resources very well. Mike was a great support and a big help to me in Brussels, and a good friend. Every Ambassador needs a Deputy like Mike, and you want to use that capability well.

Q: I think Mike probably had...

NILES: I think it was obviously different for him, moving from Al Kingon, who was an outside guy.

Q: Yes, someone who had already been an Ambassador to a major country.

NILES: I think what Mike may have been thinking about is that as DCM, the care and feeding of a career Ambassador is considerably less time consuming than if you have a political appointee, as he did during his first two years at USEC with Al Kingon. There are some political appointees who don't require all that much special attention, but many of them do.

Q: In a way, you were representing the United States at what was essentially one of the key elements of American foreign policy since 1945, and that was to keep the French and the Germans from fighting each other, and dragging us in. That was what the whole thing was about. By this time, however, as you have already indicated, it was maturing. This cornerstone of American foreign policy... When you went out there in 1989, were we beginning to rethink this and wonder whether we were creating an economic monster that is going to bite us. Was there a concern at that time?

NILES: I'm sure some people felt that, but I didn't. I wouldn't describe it exactly as you did, although preventing another war between France and Germany was certainly an objective. But we had a broader view, which included promoting the reconstruction of Europe and creating a

partner in a unified Europe. Initially, we felt that reconstruction was most likely to be accomplished if the Europeans worked together. So we used the Marshall Plan assistance and the leverage it gave us to force the Europeans to plan and implement the reconstruction program together. In doing so, we helped to sow the seeds for European integration, and that is something of which we can be very proud. By the time I got there, the European Community was a flourishing organization. It had its problems and still does, but no one questions its existence. You could argue that as a result of our efforts we have built up a potential competitor, or a real competitor in some areas, but we also built up a stronger partner. We can't have it both ways. We going to have to accept the fact that, in some areas, particularly in some commercial areas, the European Union is going to be competitive with the United States, but that competition, as long as it is fair, is beneficial to both of us. I think, to a degree, the intensification of the process of globalization, which we see going on particularly between the United States and Western Europe, is changing the conditions of much of that competition. Determining the "nationality" of a product or even a company today is not easy. Developments such as the merger of Daimler-Benz and Chrysler, for example, and the incredible interconnections that we see in the high-tech industries such as electronics, pharmaceuticals and so forth are creating one North Atlantic economic area with one industry linking Europe, Canada and the United States, with Japan increasingly joining. That is the way we are going. There are some areas, commercial aircraft, for example, where we are still fiercely competitive and we have to continue to compete and insist that the Europeans play by the rules, which we have done. I think it has been a wise policy, and it has been a successful policy. It is a policy that American Presidents since President Truman have followed, encouraging European integration. President Clinton continued that policy and I hope President Bush will have the wisdom to do the same. There were those in the Bush Administration when I was Ambassador there who felt that it had all been a big mistake and wanted to slow this process down. That was very much a minority view, and nobody paid much attention to it, fortunately.

Q: There are a number of issues to follow, but why don't we start with the fact that you arrived in the year of 1989, which was an earthshaking year.

NILES: Well, it was. We didn't know when I got there exactly how earthshaking it was going to be. When I got out there, things in Europe seemed to be more or less intact. Interestingly enough, at the Paris economic summit in July 1989, President Bush and the other leaders agreed on a new program to assist Poland and Hungary. That was one of the things we built during my time there, a structure for cooperation between the United States and the European community within which we coordinated our assistance programs, first to Poland and Hungary and then to the other countries that overthrew their Communist systems. As the year progressed, we had the tumultuous events in Germany beginning in August 1989 when the East Germans vacationing in Hungary were allowed to go the FRG. Then the same thing happened in Czechoslovakia. Interestingly, when the Hungarian government declared that its 1968 agreement with East Germany, under which all East German tourists had to return to East Germany, was no longer valid, they cited the 1975 CSCE Agreement. That gave all of us who had worked on that process since 1972 an enormous sense of accomplishment. Then we had the extraordinary events of October and November in Germany, with the breaching of the Berlin Wall on November 8, 1989. In December, we had the fall of the Communist governments throughout Eastern Europe, culminating in the Christmas overthrow of Ceausescu. It was a truly amazing set of events. Then,

we and the Europeans reacted in a sensible way by setting up a mechanism for coordinating our programs to assist these governments as they embarked upon a process of democratization and building free market economies. That is a process that goes on to this day, but we started in 1989. Secretary Baker was very much involved in that.

Of course, we also had a host of other issues. We had the Uruguay Round trade negotiations, which were not going to well, largely due to disagreements between the United States and the EC on agriculture, and were very complicated. They were scheduled to end, but actually did not, in December 1990. We had a number of serious trade disputes with the European Union, particularly on food products and agriculture. In the commercial aircraft sector, a very difficult negotiation underway involving subsidies for Airbus. But at the same time, the European Community was going through its own internal development process, which culminated in the December 1991 Maestricht Agreement on economic/monetary union and the formation of a political union. At that same time, the United States was in the process of rethinking our relationship with NATO and with the European Union in the security area. Secretary Baker, for the first time, in a speech he gave in Berlin in December 1989 to the Berliner Pressekonferenz, expressed the view that we would be prepared to cooperate with the European Union in the security area if the European Community were able to get its house in order on the security side. I got an advance copy of section of the speech on security cooperation from the Department, and went in and showed it to President Delors. He was absolutely ecstatic about it. I rarely saw him so enthusiastic about anything. He said "Secretary Baker has shown us the way." That marked an important step in the work, which continues to this day, to develop a security relationship between NATO and the European Union. We have made a lot of progress, and it really started then. It was difficult, primarily, because of the French position, as usual. But, we have overcome many of those difficulties, and today we have a fairly good system in place to cooperate with the European Union within the overall NATO context.

Q: In a way, we have had, for almost 50 years, an apparatus, a NATO military thing, in which we have troops well integrated in with other European troops and NATO. What is the big deal about switching it over to the European community from NATO?

NILES: It wasn't so much a question of switching it over. The question, as we posed it in 1989/1991 period, was whether the European Union would develop its own separate security institutions parallel with, and in a sense, competitive with NATO or whether, in some way, we would find a mechanism whereby the European Union could develop its security capabilities within the framework of NATO, perhaps using the Western European Union, which had been set up in 1948 under the Brussels Treaty. The crux of the discussion was whether the European Union was going to have a security capability parallel to and separate from NATO or whether we were going to do this in a way that preserved the NATO framework and allowed the European Union to act as a European Union when the United States, for whatever reason, decided not to participate in a given military operation, but within the context of NATO and using NATO assets in the command, control, communication and intelligence areas (C3I). Secretary Christopher used the expression "separable but nor separate" to describe the relationship of the United States and EU military forces within NATO. What that meant was that, as necessary and as appropriate, NATO capabilities could be used by the Western European Union for specific operations if the United States, for whatever reason, decided it would not participate. This lead to this concept of

the "Combined Joint Task Force" within NATO, which, in theory, at least, would mean that NATO capabilities in the command, control, communications, and intelligence areas would be made available to the Western European Union for some operation. An example of this would be a humanitarian operation in Africa if the United States decided that it didn't want to take part in the Combined Joint Task Force. Defining exactly how this would work is not easy, particularly because of the French position. If it had not been for the French, we could have solved all this in six months.

There were some points along the way where we signaled the Europeans that we thought they were getting a bit out of line. One came in February 1991, when we got some pretty stiff instructions from Washington which told us to go in and read the riot act to the Europeans. The reaction was not too positive, and afterwards the question came up of who had written these instructions. No-one in Washington would take responsibility for them. It was as if the telegram had, somehow, written itself. Some tried to pin it onto Reggie Bartholomew, who was Under Secretary for Security Assistance. Others attributed it to Jim Dobbins, who was the Principal Deputy Assistant Secretary for in the European Bureau. Everybody ran away from this demarche, which, as I told the Department, reflected an unbalanced view of what the Europeans were considering. They were reacting to some things that the French had said that didn't reflect the overall European position. The debate within the European Community about the defense role for a unifying Europe had been going on for a long time, and was intensified by the move toward the Maestricht EC Summit and its consideration of proposals for monetary and political union. The European Community was in the process of transforming itself into the European Union, and it announced to the world that the Union was going to have a common foreign and security policy. That raised the obvious question about the relationship with NATO. That is what really gave the issue, which had been around for years, much greater prominence during 1991. And the debate goes on today, but a great deal of progress has been made in developing pragmatic solutions that enable NATO to continue as the principal vehicle for both European and Atlantic defense cooperation while the European Union continues the development of its own unique capabilities, within that general framework. One of the vehicles for cooperation is the so-called "Combined Joint Task Force," which was agreed at the NATO Madrid Summit in July 1997. In brief, this arrangement would involve a situation in which the United States decided not to participate in a given military operation and it was taken on by the European Union, relying on NATO capabilities in areas such as command, control, communications, intelligence and, perhaps most important of all, air lift. The fact remains that the only country that can move large numbers of military personnel and their equipment long distances is the United States, and that is not going to change anytime soon. We haven't yet had a Combined Joint Task Force in which the United States has not participated. When we do, it will be an interesting test.

Q: We are talking about the time you were there, 1989 to 1991. You keep talking about the French. Was it your impression that the French essentially were using the European Community to separate the United States from a military role in Europe?

NILES: The French always denied that, and I would agree that for many French officials, that was not their objective. But what I used to tell the French, in Paris, in Brussels and anywhere I could find them, was that, as a practical matter, their policies were having the effect of making it more difficult for us to maintain the U.S. military commitment in Europe. The French

approached the issue from another direction. They said, “Look, World War II ended in 1945, and it is now 1991. Are you guys going to stay here forever? No, you are not. Sooner or later, the United States is going to pull the plug on its military commitment to Europe and Europe has to be ready to deal with that.” My argument to the French was: “You are establishing a self-fulfilling prophecy. Do you want the United States to do this?” The French response was always, “No,” to which my answer was: “Okay, fine. Why don’t you take a look at your policies because what you are doing is having the practical effect of making it more difficult for us to argue in favor of this continuing American commitment.” It was essentially a circular argument. They never accepted my logic, and there were, and are, significant forces in France that want us to leave and would like to see NATO disbanded. But even those French officials who supported a continued U.S. military presence in Europe believed that a U.S. withdrawal was inevitable and that Europe had to prepare for it. I told them that the process of preparing for it was going to help make it happen. It was an impossible argument with the French. The French would deny to their death that they were interested in this outcome. I argued with them that by what they were doing, they were promoting it.

Q: Just from a passive view from the United States, in reading the papers, it sounded like the French wanted to create a European force and make our contribution non-essential.

