

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

ASSISTANT SECRETARY JOSEPH A. GREENWALD

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INTERVIEW

Q: Well, Mr. Greenwald, I am very happy indeed to have you here today. You've had one of the most fascinating careers, both in the Department in the Service and afterwards. I wonder if you would start out by telling me a little about what first got you interested in the field of foreign affairs and how you came to get into the State Department that led to the Foreign Service.

GREENWALD: Well, believe it or not, I never thought that I would end up in the Foreign Service in the State Department. I grew up in Chicago, which had at that time a fairly lengthy and deep history of isolationism. You may recall that it was the mayor of Chicago, Thompson I think, who said that if King George ever came over there, he would punch him in the nose. So...

Q: That was for the Irish vote, though, wasn't it? [Laughter]

GREENWALD: Probably. So the point is that I am not one of the people, one of the Foreign Service people, who from an early age or even when they were going to university were looking toward and preparing for a career in the diplomatic service.

I didn't really know what the hell I wanted to do. I drifted into Washington because everybody at the University of Chicago took an examination when I was graduating in, I guess, it was 1940 or '41, and I took the exam, too, and never looked for a job and ended up in Washington. But then I went into the service, and it was pure accident in 1947 after the war that someone suggested that I go to a man in the State Department who was looking for someone to work on economic affairs, basically anti-trust, what was then called restrictive business practices.

Q: At this time, did you already have a graduate degree?

GREENWALD: No. No, I had only an undergraduate degree.

Q: With emphasis in?

GREENWALD: It was economics. At the University of Chicago--in those days, maybe it is still true--you do not specialize the first two years. Your specialty came the next years. And I did economics.

I had worked briefly before I entered the service in some of the pre-war defense economic agencies, what was called the Office of Price Administration and Civilian Supply. But that was all of my work experience.

It was pure accident, as I said; I never expected that I would end up to be one of the group that I always looked down upon as cookie-pushing Eastern establishment types. What

happened was that there was a man who was the head of the division named Raymond Vernon, now a professor--

Q: I know Ray. I remember Ray.

GREENWALD: You must have known Ray, yes. He is now a professor at Harvard Kennedy School.

Q: He was at the Business School for a while.

GREENWALD: He was at the Business School, that's right, and now he is at the Kennedy School. He, in my view, quite sensibly and quite rightly said, "Well, there aren't any real special qualifications that one can have for this job. All I can do is look at your college record, which seems to be pretty good, have a talk with you, and take a chance that you will work out all right." And that's how I got into the State Department. That was not, of course, the Foreign Service. Then . . .

Q: You worked in, I take it, several commercial policy jobs for a while and at the same time you--something that I admire tremendously because I tried it once and couldn't handle it--got both a graduate degree and a law degree, didn't you, during that early period?

GREENWALD: What happened there was that when I was in Washington in those days-- I don't know if it is true anymore--almost everybody continued his schooling, at least all the people I knew continued their schooling.

I went to American University first and took economics. But I found that economics at American University was what I had as an undergraduate at the University of Chicago. So I wasn't learning anything there, and someone said, "Well, why don't you try an entirely new field? Why don't you try the law?" So I started at night at Georgetown and finished there, I got a law degree and became a member of the bar. But until my third career after my business career, I never practiced law.

Well, let me just finish that. The reason why I never practiced law was that when I went to Georgetown, I was, of course, in the State Department working and getting some promotions. By the time I had finished my law degree, three years afterwards, I went to the assistant legal advisor for economic affairs--this is a man named Metzger at the time, Stan Metzger, you may remember him, too--and I said, "Well, Stan, now I have a law degree. I would very much like to join the legal advisor's office."

He said, "Oh, great. We would be delighted to have you. Now, of course, since you don't have any legal experience, you would have to take a grade lower than you have achieved in the State Department."

You can imagine my wife's reaction, not to mention my own, but particularly my wife's reaction, after three years of giving her the burden of taking care of the children and my spending all my time on my law studies to take a grade lower than I had before. So that's why I never shifted to the legal advisor's office.

Q: Some sense of values, I'd say.

Well, it wasn't long after that before you started getting into the negotiating field. You went to Geneva in '51.

GREENWALD: Yes, well, what happened was that I was working first on restrictive business practices and a field which has now come back again, which was not of any interest to anybody at that time, intellectual property, patents, trademarks, and copyrights. At that time it was given to me because nobody was really very much interested in the international aspects of what was then called industrial and intellectual property, patents and copyrights.

Now, it is the major item--here we are how many years later? An awful lot of years later. It is one of the major items in the trade negotiations going on in Geneva. The American business community considers that the number one, close to number one, priority that they have is improving the protection for intellectual property rights. What has happened in the meantime is that--

Q: Which includes patents, trademarks--

GREENWALD: Trademarks and copyrights.

What has happened in the meantime, obviously, is that two things have happened in the American economy. We have shifted to high tech, where intellectual property inventions, trademarks, copyrightable material, are the most important assets that a company will have these days. And the protection that it gets around the world is not as good as it should be. And so it is now a number-one priority item in the GATT trade negotiations.

But I had that. I remember restrictive practices, which was really the main subject, which was cartel activity. For example, there was the DE BEERS diamond cartel in South Africa and efforts to try to break it in the wartime period, but in the post-war period as well. For example, Williamson was trying to produce diamonds in west Africa and market them outside the cartel. So that was the kind of anti-cartel work I was doing. I did that for a year or two, and then I shifted over to commercial policy, trade policy.

But why did I go to Geneva? Well, Tully, you will appreciate this. I got tired of hearing from Foreign Service officers that I couldn't really understand these issues because I had never served overseas. It was almost as simple as that. Someone came along and said there is a job, it was a Foreign Service reserve job, open in Geneva. And I took it just to

see whether it was anything to that canard and how my family reacted to living overseas. We were stationed in Geneva from '52 to '55. Everybody enjoyed it, and I did, too.

By the way, for historical perspective, let me describe to you what change there has been in Geneva. Those were the early days before the inflation in government representation and before the United States was so heavily involved in all kinds of international negotiations in Geneva. We did not have a mission to the Geneva office of the United Nations. We had a consulate general and one person, that was me, working on all of the economic activities in Geneva. The General Agreement on Tariffs and Trade (GATT) ILO, ECOSOC, etc.

Most of my time was actually spent on a United Nations regional organization, the Economic Commission for Europe (ECE), which at that time was headed by a Swede named Gunnar Myrdal. He is famous less for his work in the ECE than he is for his seminal book on US race relations: The American Dilemma. But he was a very stimulating guy. Most of my time was spent in the ECE, which was one of the few--remember this is the cold war period--one of the few organizations where the United States and the Soviet Union and Western and Eastern Europeans met together. That was the main part of my activities in Geneva.

Q: Different from the way we were in Vienna, where I was at the time, where all we did was spit at each other. You were actually doing some work.

GREENWALD: Yes, there was some serious work done because they had industry divisions. A Timber Division for example, where the Soviets had some technology to exchange and something to trade as well. Coal which the Poles were interested in. Yes, there was some work done. At the annual session, of course, we were treated mainly to political polemics. The annual meetings were not very constructive or useful. But that was a relatively unimportant part of the work of the ECE at that time. But it was really very much of a side show even though it did some practical work.

