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

RICHARD J. SMITH

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Today is the 30th of July 1996. This is an interview with Richard J. Smith. It's being done on behalf of the Association For Diplomatic Studies and I'm Charles Stuart Kennedy. All right, to begin with, would you tell me when and where you were born and something about your family.

SMITH: Sure. I was born in 1932, February 28, in Hartford, Connecticut. I was the youngest of nine children.

Q: Good heavens!

SMITH: An Irish Catholic family. My great grandparents were from Ireland, and I had four brothers and four sisters.

Q: What was your father doing?

SMITH: My father was in the shoe business. He owned a shoe store for a while in Springfield, Massachusetts. By the time I was old enough to remember, he was getting ill from Parkinson's Disease. So he was unable to work for most of the time I knew him. He died when I was 18.

Q: It must have been very difficult for your mother then.

SMITH: Yes, it was a difficult time in some ways. Some of my brothers and sisters were old enough to get jobs, but in 1932 there weren't many jobs available.

Q: Right, because of the Depression.

SMITH: There was a tough patch, and we didn't have a lot. But we had a very happy family, so I don't look back feeling my childhood was deprived at all.

Q: Well now, where did you go to school?

SMITH: My first school, Henry C. Dwight Grammar School in Hartford, was just a couple of blocks away from where I lived. At that time you could go home for lunch if you lived that close. One of my best memories is going home for lunch, because I had

some time alone with my mother. When you're one of nine children, you don't get many occasions to have some quality time alone with your mother. Then I went to Alfred E. Burr Junior High School, which again was within easy walking distance of where we lived. It was a nice junior high school and had a swimming pool. When I finished the 9th grade, we moved from Hartford to West Hartford, where I went to Hall High School for the 10th and 11th grades. Then we moved again, to Wethersfield, Connecticut, where we bought the first house we were ever able to purchase. It was a great old house. I went to Wethersfield High School for my senior year.

Q: In the high school period did you get any taste for foreign affairs or anything like that?

SMITH: I wasn't aware of an interest in foreign affairs that would be career generating, but even in high school I liked to read the front part of the newspapers, and I was generally interested in foreign affairs. I lived through World War II and had a cousin who was killed in a bombing raid over Germany. Two of my brothers were in that war. One of them was in the 2nd Ranger Battalion that climbed the cliffs during the Normandy invasion.

Q: Oh, my gosh, Normandy,…

SMITH: After the invasion they fought all the way across Europe. I had quite a strong interest in why something like World War II would happen. I enjoyed reading about the history of the war even in high school, and I would try to think through the origins of the war.

Q: Well, World War II, as I've been doing these interviews and looking around, is the greatest recruiter for the Foreign Service.

SMITH: Yes, I am sure many people felt a strong urge to better understand what was going on and to get engaged in a way that might contribute to preventing it from happening again.

Q: You graduated from high school when?

SMITH: That was 1950.

Q: Then where did you go?

SMITH: Then I went to the University of Connecticut. Given my financial situation, that was the only opportunity I had to go to college. Fortunately, it was a good school, and I'm very pleased I went to the University of Connecticut. I remember the tuition was $80 per semester for in-state students, with a $5 student activity fee. The first two years I went to the Hartford branch of the university. I lived at home and took a bus into Hartford. That was one of my best academic experiences. It was a small branch with probably only 200

or 300 students. We were located on the third floor of a middle school, Barnard Junior High, during my freshman year and in a section of Hartford High School during my sophomore year. The classes were small enough and informal enough to let you get to know your professors well. Often, we would go to lunch with them. For the last two years I went up to the main campus of the university at Storrs, although I actually lived there only one semester. The rest of the time I commuted there. It was about an hour's drive. I worked part-time in a shoe store, as I had since I was 14, and was thus able to pay my expenses.

Q: Did foreign affairs intrude or what were you majoring in?

SMITH: I was trying to be practical, and after the first two years of a general liberal arts education, I majored in business administration and marketing. I thought this would lead to a good job, but I had no taste for it. This was the period of the later part of the Korean War, and since I was facing the prospect of time in the armed services, I joined a Coast Guard reserve unit in Hartford. I went to weekly drills for the last year or two that I was in college, with the commitment that I would go on active duty in the Coast Guard after I graduated. When I finished at the University of Connecticut, I went into the Officer Candidate School of the Coast Guard, which was then located at the Coast Guard Academy in New London, Connecticut. I was on active duty in the Coast Guard from the summer of 1954 until the summer of 1958, just about four years.