NILES: To begin with, you have an anomalous situation in which the French are not formal participants in the integrated military structure of the alliance. For a time, one other country - Spain - was in that same anomalous situation. When Spain came in the Alliance in the late 1970s, they did not bring their forces into the integrated military structure, but they have now done that. Part of the problem that we had, and still have, in Europe was a practical consequence of the fact that the French formally were not in the integrated military structure of NATO. There had to be some way to take into account the fact that the French were different. We danced around that dilemma for many years. As a practical matter, from 1966, when de Gaulle pulled France out of the integrated military structure of NATO, until 1989, when I arrived at USEC, a great deal had changed in the French relationship with NATO. While the French forces were not integrated in the same way that the German and other forces were integrated into the military structure, the links that had been built up between SACEUR, always an American officer, and the French general staff, were very tight. NATO cooperated with the French bilaterally in all kinds of things. Basically, France was a part of the Alliance, militarily and politically, but in strictly legal terms, they were not. Whatever the practical reality might have been, formally they were not part of the NATO military structure. It was a cause of immense frustration for us and for others, and probably for the French, too. It underlines the fact that in U.S./European relations, sometimes you can’t do it without the French, but you can’t do it with them, either.

Q: I would have thought, too, that a sub rosa argument would be, “Okay, France, if you get the United States out and you have a European Army, whose Army is going to be bigger?” All of a sudden, the fell growl of Germany comes in.

NILES: There is no question that the change in the French position, which took place during the 1990s, was motivated in part by German unification and the realization that there was no more equality between France and Germany. France has now 58 or 60 million people, but the Germans have 82. They are comparable, but the Germans now are the much stronger country, despite the

fact that they have this big internal economic development projected called “The Former East Germany” or “the Eastern laender.” The disappearance of Francois Mitterrand had something to do with the change in French policy. The fact is that President Chirac and his government under Prime Minister Juppe in 1995-1996 period favored the formal reintegration of France into the integrated military structure of the NATO Alliance, if certain concessions were made on the NATO side. They tried to use that as a lever to get control over the command at AFSOUTH in Naples, which we refused to relinquish, and other Allies agreed with us on that. Ultimately, the French decided that they couldn’t go ahead without that concession. But it was clear that Chirac and Juppe, during the time of the Center/ Right Government, favored reintegration. I think, by that time, a majority of the people in France had come to accept that position. With today’s government, a coalition between the Socialists and Greens that depends upon the parliamentary support of the Communists, such a move would be impossible. Still, relations between NATO and France, and between the United States and France in the security area are better today than they have been at any time since 1966, or maybe even before that, because we had a lot of problems before 1966.

By the way, let me just make one other point. The fact that this issue was so important during my tenure as Ambassador to the European Community demonstrates the reality that the US/European security relationship is also an issue between the United States and the European Union and that the Union is inevitably going to assume a role in this area. I’m sure that for all of my successors, going back to 1958, never got into the security issues to the extent I did. I know that my immediate predecessor, Al Kingon, did not. That was an important change that occurred during my tenure there. It was sparked by developments in and around the European Union, including the extraordinary changes in Eastern Europe. An example of this is German unification and the movement of the European Union toward what became the Maestricht Treaty in December 1991.

Q: You did have this American involvement in Europe, which was sparked by the threat of the Soviet Union. Really, from December 1989 on, that threat no longer was a very credible one. Were you dealing with how are we going to keep the United States in here?

NILES: The issue of the future of NATO and the future of the United States’ security commitment began to come up during my time there, but not to the extent it did later. The Soviet Union still existed, even though it was clear that east/west relationship was changing radically as the threat from the East clearly diminished. But did not diminish was the sense of uncertainty about the future. By 1991, we were into the crisis in Yugoslavia. At the time I arrived in July 1989 there were people in Brussels who were concerned about developments in Yugoslavia, including the Yugoslav Mission to the European Community, which was headed by an interesting guy named Crnobrnja, who now lives in Montreal. He had been a close associate of Milosevic but had broken with him over the Kosovo issue.

In any case, the basic rationale for NATO, for a United States’ troop presence in Europe, changed while I was there from dealing with the immediate military threat from the Soviet Union and the Warsaw Pact to dealing with an uncertain security environment around Europe. The Gulf War was part of that, as was the unsettled situation in the Middle East. But the situation in the Central and Eastern European region, including former Yugoslavia, was becoming a source of

anxiety. All of these areas are in close proximity to Europe, and the Europeans were appropriately concerned, as were we. Under these circumstances, the NATO alliance became, in a sense, an insurance policy. It always had been that, but that aspect became more prominent as the Cold War faded. There was a logical question, of course, as to why we still needed NATO and why we still had 317,000 troops in the NATO area, give or take a few thousand. Now, we are down to around 105,000 or so. So, we are down by more than two-thirds.

I characterized the NATO alliance at that time, and I would do it again today, as similar to your homeowner's insurance policy. You are a homeowner and you have an insurance policy on your house. Your house hasn't burned down for 50 years, but you keep paying the premium on it. NATO, in a sense, is the premium on a homeowner's insurance policy. It makes sense to continue to pay that premium. Fortunately, for the United States, the cost of that premium has gone down enormously. If that annual premium in 1989 was $60 billion (this included the direct costs of our NATO commitment 317,000 troops in Europe and all the ancillary structure you needed to maintain that structure), we are now down to a less than one-third of that. It is a wonderful example of how your insurance policy can pay a dividend. NATO paid us an enormous dividend, we still have the insurance policy, and the premium has gone down two-thirds. I can't imagine a better deal.

Q: There was a U.S. mission to NATO. What was your relation to that?

NILES: That is a good question. One of the things that I tried to do while I was there was to build closer links between USNATO and USEC. There was a tendency on the part of some of the people at USNATO to see USEC as the competition. I wanted to avoid that. Fortunately, I had good relations with Will Taft, who was my counterpart at USNATO. I think we managed to get the idea across that we were not competing and that NATO and the European Union should work together, and that USEC and USNATO should set an example. We started regular meetings. I encouraged our Political Section to get together and talk about all these issues with their USNATO colleagues. Will Taft and I, with our DCM's would have periodic luncheons and breakfasts. We really managed to work well together and to instill in our Missions a sense of joint purpose.

Q: You mentioned that when you arrived, one of the earliest things was an outreach to Hungary and Poland. This was before they were even able to shake themselves off of what had been known as the Soviet bloc.

NILES: This began with the G-7 Summit in Paris in July 1989. Poland and Hungary were still Warsaw Pact countries and they both had quasi-Communist governments, but it was clear that they were moving away from their former orientations. The Hungarian government took an incredibly important step in August 1989 when it announced that its 1975 CSCE Treaty commitments calling for freer movement of people nullified an agreement they had signed in 1968 with the GDR under which all GDR tourists who went to Hungary could only return to the GDR. Gyula Horn, who was Foreign Minister in the Nemeth government, was largely responsible for that decision, which led to the fall of the Berlin Wall three months later. You may remember Gyula Horn from Belgrade. He was a junior officer in the Hungarian Embassy in Belgrade from 1963 to 1965. When you met Gyula Horn, he would say, "I am not a diplomat. I

am a representative of the Central Committee Secretariat of the Hungarian Socialist Workers Party. So don't get me wrong here." Everybody said, "That's fine, we don't care." So, this guy ultimately became the Secretary for International Affairs for the HSWP and was Foreign Minister by 1989. He was the guy who drove one of the stakes into the heart of the Warsaw Pact and the GDR by opening up the border for the German tourists and taking down the barbed wire. I have a piece of that barbed wire, cut down from the border between Hungary and Austria.

Q: That was the real beginning.

NILES: That was it. In July, at the Paris G-7 Summit, the seven heads of state/government plus Commission President Delors took the important decision to begin the program of assistance to Poland and Hungary. Delors, by the way, played an important role in this. He was a leader of vision.

Q: This was the European Community which was going to help Hungary and Poland.

NILES: Yes, but together with the United States.

Q: How did we fit into this?

NILES: We had our own program, the so-called SEED (Support for Eastern European Democracy) program. They had their program, which was called PHARE (Poland and Hungary Assistance in Reconstruction by Europe). In money terms, their program was much bigger. This was one of the realities of the post-Communist era in Europe, that the United States has not been able, either in Eastern Europe or in the Soviet Union, to come forward with the kind of money that was really needed to assist these countries. Fortunately, the Europeans were able to pick up the bulk of the burden. You could say, as we did, that the Europeans were able to provide this assistance in part because the United States had helped them in 1947-55 with the Marshall Plan. If you look at the programs for assistance to Eastern Europe and the former USSR, I would say that the division of labor has been roughly 80% Europe and 20% US. That does not take into account the assistance from the International Financial Institutions, where we have a large quota, but still only about one fifth of the total. The total European share in the quotas of the Bank and the Fund, and the EBRD, is much larger than ours. We coordinated our programs with the EU so that we weren't stepping on each other's toes, each trying to do the same thing. We talked in advance about what kind of programs we were going to undertake in each country. It worked out quite well. Ralph Johnson was the first coordinator of that effort, in working with Ray Seitz. He was one of Ray's deputies and stayed on as a deputy with me when I came back as Assistant Secretary. He is now Ambassador to Slovakia.

I had an interesting insight into the nature of the problem very early on. This was in January 1990, immediately after the revolutions in Eastern Europe. The area was clearly in the stage of a major transformation with extraordinary opportunities for the West. German unification was clearly going to happen. The so-called "2+4" four process began that month, January 1990, at a CSCE meeting in Ottawa. In any event, we had a session in London of the semiannual meeting between members of the European Parliament and the US House of Representatives. The meeting was in London because the British had the EU Presidency during that six-month period.

In the second half of 1990, the European Parliament delegation went to Washington. A major topic on the agenda in January 1990 was what should the US and the EU do to respond to these extraordinary developments in Central Europe. The European Parliament representatives opened the session by talking about the need for a new Marshall Plan. Now, keep in mind, this was a House of Representatives' delegation consisting of members who were interested in international affairs. They were interested in Europe. They wouldn't have been there otherwise. These were not members of Congress who were inclined to say "no" to all kinds of foreign involvement. But the reaction on the part of the United States Congressmen was very negative to the idea that we would come forward, once again, with a big assistance program. Their position was that the US had undertaken what they called "the first phase of the reconstruction of Europe" with the Marshall Plan but that Europe was responsible for "the second phase of the reconstruction of Europe, which begins now." The US members of Congress said that the US would help, but Europe had to take the lead this time. There was some grousing on the European side that the Americans were shedding a burden, but in the end, the Europeans did it. But, that was the attitude then, and now.