Q: Well, now was GATT, more or less, in continuous session? I remember some GATT meetings at Annecy, but that was a little earlier, wasn't it?

GREENWALD: Yes, late forties, '49, I believe.

There had been a series of negotiations in the GATT, trade negotiations, but they were more or less self-contained. I did not get involved in those.

Q: They sent a special delegation?

GREENWALD: Yes. They were held outside Geneva, except the first round. Then they went to Annecy and Torquay. They went on for months and actually traded detailed tariff concessions.

What I was responsible for were the general provisions of the GATT, which were fundamentally rules of behavior, if you like. The provisions which ensured that when we got a reduced tariff or other concession, a binding as it called of a tariff, it would not be undermined by the use of quotas, taxes, and other protective or discriminatory measures. And that's what the GATT work in Geneva was. There were annual sessions of the Contracting Parties, the countries participating in GATT. That was where I participated. And I did the work in-between those annual meetings.

Q: This is really sort of enforcement or--

GREENWALD: Well, enforcement.

Q: Working out management problems.

GREENWALD: Management, administration, enforcement, but also to settle disputes between Governments. Mainly to ensure that countries, members, did not take steps that undermined the negotiated tariff concessions.

Q: Now in doing this, you reported back to the E bureau in Washington, I suppose.

GREENWALD: Yes. At that time, and until 1962. Starting with Cordell Hull in 1936 in the Reciprocal Trade Agreements program the Bureau of Economic Affairs in the State Department had the lead role in trade policy, international trade negotiations, and foreign economic policy generally in the US Government.

After 1962, the Congress set up what has now blossomed into almost a complete agency. It was first called the Special Trade Representative, and is now called the US Trade Representative (USTR). The incumbent is Ambassador Carla Hills. And once that happened--well, not immediately, I am getting a little ahead of the story.

Anyway, tell me if you think we have had enough about Geneva, but let me just finish up. That was a very interesting time for me mainly because I was a fairly junior officer, or middle-rank officer. And since I was the only one there, I had the responsibility, particularly since the ECE, was kind of a side show, I had no supervision in the sense that I would normally have gotten at that level. So that plus the GATT work was very interesting.

Geneva at that time was a lovely place to live. It was before the influx of the American businessmen, before they discovered Geneva. Now it is too expensive, so they have moved elsewhere. There was an influx of American businessmen in the '60s, and then it shifted to Brussels. But, anyway, it was a lovely place to live. The dollar was, I think there were four--

Q: Roughly four.

GREENWALD: Four point thirty-five Swiss francs to the dollar. Anyway, it worked out very well. Let me just come back to the career for a minute. It worked out very well. We thoroughly enjoyed it. We got a lovely furnished villa from a former Bulgarian diplomat, who married a Swiss heiress and became a real estate man. He rented a furnished Villa to us at a very low price because, as an anti-Communist, he strongly supported the United States. So, anyway, it was a very enjoyable three years.

I was then overtaken for a Wriston program. You remember that?

Q: Yes.

GREENWALD: Wristonization.

Q: That was the back door after the back door I used to get in.

GREENWALD: You used the back door? [Laughter]

Q: I used the War Manpower Act. The Manpower Act, not war.

GREENWALD: Anyway, so the Wristonization program came along and far from resisting, as many departmental officers did, based on our experience in Geneva, we were happy volunteers to join the Foreign Service. So I came in laterally.

Then in '55, I came back to Washington. My pattern of assignments, by the way, has been almost equal time abroad, equal time in Washington. So in '55 since I had only a reserve appointment, I came back and was, as I said, Wristonized. I became a Foreign Service officer. I came back into commercial trade policy, GATT work, primarily. I did that from '55 to '58. I can't remember anything worth recording in that period. I think it was mainly my learning--

Q: Steady slugging it.

GREENWALD: Slugging, learning, learning it as a middle grade officer. I really hadn't learned the guts of it. And learning how Washington worked. And going to other international meetings.

I should mention the learning process that I went through. There were really two people to talk about, called mentors these days. I really had two people who taught me what I know about foreign affairs as well as how to work within a bureaucracy. First, on how to be a good bureaucrat, I learned from Ray Vernon in my first--at least I started it in the first period. I would say '47 to '52. The five years that I was in the Department.

Then when I moved to Geneva, the man who headed our delegations at that time was John Leddy, who was a GATT expert who had been in the business since the establishment of GATT in the late forties. Well, even earlier in the drawing up of the

whole post-war pattern of INTERNATIONAL ECONOMIC INSTITUTIONS: GATT, the IMF and the World Bank.

Q: GATT, by the way, for the record is the General Agreement on Tariffs and Trade. We will be using it a lot, and we ought to have it on the record.

GREENWALD: Yes, okay. So that learning meant a lot of diplomacy was done at the knee or elbow--or whatever you want to call it--of John Leddy. It started when I was in Geneva from '52 to '55. He came to the meetings as the head of the US delegation there, and I saw how it was conducted. I was his sort of errand boy, special assistant really. And it continued when I came back to Washington the three years from '55 to '58.

Q: John had originally come out of the Treasury, had he? Or was that--

GREENWALD: No, he went into the Treasury.

Q: Went into the Treasury.

GREENWALD: He became Assistant Secretary of the Treasury under Dillon later.

Q: Yes.

GREENWALD: I think he was somewhere in a domestic agency, where it was--I can't remember whether it was the Office of Budget and Management or Agriculture, but he had been somewhere and then came to the State--

Q: I can remember later when he was Assistant Secretary for European Affairs.

GREENWALD: Yes. Then he came into the State Department and spent most of time, maybe all of his time, in commercial policy, GATT, and international trade, foreign economic policy work.

Anyway, as I said, I don't remember anything that would be worth recording on the period from '55 to '58.

Then I went to London in '58. Actually, I had a choice of Paris or London. I am happy to say in retrospect that rather than omniscience or anything, I decided on London probably for family reasons, schooling reasons. But it turned out to be the right decision from a career point of view and from interesting work.

I went in '58. And while I was nominally--this indicated perhaps the titles and assignments in the Foreign Service don't always reflect the work that you are doing. I was, I think, a first secretary and assistant commercial attaché. I was in the economic section. In fact, what I did almost from the start of my tour in London was to follow

European developments, particularly in the economic side, which was about all there was at that time.

In '57 you recall, the Treaty of Rome was negotiated, and we had the six countries establishing what was then called the European Common Market. The reaction of the British and the Scandinavians, Nordics, and Swiss, Austrians, the outsiders, was to organize a separate rival group called the European Free Trade Association.

Q: EFTA.

GREENWALD: The seven. EFTA. So at that point, we were--the joke was Europe was at sixes and sevens. You had the six on the one hand and you had the seven. My job was to follow the developments and to report on them. I did some commercial work, but it was primarily . . . It involved the usual thing, talking to people in the Foreign Office, attending debates in the House of Commons, reporting on that. As you can see, it is very closely related, obviously, to the political office.

Q: Yes. The same--

GREENWALD: Sort of the same--

Q: With an economic interest.