Q: What type of duty did you have?

SMITH: After four months at the Officer Candidate School, I was assigned to the Coast Guard cutter *Barataria* in Portland, Maine. This was a 311-foot cutter that did ocean station patrols. There were four ocean stations about halfway across the Atlantic, 10-mile squares of water in which the Coast Guard maintained a ship for a couple of purposes. We took weathermen there who sent up balloons and studied weather patterns. This was before there were weather satellites. We also acted as a checkpoint for transatlantic flights. Aircraft flying over the ocean station would be given a ground speed and position check. If they were in trouble, we were there to pick them up. The Coast Guard had a number of mid-Atlantic rescues of airliners.

Q: Well, there must have been some pretty bad weather there?

SMITH: Yes, there were some very rough patrols. We would go out for three weeks on station, generally taking a week or so going and coming. Thus, we would have roughly a month out. We would do that four or five times a year. We would spend the rest of the time in port. Sometimes, when it wasn't the hurricane season, it could be delightful. I had patrols where the sea was completely flat, and we swam off the ship in water two miles deep. Then, I had patrols during the hurricane season when we had 30-foot waves most of the time. When it was calm enough, we would turn off the engines to conserve fuel until the ship was about to drift out of the 10-mile square.

I was a deck officer and served the usual naval watch pattern of four hours on duty and eight hours off, around the clock. Sometimes that required being on the bridge from midnight until 4 a.m. or from 4 a.m. to 8 a.m. The roughest patrol I had was the first one I went on, where we had a couple of hurricanes and a rescue operation. When I got back from that one-after six weeks at sea during which I was seasick most of the time-I wondered whether I'd made a serious error in joining the Coast Guard. But it got better. After a year of ocean station vessel duty, I became navigator and operations officer of the cutter. The Coast Guard at that time was part of the Treasury Department. Then, as now, in time of war it became part of the Navy and served largely in convoy duty and in support of amphibious landings. We had the usual destroyer-type armament. After two years, I became commanding officer of a small loran station. Loran stands for long-range navigation. These stations were located around the world, and they sometimes had to be located in rather remote areas in order to make the pattern of signals useful for navigation. The one that I commanded was located in southern Hokkaido, Japan, near a small fishing village called Matsumae. I was there for a year.

Q: I might just add for the record...Loran stations were used before satellites, which have taken their place.

SMITH: There are still some loran stations, but I think satellites are largely taking over the job of providing positioning information.

Q: What was your impression of Japan? You were there from when?

SMITH: I was there from about February of 1957 to February of 1958.

Q: What was your impression?

SMITH: It was just delightful. There were just 16 of us at the station, and we were located in the outskirts of a small fishing village where most of the people had never seen a non-Japanese person. There weren't enough of us to constitute a major nuisance. We got along very well, and we had a very nice relationship with the town. People from the village would sometimes come out to our parties. I decided at the time that I would like to return to Japan someday to work in some capacity. This experience deepened and intensified my interest in foreign affairs.

Q: Did you have any contact or even know of the existence of an embassy?

SMITH: I knew there was an embassy, but I had no contact with it. I was more concerned with the Coast Guard office in Tokyo, which supervised the loran stations in East Asia. We did deal with the military a lot. We had a major supply relationship with Chitose Air Base near Sapporo, and our pay was handled out of Misawa Air Base in northern Honshu. Every couple of months I'd have to go around to these bases and do some business.

Q: Then did you leave the Coast Guard?

SMITH: After my four-year commitment was up, I left the Coast Guard, not quite sure what I wanted to do. Since I had served when the Korean War was still officially on, though the fighting had stopped by the time I got in, I was entitled to educational benefits under the Korean GI bill. Yale University ran a program that helped people identify which careers would make the most sense for them. I went down there and spent a couple of days taking the usual battery of personality, aptitude, and achievement tests. Then I talked with a psychologist about what types of work would be the best fit for me. He said, "Do something where oral skills and writing skills are emphasized. Stay away from any dependence on math." I assumed that he didn't want to have to drive over a bridge that I had designed. He mentioned foreign affairs, and specifically the Foreign Service, as a possible career for me. In general, he thought that a government career would be suitable for my particular skills and personality. That made sense to me. I decided to go back to the University of Connecticut and get a degree in international relations. I was by then fascinated by the subject and wanted to do more serious work in it. I spent from the summer of 1958 to June of 1960 at the University of Connecticut, obtaining a master's degree in international relations.