Some experts claim that the Bush administration failed in 1992 because it did not come up with a big assistance program for Russia, Ukraine, and the successor other countries. My answer to that is that we had no chance of a big assistance program through Congress at that time. What we did might not have been the best alternative, but it was the only one we had, which was to involve the international financial institutions in a big way. That is why the IMF and the IBRD are out there. This was Bob Zoellick's idea and I think it was a very credible response. Bob realized that after we had done some consultations on the Hill that the Administration was not going to get big resources from the Congress to help in the reconstruction of the former Soviet Union. We had to find some other sources, and they were Western Europe, Japan, Saudi Arabia, and other oil producers from the Gulf, and even South Korea. We passed the tin cup and coordinated the effort. Secretary Baker hosted a Conference in Washington in January 1992 to coordinate assistance to the former Soviet Union. Our part of it was not very big, which was somewhat embarrassing. But we used to tell other countries that we had no choice in view of Congressional attitudes.

Q: During the time you were at the mission there, how did you feel about the attitude of the European representatives? Were they indicating that they wanted more power, but yet wondering what we were going to do about it? In other words, did you feel you were trying to press a reluctant baton, which they were reluctant to pick up, or not?

NILES: Yes. They were reluctant, for a number of reasons. First, they didn't want to pay the price of leadership, although ultimately they bit the bullet and accepted it. They also disliked the fact that even though they were paying the largest share, the United States got the credit, or at least what they felt was a disproportionate chair of the credit. They had a good case there, there is no question about it. We probably did take too much of the credit. They also institutional problems in that their structure didn't enable them to do some of the things that they wanted to do. This was particularly obvious in the case of former Yugoslavia. The Europeans, specifically the Dutch Presidency of the EU, told us in July 1991 that they would take the lead on Yugoslavia. Hans Van den Broek, who was Foreign Minister of the Netherlands, made this commitment when he met with Secretary Baker in Washington around July 10, 1991. They should have realized that they could not take the lead because, first of all, they didn't agree among themselves

about what should be done and they had no mechanism for settling these disputes within the European Union. It was an idle, empty pledge on the part of the Dutch, but it was not a pledge that was given in bad faith. They really thought they could do it, and we hoped they could. There was at that time a sense that the "hour of Europe" had arrived, as Jacques Poos, the Foreign Minister of Luxembourg, put it. It turned out that they couldn't. This more active European role in international affairs as the European Union has been a hard thing to implement, but it is a reality in some ways. It is less than what the Europeans had hoped, but it is certainly more than what it was.

Q: At the time, when you were at your Mission, European economic cooperation was the easy part. Money, economic things can be integrated in a way the major companies are integrating, and all. But, when you get around the politics, the idea of having a Parliament decide whether Europe goes, particularly when you have people like the French and the British, did you see this as a practical thing? Was this a hope? How did you see it at the time?

NILES: Let me say that I think you are absolutely right. The European Union has made tremendous strides in the area of economic policy coordination, particularly in the area of trade policy. They still have their problems, and there are still areas where more needs to be done, such as tax policy for example, but they made a great deal of headway. They made much less headway in the area of political cooperation, and in foreign and security policy they have made least of all. I think this reflects the fact that national governments are loathe to relinquish responsibility for these attributes of sovereign countries. The Europeans agreed, shortly after I left, at the Maestricht EU Summit in December 1991, to move to the next stage of economic integration, which was called economic and monetary union. They also agreed to form a political union, which included greater powers for the European Parliament. That agreement has still not really resulted in what its supporters had hoped. The European Parliament has more responsibility, particularly after a second inter-governmental conference that concluded in 1997. The union has become a bit more cohesive in the political area, but with the move into monetary union on January 1, 1999, you are going to have a very wide gulf between the extent to which these European countries participating in the monetary union have unified their systems and what the 15 have done in the political area. This is what Chancellor Kohl feared prior to Maestricht, namely that you would have a serious imbalance in the Union between the degree of progress in the economic/monetary area and the political area. He warned against this, but in the end he agreed to go along under pressure from Mitterrand and Delors. The European Central Bank in Frankfurt began operations on the January 1, 1999, for 11 countries, and Greece plans to come in on January 1, 2001. Who controls it? Basically, it is pretty much on its own out there.

Q: Like a Federal Reserve?

NILES: The ECB is much more independent than the Federal Reserve. It is on a par in this respect with the Deutsche Bundesbank, which is the most independent of all Central Banks. The Central Bank, in a way, doesn't answer to anybody because the European Union has a big deficit in the political area, which should parallel the structures that they developed in the economic, monetary trade, financial area. I think this is going to be a problem, particularly if economic conditions worsen, which they may well. One of the things we and the Europeans need to worry about is that the implementation of this extraordinary change in Europe that began on January 1,

1999, may take place during poor economic conditions. The last couple years, things have been great, better and better. When we look now, it is hard to say that the outlook is quite so good. So, I am a little bit worried about that. I think the Europeans should be too.

Q: At the time, what was your impression of the caliber and the future of the European Parliament?

NILES: Dreadful. In terms of caliber, it was a very mixed bag. You had some distinguished statesman, people who were, in most cases, near retirement, and some very promising younger people who were just beginning their careers and who might dedicate all their political life to the European Parliament, or might, if the Parliament didn't seem to be going anywhere, go back to their National Parliaments, after they made a name for themselves in Strasbourg. My short hand explanation of the European Parliament was that if you have a body like this which has no real responsibility, it will act irresponsibly. That is basically what happened. The European Parliament has generally behaved in an irresponsible way. They have passed all kinds of resolutions, laws and regulations in areas where they did have some responsibility which caused great problems for the European Union. One of our longest standing trade disputes with the European Union involves their regulations which forbid the import of beef from cattle that had been given growth enhancing hormones. There is absolutely no scientific data that would suggest that these hormones are dangerous, that this beef is dangerous to eat, or that the animals suffered. But, the European Parliament decided back in 1989 that they didn't like this. They passed a ban under the guise of protecting public health. At that time, the Commission and the Council had the authority to override the Parliament, but they declined to use it. This ban became European law, and now we are in this big trade dispute, which has been going on for 10 years with the European Union. The European Parliament is constantly doing things like this. One of the reasons it happens this way is because the European Parliament 550 prominent political people sitting in Strasbourg in great luxury, drawing big salaries with big expense accounts. But, they don't have anything to do compared with the national legislatures. And they go off and do half-witted things. If they were given greater responsibility, I think they would behave more responsibly. Given no real responsibility, they tend to behave irresponsibly.

Q: My looking at this, as a non-economist and all, looking at the European Union, Community at that time, as a competitor, it seems to me that we have a certain advantage which won't dissipate. That is that you have this bureaucracy that is building up, making all sorts of demands, economic rules and regulations.

NILES: European Commission?

Q: European Commission, trying to bring everybody into line and a big bureaucracy that means...

NILES: It is pretty small. People talk about this bureaucracy in Europe, which is growing, and it is large, in absolute terms, but consider that you are talking about a Union with almost 400 million people, the European Commission, the bureaucratic mechanism in Brussels, is pretty small. Of course, then, you have 15 national governments, which have not downsized, behind them. This is one of the things that is wrong with Europe. As the European Commission has

taken over more and more responsibility in the policy making area, I don't have the impression that the European governments have cut back on their own bureaucratic structure very much, if at all. For all I know, they may be growing. It would be a normal function of bureaucracy. What these European governments should do, is that when policy responsibility for a given area is transferred from the national governments to the competence of the European Union, they ought to cut back on their staffs in national capitals. It hasn't worked that way. Compared with the European governments, I would say that the Commission staff is fairly lean and mean, although they get a bad rap from various people for living high and having big expense accounts.

Q: Beyond that, did you see that there was a tendency for overgrowth of regulations within this or not?

NILES: Really, no. The principal of the European Union, and they generally follow this, as one with the terrible name of "subsidiarity." "Subsidiarity" is Euro-speak which means that you regulate an activity at the lowest appropriate level. The only things that you need to regulate at the European Union level are really rather special areas that affect the Union as a whole. Even there, you can delegate responsibility down to the member states, for example. Although the Commission is accused from time to time of being engaged in an enormous power grab, I don't really see it. At least while I was there and in my subsequent observation of the European Union, albeit from a distance, I really didn't see that happening.

Q: What were our principal disputes or concerns during this time you were there?

NILES: Well, I have talked about several of them. We talked a lot about the political side, particularly the NATO-EU relationship. We had the GATT Uruguay Round negotiations, which began in 1986 and were slated to end, but did not, in December 1990 in Brussels. We had an unsuccessful ministerial conference in Brussels in December 1990. We couldn't agree on agriculture. We had everything else more or less worked out. Within the Uruguay Round negotiations, the principal dispute between the United States and Europe was over agricultural subsidization. We had a number of major trade disputes with Europe, most of which involved agriculture in one way or another. I mentioned the beef hormone issue. It is a small amount of product, but it was a very sensitive issue. We had big arguments with them about things like corn gluten feed, a product most Americans have never heard of, and never will. It is a by-product of the production of high fructose corn syrup. It is a fairly high protein content. It is a by-product, and in a sense is worth nothing. If you can sell it for a nickel over transport costs, that is a profit to you. We were exporting a lot of that Europe and Europeans thought that was unfair. We had a zero tariff binding from the Kennedy Round GATT Agreement in 1967 on that product and on soy products. The Europeans kept trying to find ways to get out from under those zero tariff findings. We fought them tooth and nail to preserve that access. We had already lost our markets in Europe for wheat and corn. In the 1950s and 1960s, those sales had been fairly substantial. They were killed by the Common Agricultural Policy of the EC/EU.

Q: Why had we? When you think of Europe, it doesn't really have a lot of land. Wheat and corn take a lot of land.

NILES: Well, they do. This is a classic example of a bad policy decision. In 1967, the European Community, made up of six members, made a terrible decision. They decided to apply, in most cases, German agricultural prices across the board. German agriculture was relatively inefficient and based on small farms, and the prices were high. In France, the prices were relatively low, the farms were larger, and productivity was higher. So, immediately you had this extraordinary upsurge of grain production in France. As you go around France today, particularly in the Isle de France area around Paris, which is flat with big fields and so forth, it is like Kansas. It is extraordinary. Big farmers in France are making tons of money. These big farms have accumulated thousands of hectares of land in that area. They are used to grow wheat and some corn, but mainly wheat. The European Union has become a major wheat producer. They have applied all of the lessons of Kansas, and then some. They have their own enormous tractors and combines. It all goes back to this very unwise decision in 1967, which made the European Union very quickly self-sufficient in most feed and bread grains. We managed to secure the zero bindings on soy products and corn gluten feed. Otherwise, we would have lost that market too. The subsidies of the European common agricultural program when I was there (I'm not sure what the numbers are now) consumed 50% of the budget of the European Union.