GREENWALD: Yes, because it had an economic framework, but the politics were equally important. And it was a major political issue and has remained that way for Britain ever since. So that negotiation started in '59, I think, either '58 or '59, right after the Rome Treaty. That led to the establishment of the EFTA.

Anyway, that's what I spent my time working on from '58 to '63 in London. 1963 coincided with the end of my five years, which was about the tour of duty at that time, also with General de Gaulle's veto of Britain's first effort to try to join the Common Market, and also my selection to go to the National War College, which I wanted to do very much. I was interested in that, to come back to the career issue, because the conventional wisdom in the Department at that time--maybe still is, I'm not sure--was that an economic officer who was strictly an economic type, had less chance of getting to be chief of mission. And the way to break out, usually, was to go to the War College and then get a political assignment after that. I'll come back to that in a minute.

The main political event--well, following Europe, let me go back. Following European affairs, I guess I became a Europeanist, maybe not like people who had been in it a lot longer like David Bruce or Bob Schaezel but I pretty much believed in the European integration movement.

I guess the central event of my five years there in the European context was shortly after the change in administration in 1960 when President Kennedy came in, and George Ball

became Under Secretary of State. He paid an early visit to London. He was a big Europeanist from his previous position as a partner in a law firm that represented the European Coal and Steel Community, which was one of the earlier forms of integration, before the Rome Treaty and the Common Market. So he is clearly a well-known and vocal believer in European integration. So he came over in--it must have been, let's see, the election was in '60--so he must have come to London some time in 1961.

At that time, Ted Heath was the Lord Privy Seal and dealing with the six and seven problem, the EFTA problem. He was supported by a permanent Secretary of the Treasury, a man named Sir Frank Lee. I was the note-taker at this crucial meeting between Heath and Ball.

What happened at the meeting, and I don't know whether this was set up by Frank Lee or whether it happened spontaneously, but after we had spent a lot of time talking about the sixes and the sevens with George Ball complaining about how we didn't like the seven, and it was discriminatory and all that sort of thing, either Heath or Lee, I can't remember which, said to Ball, "All right, you have told me what you don't like about it. What do you want us to do?"

And Ball answered, "Join the Common Market."

Q: [Laughter] A little easily.

GREENWALD: Well, my pencil stopped at that moment because, as far as I knew, there was no US policy to urge Britain to join the Common Market. So I took the notes and did the report. But as we were walking out, I said to George Ball, "Boy, I didn't know that was our policy."

And he gave the usual answer that you get from political appointees in the Department, "Well, it is now." And that's how our policy was made. George Ball has recorded this in a book he wrote about that period.

Anyway, that was the main thing. And sure enough, MacMillan--the recommendation went to Prime Minister MacMillan, and the British applied for entry, and the negotiations started. And then, of course, my job became even more complicated and more active because there was not just the negotiations of the seven, but now one of the major developments in European policy and Britain's relationship with Europe was this effort to try to join the Common Market. And there were all kinds of Commonwealth problems. There were problems with us, the US, in how we were going to be affected because Britain had a lot of other obligations outside of Europe. It was much harder for Britain. They had a group they called the Flying Knights, a bunch of top civil servants who carried on the negotiations in Brussels.

This negotiation went on until the middle of 1963, when General De Gaulle cast his veto. What triggered the occasion that [Charles] De Gaulle used to veto was MacMillan's

meeting with Kennedy. I think it was in Nassau. It had to do with nuclear weapons. I am a little fuzzy on this, but there was a deal done between MacMillan and Kennedy. I think the meeting was in Nassau. And it had to do with, I think, the sharing of weapons or production, I'm not sure which particular weapon it was, but it was nuclear weapons. General de Gaulle said, "See, that demonstrates that Britain is not ready to become a member, . . . It is really not European, and we better not have them." So that was the end of the first British application.

And I was very upset and very unhappy. I drafted a few cables suggesting policies. David Bruce by that time was ambassador, and I took them over to Bruce, and he said, "Just relax. This isn't the end of the story." He had a longer perspective on the whole European development because he had been in at the very start even before the Coal and Steel Community when he was working with Jean Monnet and the Marshall Plan in Europe. So he calmed me down, and, needless to say, none of the cables that I drafted were sent. But I was very unhappy about it.

As I said earlier, that coincided with going to the War College. So I was duly being processed for that. And just before I was supposed to go back and take up that assignment, Bruce called me in and said, "Joe, I just got a call from George Ball. You are not going to be able to go to the War College."

And I said, "Well, why did he call you? Why didn't he call me?"

And he says, "Because he knows you are going to be sore about it, and he wanted me to break the news to you."

Well, I was pretty unhappy, but there is obviously nothing I could do about it.

Q: This is because he wanted you to take the Office of International Trade.

GREENWALD: That's right. It was actually Blumenthal, who was then the Deputy Assistant Secretary, who had vetoed, canceled, whatever you want to call it, my assignment to the War College. He said I had to come back to head the Office of International Trade, which I did in '63. Because at that time, Blumenthal was moving from the State Department to the US Trade Representative. Remember I said that USTR, what was then called STR, Special Trade Representative, was set up with Gov. Herter as the first Trade Representative in 1962.

Q: I had totally forgotten that he was the first one.

GREENWALD: Yes, he was the first one. He died shortly thereafter, and Bill Roth took over. But he was the first Special Trade Representative. He took Blumenthal, who had been Deputy Assistant Secretary in the Bureau of Economic Affairs, over as his deputy along with Bill Roth. And Blumenthal's last act, I guess, in the State Department was to

cancel my War College assignment and to put me into this office, as director of the Office of International Trade.

Well, to go back to the point about whether you could get to be chief of mission as an economic officer, he has frequently reminded me that it wasn't a terrible thing that he had done to me.

Personnel inflation caught up with me in the middle of the '60s, I guess, about '65 or '66. They used to have just one Deputy Assistant Secretary in each Bureau. There was then a proliferation and every bureau ended up with five or six Deputy Assistant Secretaries, and I was then elevated to Deputy Assistant Secretary. And finally in '69, just to finish the career side, I switched jobs with Phil Trezise in Paris, and I became ambassador to the OECD.

So as Blumenthal reminds me, he didn't do a terrible injustice. It was not all that bad.

Q: There is also something important about being really wanted for a job.

GREENWALD: Yes.

Q: It wasn't not making it. That's quite different.

GREENWALD: No. Well, it is pretty hard to turn down something like that.

Anyway, on the substantive side, in my tour in Washington, this time it was longer than usual. Before it had been three years, but I was five years in London, and then I ended up in Washington for six years, from '63 to '69, until I went to Paris at the OECD.

Well, I think the main thing worthy of comment during this period of '63 to '69 really didn't have anything to do with the GATT. It had to do with a UN organization, which had been set up in 1964, '63 or '64, called the United Nations Conference on Trade and Development, UNCTAD.

Q: Yes.

GREENWALD: That was set up not as a separate specialized agency, but as a part of the United Nations. It was really organized as a result of pressure from the developing countries, who felt that the industrialized countries were not paying enough attention to them. It was to deal with what came to be known as the north-south problem.