Q: Did they push you into a particular field of international relations?

SMITH: No, the curriculum included courses in international law, general political science, history, and regional studies. But it was not pointed towards any particular region or specialty. It was a general international relations degree. Although the University of Connecticut is a big university, this program was small, and generally our seminars had eight or ten people in them. We had very good relationships with our professors and a chance to write a lot of papers and get the kind of feedback that was very valuable. Another nice thing happened during that period: I met my wife there. My wife, Ann, had gone to Cornell and then on to the University of Connecticut for a master's degree in international relations. We got married in 1962, just after I came in the Foreign Service.

Q: What did you do? You graduated, you got your master's in 1960 and…

SMITH: That's right, I took the federal service entrance exam, plus the management intern exam. This generated a flood of offers from different agencies that seemed very attractive. The one that I ended up taking was a program in what was then called the Bureau of Foreign Commerce in the Department of Commerce. I spent from 1960 to 1962 at Commerce. This was an intern program where they rotated you through different offices. I initially worked as a desk officer for the Union of South Africa, soon to become the Republic of South Africa. Then I worked for about a year as the desk officer for Thailand. When I came into the Commerce Department, it was very active overseas. They had a lot of attachés at embassies, and I definitely had that kind of a program in mind. During 1961 and 1962 there was one of those cyclical phases where the State Department and the Commerce Department wrestled over commercial work overseas. At that time it looked like the State Department was clearly winning. State would still take an occasional Commerce person on loan, but it was going to be State's program. At that point I said to

myself I ought to consider the Foreign Service because I did want to live and work overseas. So I took the Foreign Service exam in 1961 and came into the entering class of January 1962.

Q: When you were in Commerce, what was your impression of the Department of Commerce? The Foreign Service has never had too favorable an eye on Commerce but...

SMITH: I had a high opinion of the Department of Commerce. I worked with a lot of capable and smart people. I enjoyed being around them. We put out a weekly magazine, *Foreign Commerce Weekly*, which was given fairly wide distribution. I was able to get published regularly both in that magazine and in other publications. In general, I found the work interesting and satisfying, but I just didn't feel it was the right job for the long term.

Q: How did you use the reports in the field, having myself written some of those from Saudi Arabia, you know, trade reports and other things. When you were at the other end, what was your impression?

SMITH: They were our stock in trade. We depended heavily on Foreign Service reporting as input for our articles and analysis. We would also talk regularly to business people. We would help them make judgments about where an economy was going and what kind of export and investment opportunities would be developing. Certainly our major input into that kind of analysis was the stuff we were getting from folks like you.

Q: Well, did you have the feeling at that time that it was difficult to get American business, particularly the smaller firms, to focus on export trade? From my impression as a commercial officer in the Persian Gulf from 1958 to 1960, American businesses would run their overseas offices out of Antwerp or Zurich or somewhere, and they wouldn't make the investment that European firms would make.

SMITH: A basic export problem for the United States was that the base of export wasn't broad enough. The major US multinationals knew how to export and knew how to operate internationally, but there was a great mass of smaller American companies, many making products that would be very competitive in international markets, that just weren't into the game. One of the things we envisioned in Commerce as an important part of our job was to try to be a bridge to these companies-to get the message out to them, thereby broadening the base of US exporters. I think we had some success in that regard. I'll get to that later as we talk about what I worked at over the next 10 years, when I went back to Commerce on loan from the Foreign Service.

Q: Well, then you came to State in 1962. Just to get a feel, can you characterize the class of officers who were coming in with you in your class?

SMITH: I found them to be a terrific bunch of people. Many of them have been very successful. Frank Wisner is now Ambassador to India. It was a very bright, energetic

group of people to be around and be associated with. I really enjoyed the basic officer class. We had a class of about 50 or 60 officers.

Q: Well, this was sort of the era of the Kennedy spirit - of go out and do something.

SMITH: Very much so. We were activists. We were all people who thought we could make a difference, and we were going to make the commitment. I felt, and I still do, that I owed a lot, not only to my country but to the government of my country. I benefited from its programs. I went to a state university without paying very much, and I benefited from the GI bill. In addition to thinking that this was work that I could do well and would enjoy doing, I also felt that it was something I should do, to sort of pay my country back. I think that kind of idealism did exist on the part of many of the people in that class.

Q: How did you find the basic training?