Q: W*hat was the farm population?*

NILES: The percentage of the population in Europe in agriculture was a little bit higher than in the United States. On the average, we were down, by the time I got to Brussels, to less than 1 ½ % of our active population in agriculture. In Europe, it was about 5 ½ to 6%, depending on how you counted. Within this farm population, you had an awful lot of part-time farmers. We joked that these were people who worked at the Mercedes and Porsche plants, and farmed on the weekend. They would have a couple cows and they raised a little bit of wheat. They would benefit from these extraordinary subsidies. There was some of that. In some European countries, Greece for example, you still probably have close to 20% active in agriculture. Portugal is a little bit less, maybe about 15%, Italy, probably about 8%. So, it is considerably higher than in the United States.

Q: Did you find there were problems for you, representing the United States, arguing against these subsidies, when you would have what amounted to American subsidies, either over it or at least, not labeled as subsidies?

NILES: The fact is we were prepared and had proposed to eliminate our subsidies on a multilateral basis in the Uruguay Round. Our principal subsidies, and we have a number of them, were the so-called "deficiency payments" that we pay to farmers who were raising certain crops, specifically wheat, corn, and cotton. Soybeans were not covered. The "deficiency payment" was the difference between the "target price," established by the Department of Agriculture, and the market price for a commodity. Tobacco was under another acreage control program. Peanuts and sugar were the subjects of separate programs that resulted in vastly higher prices for those products. The European system was different in that it was based on commodity prices established by the European Commission and maintained by a border tariff called the "variable levy." The "variable levy" was set at a level high enough to ensure that whatever the world-market price of a commodity, the delivered price of an import would be sufficiently higher than the internal EC/EU price to make it economically impossible to import. Both systems are bad.

They encourage overproduction and major misallocation of resources. The European system is, I believe, worse than ours in that it is totally market distorting, but ours is awful, too. When I was at USEC, I fought, unsuccessfully, for major cuts in these programs. I carried around little laminated cards that compared the levels of agricultural subsidization in the EC and the US. I used to hand them out to people like playing cards, saying "Here is the story, if you want to look at it." Our subsidies were running somewhere in the range of $15-$17 billion a year. Subsidies to European farmers were much greater. The European Union budget, at that time, was around $100 billion. Of that, about half went in one form or another to the Common Agricultural Program. That included export subsidies. We had our own subsidy export program which we enacted in 1984 to try to force the Europeans to drop theirs. It quickly became an entitlement in the United States, which everybody loved. It was called the "Export Enhancement Program." I remember a meeting in 1983 when we discussed this proposed program. Jack Block, the Secretary of Agriculture, maintained that we needed this program to fire "a shot across the bow of the European Community." I will never forget it. Jack Block was a big corn and hog farmer from Iowa, a good guy. He was mad at the Europeans and came up with a proposal to subsidize the sale of 250,000 tons of wheat flour to Egypt. This was meant as a signal, or a warning to the EC: either you cut back on EC export subsidies or we will expand this program. I recall that Mac Baldrige, the Secretary of Commerce, said "Let me tell you something, "If you subsidize this sale to Egypt, we will be launched upon a new entitlement program that will be big bucks and we will never get rid of it." Jack Block said, "No, nothing like that. This is a one-time effort to fire a shot across the bow of the European Community." Mac Baldrige replied, "Don't believe it." Secretary Shultz, who was there, said, "I agree with Mac. This is a crazy program. Let's not do it." But for domestic political reasons we did, and the export enhancement program became a big program with big money attached, and nobody wanted to give it up. Baldridge and Shultz were right, and Jack Block was wrong. So, we had our programs, but we were prepared, even anxious, to get rid of them. The Freedom to Farm provisions in the 1996 Agricultural Act, were aimed at reducing, very substantially our agricultural subsidies, but now people are complaining about them and want to go back to deficiency payments.

Q: In Japan, I know that the consumer ends up paying a hell of a lot for food.

NILES: Because of farm programs such as the rice policy.

Q: What about in Europe?

NILES: It is essentially the same thing.

Q: Were you able to find that this was all very fine, but it costs so much to have a schnitzel and sauerbraten in your neighborhood restaurant?

NILES: Absolutely. I continually pointed out that food prices in Europe, on the average, were 50 to 75% higher on a purchasing power parity based currency exchange, largely as a result of the Common Agricultural Policy. That was an argument which played well with people who were economically oriented and the "Economist," but they were a minority. Strangely, it was not an argument that carried a lot of weight with European voters. The farm groups argued, dishonestly in many cases, "We are preserving the European style of life, rural life, don't desert us." They

developed a concept in Europe at that time, called the “Desertification of Europe,” where vast areas would be depopulated because they could no longer farm them profitably. That is what the Common Agricultural Policy was supposed to prevent. But it didn’t, because the bulk of the subsidies went to large, rich farmers, as they do in the United States. But the CAP, despite the economic consequences, had a lot of supporters. Jacques Delors believed in it very strongly.

Q: Did you find that, particularly in farm policy, the Germans, who were very much behind this, let the French carry the charges of barricades?

NILES: That’s right. The French were the most obdurate in resisting any kind of change. The Germans kept their heads down, but in fact, German farmers were benefitting a great deal from the CAP, and the Germans, when it came to the crunch, talked a good game, but didn’t play it. Their hearts were not in agricultural reform, either. Part of this was CDU/CSU/FDP coalition politics.

Q: How about the Brits?

NILES: The UK was serious about cutting back on CAP subsidies, although there were people in Britain who benefitted considerably from it, particularly big grain farmers, and to a degree, big beef producers. Of course, big beef producers were suffering because of mad cow disease. Interestingly enough, the country, on a per capita basis, that made the most out of the Common Agricultural Policy was not France but the Netherlands. The Danes were close behind. One of the reasons for that was because they had developed an extraordinary factory livestock farming enterprise in the Netherlands and in Denmark. They were using Common Agricultural Policy export subsidies to move a lot of that stuff onto the world market. Their arguments were not totally bogus. The Dutch farmers, who had very efficient factory farms for pigs, cattle, and chickens, would come to the Commission, and say, “Hey, let us buy corn from the Americans and we won’t need export subsidies. But, if our principal input is European grain, and that grain is twice the world market price because of the Common Agricultural Policy, we need export subsidies in order to move our products. The Commission was happy to oblige. Now, the fact of the matter is that the Dutch also were the principal importers of corn gluten feed and soy products from the United States. All of this stuff went into Rotterdam. Some of it was sent to other countries, but the Dutch were the major importers. Their arguments were slightly disingenuous because they used every opportunity to use non-EU origin feed grains for their livestock, but they did use a lot of European corn, which is twice as expensive as American corn. So, they said, “Hey, we need subsidies in order to compete.” Now, of course, in the Netherlands and Denmark, and other countries in Europe, and U.S., this very intensive factory livestock operation is becoming very controversial because it produces so much livestock waste. The Dutch are essentially drowning in pig manure.

Q: We are having a terrible time too.

NILES: In North Carolina, for instance. Look at the chicken manure problem in the Eastern shore of Maryland.

Q: Yes, we are having the fish diseased.

NILES: This is one of the consequences of factory livestock operations. As a result of this extraordinarily efficient factory farming for livestock that the Dutch employed, and their ability to get export subsidies for it, they got more from the Common Agricultural Policy, on a per capita basis than any other country. They were big free traders, the Dutch.

Q: You had left by the time Maestricht came, but in leading up to this, was your mission playing a role in the American side of things? I was wondering how we viewed that at the time, and what we were doing?

NILES: We had two inputs. First, to the Commission in Brussels and the Council Secretariat in Brussels, and secondly to the Dutch Presidency in The Hague. Basically, we didn't have major problems with what they were proposing, namely monetary union. Washington concluded that European monetary union was a good thing for the EU and for the US. If they wanted to do it, more power to them. So, we did not pose objections to monetary union. Now, on the political union side, we did have a very active discussion regarding security issues, which predated Maestricht, beginning in 1989. I talked about that earlier. That involved the relationship between NATO and the European Union, and we did inject our point of view on those issues in the period leading up to the Maestricht European Summit. But, basically, because the principal issue at the Summit was monetary union, we didn't play a big role in it.

Q: Did we see any problem with the EURO unit being a threat to the fact that the dollar seems to be the place where people, when in doubt, go for the dollar?

NILES: The issue was raised, but we did not raise objections. That included Treasury and the Federal Reserve, where there was some doubt, on our side. If the Euro is a hard, reliable currency, which the Germans and the others hope it will be, it will be a competitor with the dollar for a role as a reserve currency and a currency of trade. For example, today most products that are traded internationally are priced in dollars. Oil, almost all industrial raw materials, agricultural raw materials, and a lot of finished products such as airplanes are priced in dollars. The Euro could change that. One of the consequences of it may be that foreign countries, companies, and individuals would be less willing to hold dollars as a reserve and investments, U.S. bonds for example. That could be a real problem for us in the out years. It would force us to reduce substantially our balance of payment deficits, which would be a good, though painful thing for the United States. We would be more disciplined ourselves about our own economic policy. That was not something that people were terribly concerned about in 1991, although the issue did come up. There was commentary in the press and there were those in the government who said that this could be a problem. It may well be.

Q: During this period, 1989 to 1991, did you see an increase of American owned, or essentially American owned business, trying to get in under the tent? In other words, were we setting up factories, that type of thing, in order to say, "We are going to have this European Union that is coming about. It may start erecting barriers, and already there are barriers, so let's get inside, rather than outside?"

NILES: That has been a continuing feature of U.S. European relations since the Treaty of Rome establishing the European Economic Community went into effect in 1958. Even before that, there was a major presence in Europe of US companies. After 1958, that presence has grown enormously. It involved U.S. companies investing in one or the other of the EC countries in order to gain "European firm" status under article 58 of the Treaty of Rome, and therefore be able to operate freely in any of the EC/EU countries. It is an enormous customs union, with 400 million people if you count the associated countries. People want to be inside that customs union. What has happened is there has been some Greenfield investment with new plants going up along with a lot of merger and acquisition deals in which U.S. companies acquired European companies, or merged with European companies. There has also been a lot of portfolio investment, particularly in the 1990s. This started while I was there. There was a growing interest on the part of European companies in listing shares or ADRs (American Depository Receipts) on the New York Stock Exchange. The European companies, in order to issue ADRs, had to satisfy U.S. requirements, including SEC requirements, in the way of auditing standards, publicity, and information. That process accelerated during the 1990s. One of the consequences of that is the U.S. ownership of the equity of some big European companies is pretty high. If you look at the companies which have ADRs right now, British Petroleum, British Telecom, Shell Transport & Trading/Royal Dutch, Daimler-Benz, somewhere in the neighborhood of 30-50% of the equity is held by American persons, either mutual funds, pension funds, or individual investments. One of the consequences of the Daimler-Chrysler merger was that the resulting company's equity was initially more than 50% owned by American holders. Much of that has now been sold, but that is a sign of globalization.