It was not the US's favorite organization. As a matter of fact, I think in the early days, we tried to scuttle the whole thing because the feeling was that it was not going to be a useful organization. For serious trade policy work, we had the GATT. There were regional organizations around the world that the US belonged to. One in Europe, the Economic Commission for Europe was still there, one in Africa, one in the Far East.

So the United States was very much opposed to it, but it didn't do any good. The organization was set up as part of the UN. There was no way we could veto it. And we could have refused to go to the meetings, that was considered for a while, but was rejected. The man who was Assistant Secretary for Economic Affairs at that time was Griffith Johnson, and he went to the first annual meeting, or the first conference, I guess it was called, in 1964. He was supported by John Leddy and Phil Trezise, who had become Deputy Assistant Secretary, he was then Deputy Assistant Secretary for Economic Affairs.

In 1965 after the first meeting of the UNCTAD, it was clear that there was going to be a second meeting of the UNCTAD, the conference, which was scheduled for New Delhi in 1968. It was made clear to me that I was the one who was going to have to carry the can in that meeting. I was going to be the senior government official. Not the ministerial representative, but the senior US official at the meeting.

Well, my reaction was to see whether I could avoid the kind of onus that was placed on the United States as a result of its negative position on practically every issue that there was before them, both financial aid, aid targets--1% percent of GNP--as well as trade measures and commodity agreements, all kinds of things that the United States just didn't like. And the problem that I had was could I find something that would put the United States in a better light in 1968 in New Delhi than we had in 1964 in New York?

Now I have to step back and explain what then happened. By the way, the reason that I am going into this, Tully, is that of all my career, probably what I did in this period is the closest that anyone could come to making a major impact on US policy and that's the reason that I'm . . .

Q: And a lot closer than most of us get.

GREENWALD: Well, that's one of the things.

Q: Yes.

GREENWALD: It was the only one in my whole unusual set of circumstances and one in my whole career that I can look at and say, "Well, I took this from the very inception, through the negotiation, somebody else did the implementation, but through the changing of US government policies." It was changing a fundamental government policy, which a lot of people didn't agree with me about. It ended up, not to keep you hanging, as the generalized system of preferences. A system of preferences in which all of the developed industrialized countries gave lower duties, duty-free treatment actually, to most of the imports from the developing countries.

Now to explain how this came about, I have to explain a little bit about what were some of the factors that had set it up, that made this opportunity possible. First of all, to go back

to Europe, the European community began to evolve a policy towards Africa, towards its former colonies of the European countries. It was initially then called the Yaounde Convention. They gave duty-free treatment just to the countries in Africa, Caribbean, some in the Pacific, but mostly Africa and the Caribbean, countries which had been associated with the members of the EEC. This was discriminatory against other developing countries like Latin America, for example. And they also got something called reverse preferences, which meant that these, say, African and Caribbean countries gave preferential treatment to goods from Europe as opposed to United States exports. So that was something which was sticking in our craw, which we were very unhappy about, and we made all kinds of demarches, complaints, negotiations, to try to do something about these European practices. That was perhaps the basic fact of life that I had to deal with.

In reaction to this relationship between Europe and its former colonies, some people in the US government were beginning to talk about the United States setting up the same kind of north-south relationship with Latin America. In other words, it's come back now a little bit but in a different form. But the idea was move towards a tri-polar world in which Europe would have basically Africa and maybe a few other countries, the United States would have Central and Latin America under its wing, and then I guess you would go back to something like the "co-prosperity sphere" in the Pacific under Japanese hegemony.

Which I am not sure anybody would have been happy about. That was one of the ideas that was kicking around. George Ball was supporting the idea of negotiating preferential arrangement between the United States and Latin America. Well, this was all in reaction to the European arrangements with the ex-colonial territories.

What I had started thinking about was instead of moving towards three separate north-south arrangements was to try to keep it on a multilateral, global basis by the idea of what I called a generalized preference scheme under which all of the industrialized countries would give the same treatment to all of the developing countries. And as part of the plan, Europe would give up its so-called reverse preferences. The principles that we evolved were no preferences for industrialized countries in the developing countries. Those would all be wiped out, the ones that existed, and no new ones would be given. All developing countries would get the same treatment was the second principle. The third principle was that there was no vested interest or no guaranteed margin of preference for the developing countries so that the program, the policy, would not interfere with the continued liberalization on a world-wide basis of tariffs, reductions of tariffs.

In fact, it turned out to be a little, in retrospect now, a little too ambitious. I had in mind that this would really only be temporary preferences for the developing countries because what would make sense by the year 2000 is that all industrialized countries should have gotten rid of all their tariffs on industrial products, not agriculture, which was obviously more sensitive, but on practically all industrialized products. You would have pretty much a duty-free world, let's say, by the year 2000.

Anyway, that was not formally a part of the scheme, because I couldn't get other countries to agree that by the year 2000 they would eliminate all their duties on industrialized products. But that's the way I hoped it would go. Now that idea is being revived again now a little bit, and I don't know whether they are going to make it or not. But that was the idea. A developing country couldn't come in and say, "Look, you have a duty of 10% percent on widgets, which are coming from our country. We get duty-free treatment, but now you are going to reduce that to 4%, and, therefore, you are injuring us, and you can't do that." So I made one of the principles that there was no vested interest in the margin of preference for the developing countries.

The scheme was worked out over--Well, no I'm sorry. Sorry, I'm getting ahead of it.

The idea of giving preferential treatment, by the way, meant a change of a policy that the United States had followed for about 150 years, which was most-favored nation treatment. We treated everybody the same. There were no preferences. We had some with Cuba which grew out of a--

Q: Sugar and things like that.

GREENWALD: Yes, sugar agreements, some things in the Philippines, but they were being phased out, and we were fundamentally, and had been for years, on non-preferential, most-favored nation treatment basis. So this meant changing a very longstanding policy.

Okay. Next question is: how do you go about doing that? My objective was to keep from being the scapegoat or the bad guy in the meeting in New Delhi in 1968. But that's not enough to change a longstanding US policy. But it happened that Lyndon Johnson was president by this time, I think it was about 1967. He was making a speech at Punta del Este. You probably know, but whenever presidents make speeches overseas, at least in those days, the State Department would get an instruction from the White House saying the president would like some ideas for what he can put in his speech. Well, I seized upon that and proposed that he make the first statement giving the conditions that I just outlined and saying that if other countries would join us, we are prepared to sit down and try to negotiate such a generalized scheme of preferences.

Q: All right, we were just getting Johnson's speech at Punta del Este.

GREENWALD: That's right.

Q: Do you want to continue?

GREENWALD: Yes. Well, it was accepted after a struggle within the bureaucracy and was put into the presidential speech saying we were prepared to consider it. It wasn't a commitment, but we were going to consider it.

Then the next job I had was to follow-up. How do we negotiate this, particularly with the European community? The solution that I came up with was a group of wise men, as they were called, in the OECD, the Organization for Economic Cooperation and Development, in Paris. And what we had there was a British representative, a French representative, a Japanese representative, and myself. By that time--no, the British weren't yet in the Common Market, so they had to be there. They were still an EFTA country. The French were the representatives, really, of the Common Market, and they were the ones who were most attached, obviously, to this Yaounde Convention which set up the relations between the community and the former colonies of the member states. The Japanese who obviously had an interest in this.