SMITH: I found it very good. Some of it was less relevant for me than for some of the other members because, having already been in government for two years, I knew more about how the town functioned than a lot of the people coming in. The class was well run, and there was intellectual excitement in the discussions.

Q: Speaking of intellectual excitement. Can you recall any of the types of questions that you got on the oral examination when you came in?

SMITH: It's hard to recall them specifically; the types were what one would expect. They asked about what I had studied, and then drawing on that, they would ask about different parts of the world and what I knew about them. I remember they asked a number of questions about the United States. For example, they asked where the big corn growing and wheat growing states were. If there was a theme, it was that the most important country for any Foreign Service officer is the United States. You've got to know and understand the United States.

Q: So in '62, where did you want to go and where did you go?

SMITH: Well, I wanted to go back to Japan. At that time they had a procedure at the end of the course where the class would gather in an assembly and they would announce your name and your post. It was a tense and exciting time. I remember that when they read my name and then said Nagoya, it took a few seconds before it hit me that Nagoya was that big city south of Tokyo. It didn't immediately sound Japanese to me.

Q: Were you married at that time?

SMITH: Yes. We picked a date that's easy to remember: 6/2/62, June 2, 1962. We went almost immediately together into Japanese language training at the Foreign Service Institute, which was then located in the basement of an apartment building in Arlington.

Q: Now, were you slated to be a Japanese language officer or was this sort of familiarization.

SMITH: It was more familiarization. It was the short six-month course. It was enough to do a lot of good during the two years we spent in Japan. The Japanese are extremely appreciative even if you're doing a hatchet job on their language, as long as you're trying.

During my two years at the Nagoya consulate, I was in the central complement program. In this program you spent four or five months in each of several areas, including the administrative, consular, economic, and political sections. The United States had the only consulate in Nagoya. All of the other countries covered Nagoya out of Kobe or Osaka. We were in a very nice situation because we had the attention of the Governor and the Mayor. We didn't have any competition and were a fairly small post. There were about five or six officers there.

Q: During this period, you were there from '63 to '65, how were relations with Japan?

SMITH: They were quite good. Ambassador Reischauer had arrived by then. Douglas MacArthur III had had a rough ride as ambassador in the early 1960s, and there was a lot of tension in the relationship. But after Reischauer had been there a little while, under the Kennedy Administration, the relationship became something of a love-in. His wife was Japanese, descended from a noble family. He was viewed correctly as a great scholar of Japan and Japanese history, and he was a wonderful man.

The few dealings I had with him were memorable. He came down to Nagoya a couple of times, including once when I was putting together a labor exchange team. I'd brought the team in to talk to him, and he spoke to them in English, using an interpreter even though he was one of the best American speakers of Japanese. He said afterwards that when you get into serious business, you want to be very careful even if you think you know Japanese, because there are a lot of nuances that a non-native speaker may not be sensitive to. I remember an incident that exemplified the spirit of the man. We were walking out of the consulate, and some Japanese were crowded around the entrance. Reischauer walked down the steps and over to them. He reached into the crowd, removed a lens cap from somebody's camera, and said, "You'd better take this off." He was always aware of his surroundings and had an almost Zen-like calmness about him.

Q: What were our economic concerns in the area? Where there any at that time?

SMITH: Yes, certainly in the Nagoya consular district. If it had been a country, it would have been America's sixth largest trading partner. The special steel industries and much of the automobile industry were located there. I remember going to the Toyota plant, when Toyotas weren't so well known in the United States, and thinking that this was a remarkable product and that we were going to hear more about these cars. The textile industries and the fine china companies, such as Noritake, were also located there. So we

had a huge economic interest and a very high level of trade between US companies and Aichi Prefecture, of which Nagoya is the capital.

Q: As a former Commerce officer sitting there in the '63 to '65 period, did you have any disquiet or was there any within our establishment about Japanese trade with the United States?

SMITH: No. At that point we were holding our own in our trade with Japan. We were just looking to open and expand trade in both directions. The kind of issues that we face now had not yet arisen.

Q: How did the assassination of President Kennedy hit Nagoya?

SMITH: Like a ton of bricks. I guess everyone remembers when that happened, where they were and all. I recall working in the consulate and getting that message. We put up a picture of President Kennedy, and the crowds just swarmed in to pay their respects. The Japanese felt about him like they did about Ambassador Reischauer. There was a tremendous response. It was a shattering experience, not just for the Americans but clearly for the Japanese, too.