Q: You had just come from Canada and the Free Trade Agreement, was that beginning to pose a counterbalance to you? Did this play any factor at all?

NILES: Some people suggested that. The U.S./Canada Free Trade Agreement, or subsequently, NAFTA could be a counter to the European Union. That is only if you see the U.S./European relationship in an adversarial sense and thus believe that we need to have this counterweight. I never saw it that way, so I thought those arguments were wrong. The arguments made in favor of expanding NAFTA to include Chile, and then maybe other countries such as Brazil and Argentina made sense in an of themselves, and not as an alternative to the European Union. Those are important trading partners for the United States, but as an alternative to European Union, that's not serious.

Q: Were they carrying a watching brief during the same time? I mean, they were outside this thing, too, weren't they?

NILES: They had their own relationship. We coordinated with the Canadians in Brussels on issues of mutual concern, particularly agricultural trade issues, as we did also with the Australians, the New Zealanders and others. We had good relations with the Canadians. The relationship with the EU is important for Canada, but I do not think, except in the mid-1970s when Trudeau tried to present the European Community as an alternative to the United States, that the Canadians ever really saw Europe in that light. They recognized Europe as being very important and saw a need to develop their relationship with Europe, but not as a serious alternative to the United States.

Q: Geography is...

NILES: Canada had a strong Mission to the EU and they watched closely over their interests, as well they should, but they did not consider that to be an alternative or even in the same category, for Canada, as the relationship with United States. Keep in mind that by now 80% of Canada's exports go to the US market.

Q: What about Greece? Later, you were to become Ambassador to Greece. Greece always struck me as the "odd man out" in this whole thing.

NILES: It was, particularly then. When I got to Brussels in 1989, Andreas Papandreou was still the Prime Minister of Greece, in his first incarnation, but he was fading fast, both in terms of health and politically. The Greeks, as a general rule, were the odd people out in Europe. One European Union official once told me once that the European Community had made two fundamental errors over its history, going back to the Treaty of Paris in 1950 that set up the Coal and Steel Community: one was the decision I mentioned in 1966 to adopt German agricultural prices as the basis for the CAP, and the second was to admit the Greeks in 1981. Greece was not ready for prime time. They were brought in to the EC in 1981 as a way of expressing support for the restoration of democracy in Greece and support for Constantine Karamanlis, who was then Prime Minister of Greece. Andreas Papandreou replaced Karamanlis in 1981, pledging that Greece would leave the European Community and NATO and get rid of the American bases. When he left office in 1989, Greece was still in NATO and the European Community, and we had signed a base agreement. He never really paid a political price for his hypocrisy. By the time I arrived in Brussels, Greece had become much more enthusiastic about EC membership because they realized that they could benefit tremendously from it because they are the poorest country in the EC. When it joined the EC in 1986, Portugal was the poorest country in the Community, but they soon passed Greece. Greece is now the 15th on the EU's per capita GDP rate.

We worked closely with the EC, with the Commission and the member states, in the period right after the Iraqi invasion of Kuwait, to get political support from the Community for what became Desert Shield, and we got it. They also supported us in the UN Security Council on Chapter VII economic sanctions against Iraq. We got good support from the Commission, and most of the European states, not as members of the Community but as allies of the United States, including France, sent substantial military forces to the theater and participated in both Desert Shield and Desert Storm. At that stage, there was virtual unanimity that we had to stand against this, and we couldn't acquiesce in the Iraqi occupation of a sovereign country, Kuwait. We had very few voices raised against what became Desert Shield, and then Desert Storm, in Europe.

Q: How did you find the, more extreme to the left, politically? Was this much of a factor?

NILES: Really not. The collapse of the Soviet Union and the decline of Communism had plunged the European far left into a state of relative disarray. The only country in which the Communist Party, by the time I got there, was still very strong was Italy. In other countries, Spain, Portugal, and France, where you had had a fairly strong Communist movement, it was

gone. It had been reduced to irrelevancy in the political life of the countries. But, in Italy, the Communist party was still fairly prominent in 1991.

Q: Of course, in Italy, the Communist party, at this point, really was more indigenous.

NILES: It claimed to be a national party, and it had gone through a number of stages, from the time of Gramsci and Togliatti, who were true internationalists. It had established itself, as you suggest, as a much more national party. Today, of course, it has renamed itself and is one of the major factors in Italy. The Secretary General of the Party, Massimo d'Alema, is a respected center-left politician. The Communist Party in Italy has made the transition to the post-Communist world better than any Communist party in the world, as far as I can tell. There is a hard-line, true-believer Communist Party in Italy, as there is in Greece, which occupies the far left.

Q: They were already there, in a way. It had Berlinguer, and all.

NILES: Berlinguer came from an upper-class, aristocratic background. I think it was his cousin who was the Security Advisor to several Italian Prime Ministers.

Q: One last question on this particular field. What about the role of the French that you were getting from the Germans, the Brits, and others? I mean, how did they see France?

NILES: They were frustrated by the French, from time to time. We got a lot of that from the British, and to a degree, from the Germans. I had close ties with the British and German PermReps to the EC/EU. They were frustrated with the French, but their attitude was, "Well, what can you do? You have to find some way to bring the French along?" The French had a tremendous advantage in the sense that the other Europeans recognized that there was no way in the world you were ever going to make progress in the European Union if the French were opposed to whatever you were trying to do, so you had to work with them. You had to find ways to accommodate them. The Germans, in particular, felt this tremendous need to accommodate the French. I would frequently go to the German EU PermRep, and say, "How can you guys do this, change course here on us?" They would say, "Well, we can't split off from the French." The Germans were very much under the influence of the idea that the Franco/German relationship was the motor of the European Union. According to this view, nothing happened in the European Union without Franco/German cooperation. The French played the Germans like a piano and twisted the Germans around in all kinds of contortions. The British were less subject to that, but the British recognized, too, that if they wanted to do anything, you had to do it with the French. The British were different in one respect that often they were happy to do nothing, particularly during the Margaret Thatcher period.

Q: What about back in Washington? I mean, for years, we had in the Department the European group, the George Ball group, that argued that whatever happened in Europe to bring unity was really great for us. These were true believers, in a way, but time had moved on. Did you find that we had a more practical group, or was it a split that you were getting?

NILES: I think our attitude was reasonable and pragmatic. We supported European integration. We thought it was good for us, and I think it has been good for us. It is not been good in every single respect, but, overall, European integration has good for us. By the time I arrived in Brussels, as opposed to the earlier period, one thing had changed, and we made this clear. There were limits to the price we were prepared to pay to make European integration happen. While I was there, some on the Commission would come to us and say, "Well, it is very expensive integrating these new countries. Shouldn't you make trade concessions, give up your zero binding on soy beans, or something like that, in order to make it easier for us?" Of course, we said, "No way are we going to do that. We favor European integration, but you guys are big enough now to pay the price." In that sense, we were quite pragmatic about it. By the time I arrived in Brussels, we were no longer prepared to pay part of the price for European integration, although we had been prepared to do so before, as for example when we acquiesced in the establishment of the CAP in 1966/67. The Bush administration, for which I worked as Ambassador of the European Union, had a very clear and pragmatic view of European integration. We saw it as being beneficial to the United States, on balance, but where we thought it wasn't, we made our views clear. Secretary Baker did, as did President Bush.

Q: All right. Is there anything else we should cover, do you think?

JAMES DOBBINS
Ambassador
European Communities, Brussels (1991-1993)

> *Ambassador James Dobbins was born in Brooklyn, NY and raised in New York, Philadelphia, Manila, Philippines and Washington, D.C. area. He attended Georgetown University and served in the US Navy before entering the Foreign Service in 1967. He served in France, German and England.*

Q: Well, as ambassador to the EC, how did you operate? It's quite a different job in Brussels than being the ambassador, say, to Belgium, per se, or something like that. Was it sort of a joint collegial group, or did you have to touch base with everybody, or how did you work?

DOBBINS: We had three American ambassadors in town, the ambassador to Belgium, the ambassador to NATO. There really wasn't much overlap with the ambassador to Belgium. We had cordial personal relations and social relations, but we didn't do much business with each other. The embassy to Belgium did do the administrative work for all three missions, so there were some questions of motor pools and that sort of thing that would come up. There was a substantive overlap with the mission to NATO as the Europeans became more engaged in security policy. At that stage, it wasn't as great as it became subsequently, but there was a certain requirement for occasional coordination on issues.

For instance, when Secretary Christopher came on one of his failed missions to sell America policy toward the Balkans, the lift and strike mission, he spent the morning with my clients at the European Union, and then he spent the afternoon at NATO, making the same pitch. There was

certainly an overlap between what I was doing and what the bilateral U.S. embassies in all of the – at that point, I can't remember whether it was 12 or 15 countries – in the European Union did. So there was a collaboration with them.

The job did involve travel to member countries and aspirant member countries for consultations. The focus of the work was mostly economic, because that was the area where the European Community and the Commission's powers were most fully developed. So the areas on which I spent most of my time tended to be trade. We were in the midst of the Uruguay round. Agriculture was a major bone of contention. There were ongoing negotiations, which I participated in, on agricultural trade. There were periodic summits of the president and the president of the European Union. I think once a year at that time President Bush came or we went to Washington once a year for summit meetings, and then there were semiannual meetings, which Secretary Baker came to, and they too tended to focus on agriculture.

Q: With agriculture, you're up against particularly the German-French bloc that is out to preserve its agriculture, which for the most part it's almost – they talk about small farms, but it really isn't small farms. But it's very much part of the German and French soul and all. Could we get anywhere with that?

DOBBINS: We did reach an agreement while I was there on agriculture, which became the basis for a successful conclusion of the Uruguay round. It somewhat limited transfer payments to farmers, support payments, and it pushed them into a more transparent fashion, and particularly into a fashion that didn't artificially increase production, so that it reduced the surpluses which then had to be dumped on the international market, somewhat.

It was very complicated, because we have our own agricultural subsidies, which we wanted to protect, and the Europeans, each country had very different interests. So there was a lot of tension on the European side, among the European players, and even within the commission, between Delors, who was the president of the commission and the commissioner for agriculture, a guy named McSharry and the commissioner for trade, who was in charge of the overall commission trade policy, but had limited influence over its agriculture elements. There was a lot of tension in the U.S. government between USTR (United States Trade Representative) who was in overall charge, and the secretary of agriculture, who was playing a similar role within the U.S.

Both of them tended to resist any involvement by me or my mission, except when they got in trouble. So when things were going okay, they made their best efforts to keep us uninformed and not allow us to participate, and then when they'd come up against some disaster and the negotiations would appear nearing collapse, they would then ask for assistance.

Q: Well, what would you do? Was there a group within the European community of diplomats, technocrats, or whatever you want to call them, that you can get together with and go, "Okay, we've got a problem here. How do we solve this?"