Q: Do you remember who the other three wise men were?

GREENWALD: The names of them?

Q: The names of them, yes. This would be good for the records.

GREENWALD: Okay, I'm not sure I can remember. I'm not sure about the Japanese. But the Brit was Assistant Secretary, I guess, in the British sense, from the Board of Trade. His name is Sydney Golt. G-O-L-T. The French representative was a man from Quai d'Orsay, in charge of economic affairs at Quai d'Orsay, named Jean Pierre Brunet. B-R-U-N-E-T. But he was not the--he was the negotiator, all right. He had all the political nuances. He really handled that part of it.

But the man who made the most contribution, certainly on the French side, was a man named Alexander Kojeve. K-O-J-E-V-E. A Russian refuge, who had been a French citizen for a long time, was in the Quai Branly, which is the Ministry of Economic Affairs, but as a special advisor. He's really a hegelian scholar, a professor of philosophy, but he is an extremely bright guy. He was used by the French sometimes to be destructive and to keep things from happening, which I had seen in other contexts at GATT meetings. But when the French wanted something to go through, as they were prepared to do this time, he played a very constructive role and was really one of the major contributors in this entire effort.

Anyway, we met over a period of, well, it must have been about a year, I guess, into early '68, near the end of '67, at least a year. We came out with a report which contained the substance of the proposal for a generalized preference scheme and with the terms and conditions that I outlined.

That was then taken up by a ministerial meeting at the OECD, which, as you know, has all the industrialized countries in it including Japan. By that time, I don't think Australia and New Zealand were in. But Japan was a member and then it was all of the countries in Europe plus the United States and Canada. So you had basically all of the industrialized countries. That was agreed by the OECD ministers. We had instructions, when we had

authority then, to propose it at the meeting in New Delhi in 1968. That's where it was also adopted.

Now once it was adopted, you still needed implementing legislation.

Q: In each country?

GREENWALD: In each country, exactly. Well, the community for the six member states plus each independent country because you had to implement it through domestic legislation.

Well, the meeting in New Delhi plus one other board meeting in Geneva, later in 1968, was my last outing with UNCTAD. By the way, I should add that it did exactly what I had hoped. I want to come back to Kojève because he was really, as I said, a very creative man when he wanted to be and, when he was on your side, a very helpful negotiator. The big issues at the New Delhi conference in 1968 were trade, the preference scheme that we were proposing and then commodity agreements, a special fund for commodity agreements, which had been going on for a long time in the UNCTAD, and then a target for official aid of 1% of GNP.

Now the United States could not support either the commodity fund, common fund for commodity agreements, or the 1% target for official development assistance. And the French, who were more relaxed about things that they agreed to internationally and never had any intention of carrying out, could support both of those. They didn't really care. I am exaggerating a little bit, but they never took their international obligations all that seriously, generally, and certainly when there were resolutions in the UNCTAD, they didn't mind signing onto anything. But in order to keep my objective of having the United States come out smelling a little better than we had in the original meeting in 1964, in other words, not to be the one--

Q: Bête noire.

GREENWALD: Yes, bête noire, bad guy, or whatever. I did a deal with Kojève, which he got through the French and the community delegation, which was that if we went along, if we all pushed this generalized preference scheme, that they would not actively press on either the one percent development assistance target or commodity agreement. So we had a kind of a--I won't call it a mutual assistance pact, but at least a nonaggression pact. And it worked very well. The US got through that particular meeting of UNCTAD without carrying the can to the extent that we had previously. So that was the outcome.

Now that was in '68. Then we had to start drafting legislation, putting legislation through. Well, in '68 there was another election, and as I recall, that was the Nixon Administration.

Q: Yes.

GREENWALD: Came in in '68. And that was when I traded with Phil Trezise, who by that time followed John Leddy as ambassador to the OECD. Elliot Richardson came in as Under Secretary. We didn't have a Deputy Secretary then. In the absence of an Under Secretary for Economic Affairs, he went to the first OECD meeting in 1969. He met Phil Trezise there. I was acting Assistant Secretary for Economic Affairs. I had been in Washington six years and was--I won't say desperate--looking forward to getting out. The good old days. I'm not sure it can be done anymore. But the good old days and with a guy like Elliot Richardson, you worked out a deal where Trezise would come back and take the Assistant Secretary job, and I would go to Paris and take his job. That's the way it worked out.

One thing I must say for Bill Rogers, who was the Secretary of State then, and Elliot Richardson, maybe it was the last time it happened, but it was lovely. They took a position that they were prepared to have political appointees, but they had to be competent.

Q: Yes. Elliot was extremely good about this. I remember I worked on a lot of those appointments.

GREENWALD: Were you in Congressional Relations--

Q: I was acting Assistant Secretary at that time, the whole first year of the Nixon Administration.

GREENWALD: Well, they took that position and made it stick. As you know, you know very well from your job in Congressional Relations, they probably got as high a proportion of career officers, not that I'm saying that that's necessarily--

Q: No, but at least we got a high proportion of competent people.

GREENWALD: Yes. Qualified people. They just refused to take those who weren't, and they made it stick. Those were the good old days. Things have changed, I guess, since then.

Anyway, this is the deal we worked out. So I did not then stay on in Washington to see the implementation. It took about five years before the legislation went through, but it did go through. It had some riders on it that I didn't like and wouldn't have liked to have seen, but fundamentally it went through, and the US carried out its obligation that we had taken on in New Delhi.

Then I went to the OECD as US representative, and I enjoyed that very much. Now that's a lot of multilateral diplomacy. It was interesting. I got into a much wider range of issues than just trade, obviously. By the way, that's one where I don't take the credit for, but where a policy was evolved on the environment--it was the principle of "let the polluter pay." It had an economic base. It's gotten much more politicized now. But when it first

came up as an issue in 1969 or '70, I guess, in the early days in Paris, the concern was that if government subsidized waste removal or environmental measures, that would put some firms, some countries' firms, in a better competitive position than if the company themselves had to pay. So to try to avoid that kind of adverse impact on some firms dealing with environmental problems, we evolved the principle there that the polluter should pay and that that should be adopted by all countries so that everybody would be on the same footing.

I think for political reasons, that may have gone by the board. But people are still talking about it now, I'm happy to see. It is still an objective to try to have a level playing field in the sense that the governments don't subsidize excessively so that they give their firms an unfair advantage.

Anyway, that was one of the issues. But the first one that hit me as an interesting one in retrospect, I would just mention this. The one that the OECD had started with when Phil Trezise was still there in '68 was the concern the Europeans had about something called the technological gap. And it was related to a book by a man named Jean Jacques Servan Schreiber, talking about how Europe was lost, it was going to be overwhelmed by the United States. Well, the OECD took this on--it was given to them by the ministers--the task of demystifying it. In other words, to try to look at the facts, find out was there really an overall technological gap. Well, the report had been started, but it came out in my time in '69. And what it showed, not surprisingly, was the US was ahead in some sectors, Europe was ahead in other sectors. There wasn't really an overall technological gap.

What's funny in retrospect is nobody said a word about Japan. Japan was not a factor, was not considered, and looking at it from 1989, it is a--

Q: Twenty years later.

GREENWALD: Twenty years later. It was only a little while after that--

Q: When the explosion came.