Q: I was in Yugoslavia at the time and the lines just went on, and you'd find little pictures in all the places. In Bosnia, there were little pictures of President Kennedy in the market places.

SMITH: I found some pictures of President Kennedy in some of the Japanese homes we visited.

Q: You decided not to make the big jump into long-term Japanese language training?

SMITH: The Commerce Department, my old stamping ground, had been going over to State saying they would like to get me back on loan if they could. I thought that might be a good thing to do. I came back to the United States and was loaned to Commerce for a two-year term. I served as a staff aide to the director in what was then called the Bureau of International Commerce (BIC). I remember their slogan was "Think BIC." The director was Larry Fox. He then went on to be the international director of the National Association of Manufacturers. It was a fascinating time, and I enjoyed it very much.

Q: Could you talk a bit about Commerce? My impression of Commerce is that it's always been a place used as a happy hunting ground for political appointees.

SMITH: My impression is that that's more the case now than it was then. Larry Fox was a professional civil servant, and the other bureau directors were professionals who did not change with administration. They were first-rate people. The guy in charge of the Office of International Marketing, Ted Krause, was one of the world's great trade promoters. He ran a terrific export promotion program, and he was there through a series of

administrations. I have the impression, as you do, that it has become a more politicized bureaucracy since then. At that time, you had a very narrow political group-the Secretary and a few under secretaries-and then a much broader senior group of well respected civil servants.

Q: How did the State Department and the Department of Commerce seem to work together during the '65 to '67 period?

SMITH: I think it was probably the high point of a relationship that didn't have very many high points. There was a regular program where about 25 Foreign Service officers, like myself, were on loan to the international part of Commerce. On the other hand, a comparable number of Commerce Department people were in commercial officer jobs overseas as Foreign Service reserve officers. It was a very healthy program. There were substantial numbers of people, and they were very good people for the most part. Everyone was happy, and I think it was working quite well. The situation did deteriorate over the years, and I blame State for it mostly. They started cutting back on the number of Foreign Service reserve people they brought in from Commerce, and they began using Commerce as a place where they sent officers who were not first-rate and not easy to place. Commerce tired of that kind of treatment.

Commerce was able to persuade the Hill and others that commercial work was not being done on a priority basis by State and that Commerce needed to have its own commercial service. That could have been avoided, and I think it probably would have been better for the country if it had. I think that the integrated economic/commercial program at the embassies was a better kind of effort, but it just broke down. It was functioning well in the period from 1965 to 1967.

Q: You were *Mr. Fox's assistant; what were his primary concerns during this period?*

SMITH: Well, export promotion certainly was well up there. Also, at that time we were very vigorous in promoting investment. Even investment in the United States. We were more unambiguous than we are now about the benefits that flow not only from trade, both exports and imports, but also from inward investment and outward investment. Again, there was an enthusiastic, ideologically committed group of people, including Larry Fox, who felt that it was important that we open up trade and investment channels. He also had responsibility for the export control programs and offices, but his enthusiasm was for trade and investment.

Q: Export control, what did that…?

SMITH: Well, that involved the controls on technologies that might be used by the Soviets or their allies for military purposes. Business hated those controls and felt that they often got in the way of sales. They believed that such controls often had the effect, not of denying a particular kind of technology to a potential enemy, but of having that technology provided by a European competitor of the United States rather than by a US

company. There was something to that. Obviously, there were some technologies that we had to keep out of the hands of potential enemies, but there was a real tension between trade promotion and export control.

Q: Did you get any attitude towards what later became the European Economic Union?

SMITH: At that time again, the analysis was done by people like Fox and other thoughtful bureaucrats. These people understood the trade creation and the trade blocking aspects of regional groups like that. But they felt strongly that the balance was in favor of trade creation, that it was in US interests to see a strong Europe, and that the downsides were not so serious that they couldn't be overcome. A strong and more rapidly growing Europe would become a bigger market for US goods, and the disadvantage vis-à-vis trade within Europe was not enough to offset the advantages.

Q: What about dealing with American business and export promotion? You were talking about small-scale exporters taking a look at export markets.

SMITH: This may be a good segue into my next assignments, because I did subsequently get involved in a trade center operation in Stockholm and another assignment to Commerce on loan.