DOBBINS: Yes, I don't know that you got them together. You'd have to see them seriatim for the most part, but I worked pretty closely with the British ambassador, somewhat less with the German ambassador, but the British ambassador tended to be helpful, as did his staff. I could see

Delors or any of the commissioners or their senior staff and when things began to get difficult, I would go see the individual commissioners seriatim until I saw a way through whatever the difficulty was. And usually we could overcome the difficulty with some effort, back some people down by creating some countervailing pressures.

I worked with Delors' chief of staff, who is now the EU commissioner for trade, Pascal Lamy. He was at the time Delors' chief of staff. So we played, I think broadly, a helpful role in moving the negotiations forward, although there were times when both USTR and Agriculture didn't like it, and I can remember the secretary of agriculture screaming at me on the phone once because, in his view, of imagined transgression on my part, so it wasn't always easy.

Q: Did you find the French and the German representatives particularly hard to deal with?

DOBBINS: I didn't deal much with the French representative. I'm trying to remember who it was, but the answer was no, not at a personal level.

Q: I was thinking more of a policy level.

DOBBINS: It would depend on the issue. The French official who was in charge of their trade policy in the *Quai d'Orsay* (French Foreign Office) and I became friends. He was quite engaging. He was de Gaulle's son in law, and he was quite an engaging fellow whom I became friendly with. So, no, I think I got along quite well with all of the people I had to deal with there.

Q: Did you find the British somewhat off to one side within the organization?

DOBBINS: Well, on some issues, like common currency, they were, because I think they weren't planning on joining it. But on others they weren't. Certainly on the trade and agricultural issues, they were as much a player as anyone.

Q: How about on the common currency? How did you, from your perspective, view was this going to happen or not? This is the European ...

DOBBINS: I thought it was going to happen and I kept predicting that they would overcome the various difficulties that they had. There wasn't a clear U.S. policy on it. I went and called at the Treasury before I went out there, and I met with the secretary of the treasury and he had all of his senior staff. The deputy secretary was there, the undersecretary, the assistant secretary, they were all there, and they were all eyeing me somewhat suspiciously. And I said, "Well, what's our attitude toward the prospect of a common European currency," and I was really stunned when the secretary of the treasury looked to his colleagues and said, "Well, we really haven't discussed that. Interesting question." And he said, "I meet with the G-7 (Group of Seven) ministers all the time, my European colleagues, none of them have ever talked about it either."

Then I also called on Greenspan and asked him ...

Q: He was the head of the Federal Reserve at that time, wasn't he?

DOBBINS: Yes. And asked him the same question and got a completely different answer. He said, "Yes, of course, I meet with the G-7 central bank governors, and we talk about this all the time, and I think on balance it's probably a good thing for us." So there certainly wasn't a concerted view on the subject. I had my own view and nobody really interfered with me.

The United States had, as part of the process of German unification, given a major impulse to the next stage of European unification, which included a common currency. We didn't specifically advocate a common currency, but we did advocate that one of the responses to the concerns about a unified Germany would be to link it even more closely with a unified Europe. So we were to certain degree a father of the Maastricht Treaty.

Q: I was interviewing Janice Day just recently, who was economic counselor in Paris.

DOBBINS: Has she retired?

Q: She's just retired. And she was saying that she found – this was a little later on, I think in the mid '90s – that our representatives in Europe were saying, "This is a done deal, it's going to happen," but back in Washington, for the most part, our people in Treasury and other places were talking to the British, who were much more skeptical, and they were reading the Financial Times and all. So they were quite dubious, and there was a certain split between sort of our people in Europe and our people back in Washington, because of sort of the common language, which was something was getting lost.

DOBBINS: Right.

Q: How did we look upon Germany and its unification growing pains and all that?

DOBBINS: Benignly, I think. We recognized this was a difficult problem and expensive. We were sympathetic, made some efforts to interest American firms in investments in the East and get the Germans to facilitate that, but I don't think much ever came of that. But we were benignly sympathetic and helpful on the margins.

Q: Well, with the Danes giving this problem with the referendum, what did this mean? Every member of the community had to vote to approve the Maastricht Treaty?

DOBBINS: They had to ratify it, and they had to follow their own national procedures for ratification. Some states chose to hold a referendum, some didn't, but the way the treaty was written, it did have to be ratified by all of them to come into effect.

Q: Did you find yourself leaning on the Danes or doing anything?

DOBBINS: Well, I didn't have much influence with the Danes. I remember talking to the Danish foreign minister and others, but I didn't go give speeches in their local campaigns. The United States positioned itself as being supportive of European unification without advocating any particular detail of it, and I think the positive American attitude was probably helpful in a

country like Denmark, where American views would have had some influence. If they had been hostile, it might have had a different result.

Q: Where was Sweden in this, and Norway?

DOBBINS: Sweden hadn't joined at that stage, but was moving toward membership at that point, Sweden and Finland were, both. And I visited Sweden, and I knew the prime minister and I went there and had lunch with him and chatted, though we mostly chatted about Russia, not about the EU membership. But Sweden was moving toward EU membership.

Q: Turkey, what was happening about Turkey?

DOBBINS: Not much at that time. From the EU standpoint, I can't recall getting involved in Turkey. I had been involved when I was in the European Bureau with Turkey, and we had come close to getting a Cyprus settlement. I had accompanied President Bush to both Ankara and Athens in an effort to wrap that up, which in the end failed. But Turkey was not at that stage an active issue in the EC. It wasn't on the list of countries that were likely to get in anytime soon.

Q: I mean, first place, could you explain the relationship between – what is it – the Parliament of Europe in Strasbourg and the European Community, at that time, in Brussels? How did these two, how did they work?

DOBBINS: Well, there were two parliaments in Strasbourg. There was the Council of Europe, which had a parliament, and then there was the European Parliament, which was the institution of the European Community. They both met in the same building. The Council of Europe was a bigger organization, which had, like 21 countries, whereas the European Union at that time had, I can't remember, either 12 or 15. It may have been 12 at the time.

The European Community also had a court system. They had the European Court that adjudicated European law. It had the commission, which was the executive arm, and it had a parliament. The parliament had only limited powers, powers which have since been increased, but at the time were fairly limited, and therefore we didn't pay much attention to it. It was marginal from the standpoint of U.S. interests. There were American congressional exchanges with it occasionally, nothing very substantial. Two or three American congressmen would come once a year for a day or so of discussions, and I would go down and join them, usually, for that.

The parliament would occasionally ask me to meet with them. I'd meet with a committee and they'd want to hear about American policy on a given subject, and so I remember meeting with their Foreign Affairs Committee on one or two things, and sometimes individual parliamentarians. I spent a lot of time with business groups that were interested in promoting trans-Atlantic relationships, and sometimes parliamentarians would participate in that, so I knew some of the parliamentarians very well. But we didn't spend any time lobbying the parliament. It didn't have any power, so it wasn't something that we tried to actively influence.

Q: Well, were we observing and looking at a growing net of European regulations, many of them economic or legal, which would impact on us on us or trade?

DOBBINS: Well, there were a lot, and that's why there were a number of American law firms that had offices in Brussels, and American business was quite interested in the European Union. I would see would American CEOs that would be coming through Brussels and we'd have lunch or dinner and talk about the European Union. That was a fairly regular event.

By and large, American business was positive. In other words, the regulations that were being imposed were standardizing. For the most part, they weren't imposing regulations on things that were unregulated. They were imposing regulations on things that were regulated 12 different ways. So from a standpoint of American business, for the most part, this facilitated trade with Europe, because it meant that you could in many areas meet a single standard rather than having to meet 12 different standards with your product.

The antitrust element, or what they call competition policy element, was growing stronger, and that was raising some problems for American firms, but at that stage at least it hadn't gotten to the point where it was challenging mergers and acquisitions of American firms other than in Europe, whereas now it's taking a more global view. So, American business and economic interests were quite interested in what was going on, but they weren't hostile, for the most part.

Q: Had the movement against – I'm trying to think of what the term is.

DOBBINS: Biotechnology?

Q: Yes, biotechnology and foods and all has become quite a major problem in the United States.

DOBBINS: It was just starting.

Q: Were we seeing this as a problem then?

DOBBINS: Yes, I mean, we were making representations. At that stage, it was less of a problem, because the industry was smaller, but it was already an issue between us.

Q: Did you see it as a means of sticking it to the United States and helping competition, or was this a real feeling within the people in this movement?

DOBBINS: Well, it represented European conservatism, which was a factor in most areas, social and cultural conservatism, and a cautious approach to technology that was distinct from the United States. The issue was just getting running and there weren't large lobby groups in Europe on the subject, but it was clear that the Europeans were going to approach this with a different set of preconceptions.

Q: On the subject of first Eastern Europe, and then we'll talk about Russia at that time, how did we view major – Poland and Czechoslovakia, Hungary, Romania – how did we view that at the time you were there? Did we see this group really sort of coming in and being a major player?

DOBBINS: No. I'm not sure we do even today think of them as major players. During the time I was there, we were still uncertain of where they would fit in a new architecture. We had certainly set up arrangements in what was then called CSCE and began to have relations or consultation with NATO, but we hadn't made the basic decision, and neither had the Europeans, that we would support ultimate membership in Western organizations for these states. That was still being debated and really wasn't settled by the Clinton administration until after I left this job.

Q: Well, did they have the equivalent to lobbyists coming in and watching?

DOBBINS: Yes, again they certainly had ambassadors, and Russia had an ambassador to the European Community who I met with. He was a former prime minister of Russia, and the East Europeans in general were pressing very strongly for full membership in these organizations, and making their pitch to any forum they could get to listen to them.

Q: Well, looking at the former Soviet Union, one can't help but looking at Ukraine as being – this is a big place with a lot of rich potential and all that, and it has real potential. How did we view it at the time?

DOBBINS: Well, I was somewhat skeptical that Ukraine was really a viable nation that would long-remain separated from Russia, given the fact that it had almost never existed as such. But the administration made a decision. The Clinton administration surely, and somewhat less definitely, the first Bush administration, that we had a national interest in Ukraine's territorial integrity and independence and we were prepared to provide it assistance and support. One of the initial issues was to de-nuclearize it as quickly as possible, and that was a major focus and quite successful focus of policy.

Q: Did you notice any change when the Bush administration left and the Clinton administration came in? I must say, in my interviews, one comes away with Bush I, certainly not Bush II, but Bush I was probably one of the most well honed administrations regarding foreign policy that we've ever had.

DOBBINS: The Ford administration was very good, too.

Q: But did you get any feel for sort of an uncertain hand on the foreign relations tiller? When the Clinton administration came in, this was not an administration that had been focused on foreign policy. It was the economy.