GREENWALD: Yes. When the Japanese came over. What people, as you know, worry about now is not a technological gap so much between Europe and the United States, but between Japan and the United States and Europe. But anyway, that was one of the interesting problems.

Then, as I say, we went on to environmental issues for the first time taken up multilaterally, which was an interesting--anyway, it was a pretty interesting job.

But after three years of multilateral diplomacy, which included a lot of very boring meetings on budget and finance as well as work program, I was ready, I was looking forward to moving. The job that I wanted, the obvious succession, going back to my time in London, is to move to Brussels from Paris. Now, Bob Schaezel had been there for six

or seven years, and he liked it and wasn't very eager to move. He wasn't a Foreign Service officer, so that there wasn't any pressure, in a sense, through the Foreign Service for him, even though he had been there a long time.

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 UN or the International Monetary Fund. That was one function. Kind of a pre--

Q: It had no real organizational relationship to the UN, 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 UN. 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 Sonnenfeldt, 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 Strausz-Hupé.

GREENWALD: 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.

Q: All those relationships were pretty complicated.

GREENWALD: Yes.

Q: It's nice to get them straightened out.

GREENWALD: I think it is absolutely essential to have meetings with the representatives from the capitals, the member states. I asked recently when I was in Europe whether they are still doing that, and my successor a few times removed, Al Kingon, said, "We just don't have the funds for such meetings any more." He travels around quite a bit to capitals. And one of the reasons, by the way, that he travels around--we compared notes on how it worked in my day which I described to you with Christopher Soames--and he said, "Boy, it doesn't work that way anymore." Soames' successor, a Belgium named Willie DeClerq, who is not at all helpful, is more of a confrontational, certainly not a

close working relationship that I described. Kingon found that he had to spend a lot of time traveling around to capitals.

Q: To get--

GREENWALD: The commission was not that helpful as they had been in my day. That's the way it went on.

Q: Well, were there any other high spots that you remember of this period which lasted about four years you were there?

GREENWALD: Three years.

Q: Three years.

GREENWALD: Yes, '72 to the end of '75. No. Most of it, as I say, was just managing US-EC economic frictions. There wasn't any major flap as I can recall. Oh, I guess this gives you some idea of the importance attached to it. In the middle of this, Henry Kissinger decided we should have a year of Europe. That was not one of his finest hours either. It was not a very good idea, and it flopped.

Q: What was the concept?

GREENWALD: Well, the concept was that we were going to work on closer relations with Europe, and we were going to devote a lot of attention on Europe. It just didn't work.

Q: It didn't get off the ground.

GREENWALD: No.

Q: Kind of.

GREENWALD: So, no, I can't remember any other key points.

Q: How did you come then to come back at the end of that--

GREENWALD: How did I come back to Washington?

Q: Back in this inferno.

GREENWALD: Well, it was one of those things that apparently is still happening. My wife and I were on a Swann's Hellenic tour of the Greek islands. This was in the summer of '75. I got a telephone call from my office or a message, I guess, they sent on a ship. We were on a ship all the time. It didn't tell me the substance, it just said, "Get a hold of the Herald Tribune of such and such a date." Well, I couldn't get one until we landed at

Rhodes, and I did. Sure enough, there was an article in there about changes in the State Department stating that I was being transferred back to Washington. I think it was--I'm not sure whether it was Dean Hinton or Tom Enders--oh, no--

Q: You were replacing Enders, I think, at the time, weren't you?

GREENWALD: Exactly. I was replacing Enders in Washington. Enders was going to Canada, Dean Hinton--I can't remember where he was--took my place in Brussels. The man in Canada went to Saudi Arabia. Anyway, there was a big shuffle described in this story. Well, I felt that that wasn't the way I should learn about this. So I didn't do anything. I didn't call. I didn't do anything.

Q: Ignored it so it would go away.

GREENWALD: Yes. I didn't want to go back. Why should I ask for trouble by having it confirmed? So I didn't do anything in terms of telephone calls or messages or anything. Finally, I guess after three or four months had gone by and nothing had happened, I still had no official word from Washington. Larry Eagleburger was then Under Secretary for Management, and I called him. Called him up, and I said, "Larry, a few months ago I read this article in the newspaper. Is there anything to it?" [Laughter]

He blew up, of course. Larry said, "My God, didn't they call you and tell you about that?"

And I said, "No."

And he said, "Well, yes, yes, that's true."

And so that's how I learned that I was coming back. It was all part of this shift.

Well, I can finish up my State Department career now if you like.

Q: Go ahead.

GREENWALD: Anyway, I came back reluctantly. You know, the usual expression is kicking and screaming. And I was basically doing what I had been doing for about 25 years. Pretty much the same kind of problems, the same issues. So I began--well, actually I had begun a little bit in Europe--but I began to look more actively, to see what the possibilities were outside the State Department.

Now this was in the summer of--no, it was early in--I came back in late '75, early '76. But as far as the Foreign Service was concerned, I really only had--this is perhaps an unrealistically narrow target. There was really one post that I wanted. For someone who had spent all of his career in economic affairs and in Europe, the only one that I could see that would make any sense that I would be interested in was ambassador to Japan. By that time, of course, Japan had emerged on the scene, and there was a technological gap. By

that time, a trade gap, too, or a beginning of a trade gap. Japan was the place where I would have been most interested in serving.

Now at that point, I don't know whether it was true for you, Tully, or not, but I found that having had my first presidential appointment from a Republican, from Nixon, having served then through Nixon-Ford Administration, I was identified as a Republican, whether I was or not.

Q: And you had been dealing, of course, on such political levels so much of the time that you had been in touch with a lot of Republican political people. More so than I was, I guess, but still.

GREENWALD: Yes, I was certainly dealing with political appointees in the administration and on the Hill. But I found that it was just automatically assumed that I was a Republican. So the question that confronted me then in the summer of '76 was did I have any chance at a post in Japan. That depended on a judgement as to whether Ford or Carter--by that time, they had been selected--whether Ford or Carter was going to win the election. So I made a guess, I suppose, judgment, whatever you want to call it, that while I thought Gerry Ford had been a good president, and I would have liked to have seen him reelected whether I was a Republican or not, Jimmy Carter was going to win. And there was going to be a worthy Democrat given the job in Tokyo. In the end, you know what happened. A very worthy Democrat.

Q: Mike.

GREENWALD: Mike Mansfield and stayed--

Q: For the rest of his life. [Laughter]

GREENWALD: He spent eleven--I think it was almost ten or eleven years in the job. He did a first-class job. They loved him in Japan, and he loved it. But I decided what my chances of getting that were . . .

So I began to look more actively outside the Department. As I mentioned earlier, Mike Blumenthal had been in the Department, and I had worked very closely with him, particularly in the Kennedy round of trade negotiations. He had left the government after the Kennedy round of negotiations in '67. By this time, he was the chairman and chief executive officer of the Bendix Corporation. He had said, "Anytime you want to leave the government, let me know." Well, I had been talking to some other people, and my wife ran into him at the airport. He said, "You mean to tell me he is going to go somewhere else?"

And she said, "He is talking to somebody else."