After my first assignment in Commerce, I was offered an opportunity to go to the six-month economic course at the Foreign Service Institute, which I took. At the end of that period I was asked if I wanted to go on to university training in international finance. At that time the Foreign Service felt they didn't have enough serious economists who could deal with some of the increasingly important economic issues. I agreed to go, and I had considerable flexibility in choosing a university. I went to the University of Michigan for a year and studied international economics, with emphasis on international finance and trade issues. I was in an intensified one-year program, which was two semesters plus a short summer program, and I received a master's degree in international economics.

Q: So you finished there and….

SMITH: That would have been the 1967-68 academic year, so I finished there in June of 1968. At this point, let me give you a brief side story. At that time the Vietnam war was very active and absorbing a lot of Foreign Service officers. You mentioned you were there yourself. While I was at the University of Michigan, I was informed that I had been assigned to the economic section in Saigon. I had been troubled by the Vietnam war for some time. I felt we had gotten to the point where we weren't serving US interests and that, instead of escalating US involvement, we needed to phase it down and work out a compromise solution.

I talked to the personnel people at the State Department about my assignment. I said, "I think our policy is wrong. Do you really want to assign me there?" To which their answer was, "That's fine. If you think it's wrong, go there and try to make it right. If you don't go,

then you're saying we can only send people there who are hawks and feel that what we are doing is the right thing. And you don't want to do that, do you?" Later I took the physical exam for the assignment, and as I had a history of asthma since high school, the doctor, who was no fan of our involvement in Vietnam, said he wouldn't clear me for duty there. He told me that our medical resources there were needed for the soldiers.

Q: Well, just this little vignette shows that by '68, the Department of State was not a caldron full of true believers.

SMITH: I was not alone. There were a number of other people who felt that way. I believed that we went in there without really understanding the history of the region and the roots of the conflict and had got ourselves into a situation where we were, as a gambler might say, "throwing good money after bad." After I didn't pass the physical, I was offered an assignment in Sweden, as the plans and research officer for the US Trade Center in Stockholm. The trade center was run by Commerce and put on a series of industrial trade shows. It sounded like it was down my alley, so I took it.

Q: You were in Stockholm from when to when?

SMITH: 1968 to 1971.

Q: Now how was this career wise, this being a Commerce position?

SMITH: Well, it was a Foreign Service position, but it was part of the integrated approach that was still working well. The position would sometimes be filled by a Commerce officer, sometimes by a Foreign Service officer. It was in a trade center and was part of a cooperative arrangement between State and Commerce on commercial activities.

Q: I want to come back obviously to the Swedish reaction to the Vietnam war, but let's put that to one side and talk about your work there and your feelings about how America responded to export and Swedish relations.

SMITH: I felt that the work fit well with my background and experience. So I went to Stockholm in the summer of 1968. When I arrived at the trade center, I found there were jobs open for both a plans and research officer and a trade promotion officer. The promotion officer job had been vacated, and they didn't get anyone to fill it. For almost the whole three years I was there, I filled both jobs. In the plans and research job, I looked ahead a couple of years at what kinds of shows we should be holding. I put out contracts with market research companies, looked at different product mixes, and tried to come up with analyses that would indicate what kind of shows we should be putting on. The planning cycle required that we think at least a couple of years ahead.

At the same time I was doing that, I also was promoting the current shows. This involved, for example, going out and making calls on potential customers. We would get literature

from the US companies we were bringing into the show, and they would indicate whether they were looking for local agents. We would then line up a series of potential agents for them to consider when they came to the show. Then we would design the flyer for the show and have it printed. We hired a promotion company and worked with it in advertising and otherwise promoting the show. It was a custom-made kind of promotion for each show, with a lot of personal calls. Most of our effort was around Stockholm and in Sweden in general. But we served the whole Nordic region, so we did some promotion in Denmark, Norway, and Finland as well, and did draw potential customers from the whole region. It was an exciting and satisfying period for me. We were putting on seven or eight major shows a year, so it was a busy time.

Q: What type of things would….

SMITH: We did a great variety of shows. For example, one was called "Fasteners U.S.A.," where we exhibited the many things used to hold industrial products together. We had a major impact in the computer area, which was beginning to boom then. We had shows on industrial processing equipment, where we had computer processing equipment and robotics. We had a show entirely on robotics. Also, we had very successful shows on machine tools and on building materials and techniques. The shows were carefully recruited. Once a theme was agreed on, the Commerce Department would put the wheels in motion and assign a procurement officer. One of the things that Commerce sought to do was to get a mix between smaller and larger companies. In the computer shows, for example, we'd have IBM and the big companies, but we also had a lot of small ones that otherwise weren't exporting, so that they could be seen in the company of these major companies.