DOBBINS: Yes, and I think that the aspect that I saw directly in my job in Brussels was the Balkans. Clearly, the Christopher's effort on the lift and strike mission, where he went around Europe selling a policy he himself didn't much believe in and then went back and reported failure showed a considerable lack of certainty and deftness.

Other than Yugoslavia, the Clinton administration's early focus tended to be elsewhere, and a lot of the questions were sort of, "What are they ultimately going to do?" I think the Europeans were pleased in the areas that I was working on that the Clinton administration did stress continuity in its trade and economic policies. They picked up the Uruguay round where the Bush

administration had left it, concluded the negotiations fairly rapidly and had also of course gone ahead and gotten NAFTA (North American Free Trade Alliance) ratified, which the Bush administration had negotiated but hadn't been able to ratify.

So on the trade and economic policy side, there was continuity and competence. On the security policy side, there was a lot more uncertainty. You had a new team of people who had mostly been pretty junior when they were last in power. It had been 12 years at that stage since the Democrats had been in power, so most of the people in the senior positions either had no experience or had experience at quite junior levels of government, and they made a number of serious mistakes in the first year or so from which it took them a while to recover.

Q: What type of mistakes?

DOBBINS: Well, I mentioned the Yugoslav policy. The others, of course, were on Somalia, which I got dragged into as a result of after I left Brussels, and Haiti. I mean, allowing gays in the military to become your first issue as you come out of an election showed a very unprofessional sense of prioritization and discipline within the Clinton White House. We had the same problems with the early Carter presidency, with the early Reagan presidency. Transitions are much more dangerous than the American people recognize. We're lucky we don't have more disasters when these people come in, if it's been a long time since that party was in power, you have a very amateurish group with strong preconceptions that don't accord well with reality.

Q: Did Japan enter? Japan was sort of the other 500-pound gorilla in the economy field. Where was that at that time, from the European Union point of view?

DOBBINS: Japan, like the United States, had an embassy. They had a quite senior ambassador, whom I saw quite regularly, and he and I were the sort of two major non-members who counted most, particularly on the trade issues, and I would try to concert with my Japanese colleague on trade issues when our interests were compatible. And we certainly met fairly regularly and traded insights as to what was going on.

Q: How about China?

DOBBINS: I don't think China had an ambassador to the European Union. They hadn't really emerged from their isolation at that point. This was before they were trying to get into the WTO (World Trade Organization), so I don't think I ever came across anybody from China in my Brussels period.

Q: How did you view Russia from the vantage point of Brussels?

DOBBINS: I met a couple of times, had lunch with the Russian ambassador, who had been Yeltsin's first prime minister.

Q: What was his name?

DOBBINS: I have no idea, but he was an old apparatchik. He sort of looked like Khrushchev, sort of overweight, red in the face, couldn't speak English. He tried to be very nice, and he was certainly ingratiating and pleasant, and definitely wanted to try to achieve a good relationship with the United States. We didn't have a lot to talk about. They were just sorting out their own problems. They weren't sure what their relations with the European Community were going to be. He rather liked the views I was putting forward in my speeches, and he came to a conference I hosted about how Russia ought to relate to former members of the Warsaw Pact, because I was arguing against expanding NATO and the European Union at that point. So we had a pleasant relationship to the extent you can with somebody who doesn't speak your language, and he wasn't a sophisticated diplomat. He was a Russian politician.

Q: Well, then, by the time you left in '93, how far had the European Union come along in that two-year period?

DOBBINS: I think by then Denmark may have had a second referendum and ratified the treaty, and so it was clear that that was going to go forward. They were floundering in the Balkans and continued to flounder for another couple of years. But we successfully concluded the Uruguay round and relations were generally good, except for the Balkans, which was a big exception.

Q: Well, with the Balkans, were you getting recriminations from your European colleagues of why don't you do more, and all of that?

DOBBINS: Well, there were a lot of recriminations. They tended to get worse after I left, but there certainly were a lot of mutual recriminations.

Q: Was the trend more intra-EC? Because, in a way, they had said, "This is our problem, we'll take care of it," but then, as you were saying, we kind of tended to undercut them.

DOBBINS: Yes, we undercut them and failed to support them consistently, and they failed to measure up to the problem for a variety of institutional, as well as political, reasons. There were undoubtedly tensions within the EC on the issue as well, but the most important tensions were the trans-Atlantic tensions.

Q: Did you see the possibility of a real united Europe with a common foreign policy and all of that, or was this going to be more of a federation without a very strong head to it?

DOBBINS: Well, I'd say yes to both. I mean, I thought that Europe would continue to unite. I thought it was a process without a fixed end. It wasn't going to end up in any finite time in the United States or Europe, but the process would continue and it would gradually consolidate. I thought that was quite likely, and I thought that was something worth supporting. I tended to, in my public speeches, push the Europeans in that direction and urge them to move faster than they were moving, and challenge them in that regard. But I thought that the process had very substantial momentum and broad support among elites throughout Europe, as I still do.

Q: Did you see the British, though, sort of standing off to one side and all at this point?

DOBBINS: Well, on the foreign and security, yes, and the currency area. There was a debate within the British government on the issue, an active debate. It was a conservative government at the time. There was an active debate within the British government, and the British were often spoilers on some issues, but they were quite active on others, so it would vary from issue to issue. They weren't categorically against all forms of further integration, but they tended to be somewhat more skeptical and to approach it issue by issue.

Q: Was there any particular fallout? This is after the Gulf War in the 1990s with Iraq over Kuwait. Was there any fallout from that or were there any developments within Europe?

DOBBINS: No, not that I recall. The Gulf War was considered a quite successful exercise in U.S.-European collaboration. People were quite satisfied. No, I don't recall any difficulties. There was minor complaining that we seemed to get all of the contracts out of the Kuwaiti reconstruction, but no, it wasn't a problem.

DONALD B. KURSCH
Deputy Chief of Mission
Brussels (1996-1999)

Donald B. Kursch was born in New York in 1942. He graduated from Harvard University in 1964 and served in the U.S. Marine Corps from 1964 to 1965. His assignments abroad after entering the Foreign Service in 1966 included Zurich, Budapest, Moscow, Frankfurt, Bonn and Brussels. Mr. Kursch was interviewed by Charles Stuart Kennedy in 2003.

Q: Huh. Well then '96 came around and what did they do with you?

KURSCH: In '96, I went to Brussels as the DCM at USEU, which was a really very good assignment. Again, you bid on a number of jobs, and this one was the top job on my bid list. So I was in a rather curious situation. We didn't know who the ambassador would be USCU…

Q: USEU, it's…

KURSCH: USEU, US mission to the European Union.

Q: When did it become a European Union?

KURSCH: Oh, probably shortly before I got there. It used to be USEC. Took a while to get used to USEU. I think we were still calling it USEC. Stu Eisenstadt had been our representative there and was a very vigorous proponent of the US relationship with the European community. Indeed, his team had come down in 1994, on the eve of the German presidency, to Bonn. We had had contact, I was his control officer and I got to know a little bit. And he came back to be the undersecretary of commerce. I worked with him a bit on trade issues and also on Holocaust compensation questions, which was something that he was very engaged in. On this issue I recall

somehow inviting ourselves to an executive board meeting of the American Jewish Committee in order to make an approach to the German foreign minister who was also in attendance..

Eventually, they asked me if I wanted the DCM job. I became the bureau's candidate and I think the undersecretary, Joan Spiro and Dan Tarullo of EB and John Kornblum seemed to have agreed on me, and I ended up going to Brussels, but I didn't know who the ambassador was going to be. The name that was then put forward was an Arkansas businessman, Vernon Weaver, who had been the head of the Small Business Administration in the Carter administration, and had gone to Annapolis with Jimmy Carter. He was an older gentleman, but very nice, old-fashioned Southerner. We met, and he seemed to be comfortable with me so we went off to Brussels together. I'd had some relationship with EU issues because of my tour in Bonn, but working with the commission bureaucracy and trying to get a handle on who did what took a little bit of time.

Q: You were doing this in '96 to when?

KURSCH: '96 to '99; I was there for three years.

Q: Let's talk about some of the issues. I watch some of the results of the EU decisions, and I sort of have a feeling that the bureaucracy there is always going to keep the EU sort of a step behind maybe the United States, Japan and all that don't have the same constraints, just because of the complexity. How did you find this?

KURSCH: Well, the EU is a very complicated place, as I've said before. It's very different working with EU institutions than working with a government. In a government, it seems that usually you can get clear cut decisions one way or the other. In Germany, you could call the Chancellor's office or you dealt with the foreign minister's cabinet or had good ties with the economics ministry and you could get response to your demarches. With the commission, I found it much more difficult to get clear-cut answers, even when you worked with powerful officials. Access was not a problem as I had good contacts with senior people in key offices.

The most important office for us was that of the trade and external affairs commissioner. That position was then combined. Sir Leon Brittan was the commissioner and I dealt with his chief of staff very well. And on the whole, Sir Leon was a person who generally shared our approach to trade and economics. But, he had to also operate in the EU context. He had to deal with the French who were very suspicious of him. He had a grating personality and did not get along well with his opposite number, the US trade representative, Charlene Barshefsky and was not well received in Washington when he came here. The president of the commission, Jacques Santer, of Luxembourg, was a compromise choice, and chosen, among other things, because the Germans and the French did not want a strong personality in that job after Jacques Delors. Jacques Delors had been a very strong leader at the commission. Jean-Luc Dehaene, the then prime minister of Belgium had been considered for the job, but he had been blackballed and they wound up with Santer who was, I must say, a weak leader. That also made it much more difficult for us, because when the commission teams would come to Washington, for the semi-annual US-EU summits, our people saw the commission as being Jacques Santer, who wasn't very effective, and Leon

Brittan, who was brilliant but was very abrasive. This complicated our life and made it more difficult, I think, to get positive results.

Stu Eisenstadt had put something together called the New TransAtlantic Agenda, to try and find ways that we could work in tandem on issues of common concern, whether they be trade issues or political issues or foreign aid, and helping the countries of Eastern Europe. We were of course big supporters of EU enlargement. But, I must say, filling that agenda up with content was a challenge. I mean even getting things like a science and technology agreement concluded was really quite difficult. There was a French commissioner at the time, Edith Cresson, a former French Prime Minister, who actually helped bring down the commission, because of scandals she had been implicated in. But she was a very difficult presence, if I can be kind.

We did things that didn't help either. One of the first things that happened, when I got to Brussels, was that the US passed the Helms-Burton legislation on dealings with Cuba, where we adopted a policy of secondary boycotts. We would go after European companies that traded with Cuba saying, "Look, if you want to trade with Cuba, don't trade with the United States." And this brought about a 15-0 vote in the European Council made up of all the member states to stand up to us. We had that problem hanging over our heads. Of course, we never went to war over this, even a trade war and eventually were able to manage our differences.. But certainly could be clumsy at times.