Anyway, the end of the story was that I talked to him on the phone, and I went out to Detroit, Southfield, Michigan, which was where the headquarters of Bendix were, over a weekend in September of 1976.

Now the question that arose in my mind was, as I mentioned to you earlier: what skills did you need to be a successful businessman, and what ones had I acquired in the Foreign Service that would enable me to do a reasonably good job in business? Mike, of course, had been in the Foreign Service. He knew what my skills were and what they were not. He also had a Foreign Service officer heading his international group, a man named Stan Cleveland.

Q: Ambassador Greenwald, you were just talking about Mr. Blumenthal, Ambassador Blumenthal, Mr. Blumenthal, as we all call ourselves in private life, and the qualities that the Foreign Service gave you for private business. Do you want to take on from there?

GREENWALD: Okay. Well, Blumenthal himself had been in the State Department, so he knew pretty well what the qualities were and what the Foreign Service officers had. He, in fact, had Stan Cleveland, who I had known in London, I had known in Paris and a lot of other places, who was fundamentally a Europeanist doing his international work. The theory was that I was going to work in Bendix International with Stan Cleveland. And after an indoctrination period at headquarters in the suburb outside of Detroit, I was going to go to Paris to head up their European operation.

Well, the first thing I found out when I--now to talk a little bit about life after the State Department. The first thing I found out was that like every other activity, there is a special lingo that they have in business. So I decided to go back to school at a very advanced age. I found that they have something called an advanced management course given by Michigan State University in the evenings, and it led to an M.B.A. So I took that course, back at school at nights when I was working for Bendix. It was very useful. Not only did I learn the language which all of the M.B.A.'s use, but, in fact, some of the courses I looked down my nose at before like marketing, for example, turned out to be very interesting, very useful courses.

Anyway, I did that. I stayed in Michigan for some time; three years actually. The other thing I--

Q: Working also for Bendix?

GREENWALD: For Bendix, yes. Working for Bendix.

Q: And going to school.

GREENWALD: Yes, going to school at night and working with Blumenthal and Stan Cleveland. At that time, my job was European affairs and strategic planning. It wasn't all that serious.

In addition to recognizing, realizing, that there is a certain language that M.B.A.s had, anyway, in business mainly, I also realized that for a manufacturing company like Bendix, you really weren't one of the guys unless you had run a plant. So in my naiveté, I went to the head of the automotive group which I was working with mostly and said, "Look, I have been around here a year or so now, and I have learned something at Michigan State. How about making me a plant manager?"

And these guys gave me a horrified look, and they said, "Listen, you can fool around here at headquarters with strategic planning and international all you want, but those are where our real assets are, and if you think we are going to turn them over to somebody like you with no experience, you've got another think coming." So I never became a plant manager.

Q: Well, you need usually some engineering training, too, more or less.

GREENWALD: I'm not sure. After I had been there for the three-year period, I reviewed--in the course of it, I started thinking, "Well, what were the skills? What had I been able to do? Or thought I could have done and not able to do? What things were missing?"

Well, I came up with four skills, really. Number one was the simplest one: running an office, supervising people. That was certainly a skill that you acquired in the State Department, whether it was in the Department or in the field, as you know, when you have to run either an office or a mission or whatever it is. The skills involved, whether it is any kind of organization, whether it is government or business, are substantially the same. So I didn't have any problem with that. I was able to do that. That wasn't much of a problem.

The second one was negotiation. On that one, I watched businessmen negotiate, and I am convinced that my training in the Department and my skills in negotiating are a hell of a lot better than theirs. I hope that is an objective judgment, but I certainly never felt shy or inadequate as far as negotiations were concerned.

The third one was the one you mentioned, technical engineering. And there, there was no way I was ever going to become qualified. I couldn't become an engineer. I am no good at it anyway. I can manipulate words but not numbers. That's one where I would have to use somebody else. Now Blumenthal's view, by the way, who I had a talk with about these things, was that you could buy the expertise, you didn't need to be a technical expert. You could have engineers, and you could make as good a judgment when it came to moving up the line, and you had to make a business judgment about it. You were in just as good a position to do that. And you could judge the validity or value of the judgment of the advice you were getting from this engineer. But that's one that I was never going to get.

The fourth one was one I really didn't have any chance to exercise during this period, and that's what I call entrepreneurship, or being able to recognize a business opportunity and

to exploit it. I didn't have any chance to do it there, so I wasn't sure if I had that skill or not. I had practically no responsibilities. I was in the learning process, and I wasn't given any kind of responsibility in that area.

So those were the four that I looked at with my interim assessment that I have given you.

Then something happened in the company, and the European job that we talked about changed, disappeared, organizational structure, things change. By that time, Blumenthal had become Secretary of the Treasury, by the way, which happened just two months after I came in. I'll tell you a small digression on that.

You know our tradition in the Foreign Service is when presidents change, you--

Q: Resign.

GREENWALD: You send in a cable. If you are in the field, you send in a cable saying, "Dear Mr. President, in accordance with established practice, I herewith submit my resignation to be accepted at your convenience." Well, I still was in that tradition, and when Blumenthal left two months after I got there, I went to his successor, a man named Agee, and said, "Bill you didn't hire me. My tradition in Foreign Service is that you submit your resignation to the new president. You are the new president, you have my resignation."

Well, my business colleagues, when I told them about this, thought I was out of my mind. They said, "My God, he may accept it."

Well, fortunately, he said, "Oh, my God, you can't do this to me. Blumenthal had all the international experience in the world. He really didn't need you very much. I have very little, and you've just got to stay."

Q: Agee was much younger, of course, too.

GREENWALD: Oh, Agee, yes. At that time, he was 38. He was under 40. Also, he and Stan Cleveland didn't get along. Stan Cleveland was told to look for another job. So he didn't have Stan. Anyway, he kept me on.

Then the man who took over international came to me. Let's see, it must have been a year or so later, I guess, after the European job had disappeared. He said, "I've got a crazy idea."

And I said, "Well, what is it?"

And he said, "How would you like to go to Japan and take over our operations in the Far East, all of them not just Japan, but stationed in Tokyo?"

And I said, "Well," also in Foreign Service style, "if that's the best use of me from the corporation's point of view, fine."

He looked at me, and he said, "Aren't you going to think about it?"

And I said, "No." Besides, as you know from my earlier comments--

Q: You had already thought about it.

GREENWALD: I had already thought about it. And the idea of going out there as a businessman was just as--or even in some respects more--attractive, because it was not just going in a whole new area that I didn't know before because I had been in Europe all the time, but also in a whole new function, in a whole new environment that I had never done before.

And he said, "Well, aren't you going to ask your wife?"

And I said, "No. She has been in a quasi-military operation, too, and I'll just go home and tell her that we are going to Japan and that will be it."

Well, businessmen in those days, maybe they are a little more flexible these days, did not like going overseas. In their view, it was not a very good--

Q: Away from headquarters.

GREENWALD: Get away from headquarters, get out of the mainstream, get forgotten. They had a lot of trouble getting people. In any event, we went out to Japan and had a wonderful time for almost five years that we were there.