We gave the smaller companies, particularly, an intensive and custom-made promotional effort. We would get them lined up to come into the show early, obtain information on their products, and be in correspondence with them on the kinds of things they wanted to accomplish, e.g., did they want to establish agents in the market? Then we tried, often through personal calls, to make sure that the right potential agents and the right customers showed up at their booth at the trade show. It was an extraordinarily successful operation, and there's no question in my mind that we were making a significant impact on the US share of markets in Scandinavia.

We recorded sales on the basis of what the exhibitors told us. At one of the computer shows, for example, we got reports of tens of million dollars worth of business that was actually contracted at the show, plus a much greater amount that was anticipated as a result of agency relationships that had been established in the market. I remember that a representative of JETRO, the Japanese export promotion agency, came to many of our shows. He said to me once, "This is amazing; why can't Japan do something like this?" And it was amazing.

In the 1970s, the trade center program became a victim of budget cutbacks. The budgeteers argued that the companies were not paying their full freight. They did not

want us to subsidize even the smaller companies and insisted on substantial raises in the rates charged to exhibitors, and many of the smaller companies could not afford it. So we lost a lot of momentum on the program in the 1970s, and it started to run down. The pressure continued on trade promotion budgets, and we started closing trade centers. We closed the one in Stockholm and most of the others around the world. At one point we had about eight of them, including London, Rome, Stockholm, Frankfurt, and Canberra.

Q: How did you find Scandinavia's receptivity to American goods? Because in some countries maybe the people might be delighted, but the government, the bureaucracy and the entrenched industry have put up all sorts of roadblocks.

SMITH: The Scandinavian market was wide open for American products. I assume that it still is. They appreciated American quality and engineering. The Swedes themselves have very high standards, comparable to the United States in many areas. They recognized the leadership role that the US was playing in computers, for example, and they wanted these shows. We always got large crowds and great publicity. We got a reaction that clearly indicated that we were welcomed there and that they were pleased to be seeing these products.

Q: How about trade to the United States? Was this something you kept an eye on?

SMITH: No, not really. This was an export promotion program at the trade center. There were other people in the embassy, in the economic section, who were analyzing trade in the other direction. I think that in those years, the Swedes were exporting a lot of Volvos and Saabs, but the trade balance was significantly in our favor. We were exporting heavily to Sweden, especially a lot of cutting-edge, high technology equipment.

Q: There is also Palme. Could you talk about Palme? Could you talk about your impression and anything that happened? This is where Sweden was certainly on our almost enemies list, particularly as far as the Nixon administration was concerned because Palme was taking a very activist role. It was not appreciated.

SMITH: No, not at all. I recall a particular incident which, I think, occurred in 1969, when there was an anti-Vietnam War demonstration and Olaf Palme showed up in the crowd.

Q: Carrying a candle.

SMITH: He might have been carrying a candle. You probably remember. Were you in Vietnam?

Q: I was in Vietnam.

SMITH: Olaf Palme was probably not your favorite prime minister.

Q: A few American students showed up at our embassy holding a candle. I went out and looked at them. I felt like blowing the damn thing out.

SMITH: Palme was a very charming guy himself. When you met him in a small group, he argued quite rationally about US interests and the balance and all. I think that that kind of informed criticism of our position probably would have been taken with much better grace in the United States if he hadn't shown up at anti-War rallies and irritated President Nixon and lots of other Americans. He was out of line in some of the things he did. But I guess what struck me was that beyond the opposition to the Vietnam War, the criticism of the United States was very narrowly based. But there was an elite group, a number of them were in the government, who were down on the United States and felt we were doing wrong things in the world. On the other hand, in my view, most Swedes, many of whom had relatives in the United States, were very pro-American. The man in the street in Sweden loved America, knew Americans, appreciated America. Palme's appearances never gained him much politically. I never felt in Sweden that there was a ground swell of public opinion against the United States.

Q: Did you have the feeling that people you were meeting, the elite, was this sort of the equivalent to the French intellectuals who really kind of enjoyed the idea of Marxism but they couldn't stand it up close, but rather only from a distance?