In addition, there was a still considerable reluctance to recognize the power of the commission by American companies, and to some extent by the US government, both the Executive Branch and the Congress. One example I can think of is the Boeing McDonnell-Douglas merger, and the companies essentially not wanting to deal with the Commission, ignoring its warnings, and basically saying to the Commission, "Well, what are you going to do to us?" …Rather than recognize the European Commission's authority over mergers affecting European trade the US firms approached our own Congress to have it pressure the European commissioner for competition to back off. What they did was create a beautiful opportunity for this commissioner, a Belgium politician named Van Miert, to wrap himself in the European flag, and stand up for Europe against these American interests. Boeing eventually had to give in. They could have saved a lot of money if they had listened to us. But they had to do it their way. Now that Boeing has Ambassador Tom Pickering working for them, this won't happen again. But I think there was that reluctance to recognize that whether we like it or not the Europeans had their own rules whether it was on the environment, health rules, genetically modified organisms, or the use of hormones in beef cattle. These differences between ourselves and the Europeans created many hours of work for us.

Q: Frankenfood.

KURSCH: Yes and, really, it's gotten much worse.

Q: Yeah.

KURSCH: We were sort of the victims there of the Europeans' own ability to manage effectively their health problems, particularly with respect to mad cow disease. I think that this whole furor

over so-called frankenfood was greatly stoked by that, which we correctly felt that we were the innocent victims. We would always point out, “Hey, we don’t have mad cow disease in the United States.” But there is this European mentality that somehow “Our regulations are superior. You’re not that careful with health. And our regulations are better.” We seem to have lost that battle. I’d heard on the radio this morning that Monsanto is pulling out of Europe, and had given up. It’s not been an easy time, but it was certainly stimulating. As we’d always pointed out that the relationship between the United States and the European Union is the biggest economic relationship in the world, the biggest trade relationship, the biggest investment relationship. And certainly, most of our companies on both sides of the Atlantic are doing well in each other’s markets.

Q: Well, it’s a culmination of a foreign policy which has been the foreign policy of the United States since 1945, and that is somehow to keep Europe together so they don’t fight each other.

KURSCH: Well, that was the original idea, to bring Germany and France together, and it’s been spectacularly successful.

Q: Yeah. Well on the Helms Burton thing, how did you get around this? The idea was, I take it, that if a company had relations, had property, or somehow a tie to property that had originally been American-owned in Cuba, and when Castro confiscated it and had a tie then, we couldn’t do business with them and couldn’t give visas to the people… It was a ridiculous law.

KURSCH: It was certainly a stretch, and it was the kind of law that if somebody else had done it to us, we would have had a fit.. What we did is, the Treasury Department it seems investigated these cases with all deliberate speed. I think we had a couple cases where visas in fact were denied. The Europeans were careful about how they handled these properties. They didn’t flaunt things in our face. But, over time, we seemed to manage. It was like so many things that we do in the Foreign Service. You manage issues in away, you never really totally resolve them. And I have to tell you I don’t know what the status of this is right now. But we’ve managed it in a way that we never went over the brink. A couple of people were denied visas and there were some headlines at the time. But no major economic damage was done.

Q: Well, what about the whole modified food, the Frankenfood type situation? Did you see behind this…? Was this sort of a people’s manifestation or was this a manipulation of anti-Americanism of the intellectual left, or what?

KURSCH: As with all things, there are a lot of factors. I do think that the concern, in general, about health and the kind of foods people eat and the lack of trust in their own respective authorities in Europe is pretty great. In the mad cow thing, this lack of European public confidence in their authorities was certainly justified. I recall this British Minister saying, “Oh, I’d go out and get a hamburger for my little daughter.” And then we’d see how many animals were infected, how widespread and how dangerous the problem was. In fact at the time there were very projections that large numbers of people might get this terrible disease because nobody really knew. In France, you also had the scandal of tainted blood be sold to hospitals. There was a fair amount of cynicism in France about how well people are protected by their authorities. So there were a number of things that were coming together, and I think there was a

general assumption in Europe that somehow, however weak their laws are, US laws are even weaker. There was some genuine concerns about the rapaciousness of American companies and the fact that these people were putting their traditional ways of life into jeopardy and endangering the traditional good quality of foods they had enjoyed. There was fear that these developments it would create products without taste, without any character--sort of a Brave New World type of product. You also had some of the anti-American element, but there was also this commercial element. At one point, the French were the biggest supporters of biotechnology in the EU. But at one critical moment, and I can't tell you when that was, but I'd say in 1997, they flip-flopped. They just went from one side to the other on the issue, within the EU councils. This became a way to keep certain American products out of Europe. And we lost the EU export market for US corn. We lost it all. We had I think about a billion dollars worth of export of corn to Europe and because of genetic modification, we essentially lost it. So, to some extent, it was pure old-fashioned protectionism.

Q: Did you find, were there problems with, using the example of McDonald's, but other American food or companies in Europe… although they were using European foodstuffs, still they were the symbol of Americanism. Did this attract the lightning of the EU?

KURSCH: Yeah. I think it's been part of that. I think that it's made it certainly difficult for the EU to pursue more rational policies. It's forced them to go very slowly. They adopted something called the Precautionary Principle, which meant that they did nothing on a lot of these applications to approve genetically modified products. It's also slowed down greatly the level of research in Europe. And if there was a lobby, it was the industry itself in Europe that was afraid that it would get left behind. So, to the extent that there had been modifications of European policies, and I think there have been some, it's been this concern that "Gee, all the hot research is going on in the United States, and if we impose these restrictions on ourselves, we'll get left behind." But certainly the situation has deteriorated since I was there. It's not one I can claim success on, unfortunately.

Q: Where did Canada fit in in all this?

KURSCH: Well, we had a group in Brussels, a luncheon group, it was ourselves, the Canadians, the Australians, the New Zealanders, the Japanese, and somehow the Koreans… it was the major countries that were not EU members that were capitalist countries, exporting countries. We tried to at least exchange experiences and views on EU agricultural policies because of the common threats we faced, although, we and the Australians also had our differences.

Q: Oh, yes.

KURSCH: I guess the Canadians and we were probably, we were fairly close to Canada, and my Canadian counterpart and I were pretty good friends. The Canadians were always kind of frustrated in a way because they wanted to have the kind of high level bilateral dialogue with the EU that we had, but they could never get the EU to give them the time.

Q: Were we able… this was the time of the development of North American trade… NAFTA… North American trade agreement, wasn't it?

KURSCH: I think NAFTA was earlier than that.

Q: It had happened, but was this seen as the counterpart to the EU, was this something that could be used, "If you do this, we'll do that." Or was it…?

KURSCH: Not really. We pretty much dealt with the EU bilaterally. The Canadians are, frankly, don't have the economic or political weight. They don't produce that much value added on most issues to carry the day with the EU if we come in. The Japanese, I must say, were also part of the group of trading companies I talked about. I guess if we, the Japanese, and the Canadians came in together, that's maybe a greater voice. I'm trying to think of when that happened. I don't recall specific incidents. The other thing is the EU has this great political component to it as we discussed before, and it just has a very different kind of character. We supported that political evolution. And I believe we still do, although we didn't want the EU to define itself as being an entity that was opposed to the United States or was a rival to the United States. We wanted a partner. My sense is that we've been somewhat successful in achieving this, but certainly not fully successful.

Q: Were we looking upon the EU in foreign policy as being a fairly weak instrument, for them, an ability to come up with a common policy?

KURSCH: Well, I think the problem we had, that EU policies, even to this day, tend to be the least common denominator of all the member states. And even small member states can dilute it further. So, we had frequent frustrations. There was also the old inclination to deal through NATO and with the major powers, to deal with the British, the Germans, the French, the Dutch and, to some extent, the Italians and Spanish. I don't think Brussels or the EU was then seen by US policy makers as a place that would be normally helpful. And the mission, to some extent, may have been tarnished by people's frustrations with the EU systems. I feel that way. There was not, I would say, in the European bureau, much affection for Brussels. I can remember the deputy secretary coming through at one point, and I had to escort him from NATO over to the commission to make a call on Commissioner Van den Brueg, and him saying to me, "I'm doing my patriotic duty by coming into this place." He found them very frustrating. Even in delivering material assistance, they were very slow. I remember trying to get money for something called the Open Broadcast Network for Bosnia. Secretary Albright had been promised money for this and they were just so slow to deliver it. And I'd had to call over and call over and call over, and I guess they finally got it. But it was such a painful process.

Q: Yeah. Well, did you look at this, did you see developing in the EU, sort of a bureaucracy where the veins were hardening, and it was hard to get things… It became a bureaucracy that existed to be a bureaucracy.

KURSCH: I don't know if that's fair. I think that the commission officials are generally very bright people. The examinations to get in are very demanding and positions at the Commission are among the best bureaucratic jobs in the world in terms of pay and, benefits. In this respect it beats any of our respective civil services. But there is a sort of papa or mama knows best attitude among the civil servants in Brussels. I've seen that with many EU officials I deal with. There,

it's kind of a Mandarin operation that 'we are trying to build Europe and we know what will work for Europe. We're here on this mission.' These are not people who used to testifying before a tough Congress, as our senior people have to do all the time. They aren't humbled in a way by having to respond to constituents the way our bureaucrats have to. And I think that's a major shortcoming in the whole European process. It's starting to change. I mean the European Parliament does have more clout than it used to have. Most impressively, it dismissed the whole commission while I was still in Brussels.

Q: This is because of Edith Cresson

KURSCH: Well, because of the scandals, yes, and basically because of indescrections by Mrs. Cresson. But because the Parliament can't get rid of individual commissioners, they basically had to dismiss the whole commission and it resigned collectively. And I think that that had created a new atmosphere. Plus the fact that now you have Javier Solana as the special representative for foreign and security policy. They are now talking with a new, with the new constitution of having in effect a European foreign minister. You also have even brought in Chris Patton as the Commissioner for Foreign Affairs. This has brought about some positive changes in the relationship and also I think made Europe more dynamic. But this is a process in the making, and we don't know how it's going to come out at the end of the day. We see now, one of the things that's interesting to me, is that the likelihood of the UK adopting the euro, which if you'd asked me three years ago I'd say, "Yeah, I'm sure they'll do it within the decade, maybe by 2005." That ain't going to happen. The Swedes now voted it down despite the fact that all the political classes and the businessmen were for it. Now we have the major development of the ten new members, and they're going to make the EU a very different place, just as a reunified Germany has made Germany a different place. So, what is this going to be? I don't think any of us know exactly, but the experiment certainly has been much more positive than negative, and we'd miss it if it weren't there.

Q: This might be a good place to stop now and pick up later on.

End of reader