Now to come back to this fourth skill. That was where I had a chance to test the entrepreneurial skill because I had various functions. We had certain companies in Japan and around the area where we already had equity or they were licensees. So part of my job was taking care of them. But the other part of my job was what they called business development. It meant going out and finding and negotiating either joint ventures, proposals for new investment, or licenses. I didn't have the authority to negotiate settlement. I generally did a survey and made recommendations. In particular, there were three joint ventures that I did in that time. One in India, one in Korea, one in Taiwan.

It is hard to tell when you first go into these things, Tully, whether they are going to work out or not. So I got a chance. I was back in Japan a year or two ago, and I went to my old office and talked to my successor and checked on where were these joint ventures. Well, my batting average was two out of three. The one in India was in difficulty, although I think it has improved subsequently. But the ones in Korea and Taiwan were flourishing. There have been some doubts and there were some risks, which I won't go into now because they are business issues, but there were some risks in both of those, and they

worked out very well. So in a limited way, in a modest way anyway, I think I was able to function on that. There was nothing you could have learned in the Foreign Service to deal with that.

Q: You had had a particular experience in the Foreign Service that was more useful in business than most.

GREENWALD: Yes, that's quite true. Having been in the economic area and being oriented and knowing about that, the questions that you have to look at, you know, you have to look at the political risk, too, as well as the economic risk. That meant not just the environment of the country, but also the competition, what the prospects were for the joint venture if they were to succeed both in the country as well as in terms of export. So, yes, many of the things that I dealt with subsequently in the economic sphere certainly came into play when I was trying to make a judgment.

The other one is the skill, especially in joint ventures in developing countries, it is a people judgment. I mean, you are meeting people, and you have to have sort of gut reaction how these guys, the guys you want to be tied up with, will they be successful. Do they know how to deal in their own country? That's something that I guess you acquire in the course of working in the Foreign Service. So on that score, I would say I was a modest success on that.

Q: Did you get caught up in the great merger business?

GREENWALD: Ah. I was--

Q: Or were you isolated from that, or insulated?

GREENWALD: Happily, I was in Japan when the--yes, well, that's how my business career ended. Fortunately, as far as I was concerned, I was in Japan when Agee acquired a charming, attractive, young lady from Harvard Business School as his special assistant named Mary Cunningham. The two of them devised the strategy of taking over a company called Martin Marietta.

Q: About which several books have been written.

GREENWALD: Yes, a number of books have been written about it, one of them by Mary Cunningham, justifying it all. In any event, the outcome was the first PAC MAN defense, which meant that Martin Marietta owned part of Bendix, and Bendix owned Martin Marietta--in other words, they bit back. The two companies owned each other, and a third came in and gobbled them up. Martin Marietta remained independent, but Bendix was taken over by a company called Allied.

The outcome of that aborted merger effort came at about the time when I was getting close to the end of a five-year period, which was fairly common for the time that you

would spend overseas anyway. So the company disappeared. I was also approaching 65, which was at that time the retirement age. I took, not very early, but a month or two early retirement. I left Japan, Bendix and Japan, in 1983, I guess. It must have been.

Q: Which you probably would have done in a few months anyway.

GREENWALD: Yes, yes. It would have been. Normally you stayed there five years. Something happened in the Japanese tax system that made it a lot more expensive for a company to keep you out there after five years. That was the normal period of time, anyway. So I would have left at about that time. There was a coincidence of the end of my tour in Japan, disappearance of Bendix as an independent company. Also what frequently happens in corporations, they go through cycles. And when the new company took over, Allied, one of the first decisions was to abolish the international group of Bendix. So I would have been out of a job in any event.

Q: What is Bendix now? Is it still Allied?

GREENWALD: It is part of Allied. It is now called Allied-Signal, but it is part of that, yes. There is still an office. I visited my old office. They have moved. We were in the Time Life Building, they moved to another building. But it is still going on with somewhat similar functions. Because what happened, as I say, companies run in cycles. When they first took over Bendix, one of the first things they did was to abolish the international group. When they acquired Signal, which had an international group, they kept that. So there now is an Allied-Signal international, which was what the office in--

Q: That's good.

GREENWALD: Is doing fundamentally the same group.

So then I looked around to see what I could do for a third career. I'll do this very briefly.

Q: Go ahead.

GREENWALD: For a third career, and that comes back to the earlier thing, I went to law school. I had never practiced law. I decided that I would try to use my law degree. Well, I have a son, who is a real lawyer, who works here in a Washington law firm. He put me in touch with the New York law firm which has an office in Washington. And for two years, I was of counsel, as they call it, to that law firm in Washington. It was interesting. I wanted to see how a law firm worked. But it didn't work out very well. The law business has become very mercenary. The thing that really counts is how much money you bring in.

Q: And how quick you set a stopwatch when you . . . [Laughter]

GREENWALD: Well, that was a bore trying to keep track of your time for billing purposes. It was a damn nuisance. And also in my case, converting contacts to clients is not that easy. I mean, I may have had a lot of contacts, but they, you know, if they had lawyers, they've had for a long time, and they aren't going to get away from their existing relationships. So they were disappointed that I didn't turn in a million dollars worth of business immediately. And I was disappointed because I didn't get to do much substantive work. So at the end of two years, we came to a amicable parting of the ways.

I decided at that time to just go off on my own. I found someone who had been in the government, in the White House, as a matter of fact, who had an extra office in a suite that he had, and I rented that. That was about three and a half years ago. The first year, I did more pro bono work than I did billable work. The proportions have shifted over the three-year period.

Q: But this is law. Or is it consulting?

GREENWALD: Well, it is a combination of the two. In Washington, there is a very narrow line between law and consulting.

Q: Yes.

GREENWALD: I was past it to be able to do briefs the way the--besides they have bright, young lawyers to do all that. So I couldn't start doing briefs. I had never really litigated even before government agencies, so I don't try to do that. So basically in the law--I do do some law. The large part of it, GATT law, by the way, which I do have some expertise in.

Q: Yes.

GREENWALD: And I have done some things I enjoyed very much. I have served on a GATT panel as an independent panelist with two other people on a dispute--the United States was involved but not directly--between Japan and the European community on the semiconductor agreement. That I enjoyed very much. I acted as an advisor to the Canadian government on a trade problem in salmon that they had with the United States, they still have. And various things like that. I do some writing. I am now on the editorial board of a newsletter called "Europe 1992."

Q: Good. You have been able to pick and choose a little bit.

GREENWALD: Yes. What's happened, the first year and most of the second year, I did pretty much whatever came in because I wasn't all that occupied. Now without my doing any what's now called hustling or business development, I have enough things come in so that I limit it to the things that I really want to do and enjoy doing.

Q: Well, it sounds great.

GREENWALD: So that's my third career.

Q: I congratulate you on one of the outstanding post-career records that I know of. And it is interesting for an idle type like myself to hear something about it.

GREENWALD: Yes, well, it did work out. The usual thing, whether you are in the Foreign Service or in the business sector, a lot of it is luck and timing that you are there like, for example, being sent to Japan instead of Europe. From all points of view, the assignment in the Far East was a hell of a lot more interesting and rewarding.

Q: It gives you a whole new outlook.

GREENWALD: Absolutely. It couldn't have been nicer. It was just lucky that that's the way it turned out.

Q: Well, again, thank you very much, indeed.

End of interview