SMITH: That's right. Well, certainly, Olaf Palme considered himself an intellectual, as did a number of the people around him. This was part of it. Intellectually, Sweden at that point had had some 30 rather successful years of Socialist leadership. Actually, the percentage of private ownership of industry in Sweden was probably higher than it was in the United States. There is very little publicly owned industry. But they have carried the welfare state to extremes. They believed that they had successfully captured the dynamism of capitalism to create the pie and then used the equity of socialism to slice it up, and thus that they were getting the best of both worlds. They had a dynamic, thriving capitalist economy-although they have had some hard economic times since then. They had government programs that assured everybody that their children's tuition would be paid at college and that their welfare was assured. They were convinced that they had created a nice and equitable society where people didn't have to be concerned about things. Palme held no brief for the Soviet Union, and he recognized as much as anybody the excesses of communism.

Q: How did you find the media there?

SMITH: There was a range of newspapers. There was a conservative paper that was very critical of Palme and not so critical of the United States. There was also a newspaper that pretty much went along with the Palme line. It was a very free press.

Q: Did you have much contact with the embassy?

SMITH: Yes. We would go over there for the staff meeting every week. I did know the people there. We would go to each other's homes. We would be in on the embassy social circuit, particularly with the economic section. The economic counselor was very close to us. Embassy personnel would always come over to our shows. So although we were located in different parts of town, we had regular contact with the embassy.

Q: I think it's interesting to try to capture the mood of the embassy. In a way, you were sort of the outsider going in. During this time, certainly, Henry Kissinger and Richard Nixon, you could see, spent a lot of their time brooding about Sweden. From what you were seeing of the embassy, how were they operating?

SMITH: As one might expect, the embassy was reflecting that view. They were mad at Olaf Palme, too. I think maybe, on a spectrum, we at the trade center, because we were seeing a different cut of Swedes, were less irate. Almost all the Swedes we saw and did business with were very friendly toward the United States. A lot of the Swedes that the embassy did business with were not very friendly. So the embassy people were probably more down on Sweden than was the case with most of us who worked at the trade center. You could see that when you went over for the staff meetings, and they would talk about what was happening. There would be a lot of snide and cynical remarks about Sweden and Olaf Palme that we wouldn't have made.

Q: Who was the Ambassador there?

SMITH: When we first went there, it was William Heath, a cousin of Lady Bird Johnson. He was a Texas judge, an older guy, very critical, very much in line with the sort of agitation you indicated that the President and Secretary Kissinger felt.

After a year or so, he was replaced by Jerome (Brud) Holland, who was the first black ambassador to Sweden. He was an interesting character and very dynamic. He had been an all-American football player at Cornell University. He was very well received in Sweden. He was more open and there was less tension between the embassy and the Swedes under Ambassador Holland than had been the case under Ambassador Heath.

Q: You left there in '71.

SMITH: Right. The assignment I came back to was in the Office of Monetary Affairs in the Economic Bureau at State, about a five- or six-man office. I came back in the summer of 1971 and started working there in the fall. It was interesting, but it was sort of a letdown from the pace I had been used to working at. It was a much more measured sort of thing. For example, you did analyses of the Eurodollar market and how it was functioning, which was all right up to a point. I had the feeling after working there for a few months that I wasn't really doing as much as I could do. At that point, Dick Garnitz, who had been the director of the trade center in Stockholm, was back at Commerce, working as an assistant office director in the Office of International Marketing. He came over and we had lunch one time. He said he would like to get me over there on loan as an

assistant office director to run the trade missions program and something called special techniques, which would involve setting up department store promotions in Japan and a very ambitious program of export promotion. So I went to my bosses at State and said, "This has been offered. I'd really like to take it." Sid Weintraub was the deputy assistant secretary then.

Q: I'm interviewing him this afternoon.

SMITH: Are you? Give Sid my regards. He said that he thought that I was doing a great job where I was, but that he could understand my wanting to make this kind of a move. For my grade, it was a very senior job in Commerce, with a lot of program responsibility. I had a couple of divisions and a lot of people to supervise, which was a much bigger job than State could offer me at that stage. Sid said that he would support my going over to Commerce, so I went there.

Q: Did you have any trouble with Frances Wilson at that time?

SMITH: No, Frances went along with that.

Q: She almost ran the E Bureau.

SMITH: I know. I was very much aware of that. I knew Frances at the time, but I got to know her even better later in the 1970s. She concentrated mostly on the office directors and the deputies. I was below the level that she got deeply involved in.

Q: You were there in Commerce from when to when?

SMITH: From the end of 1971 to 1974. My title was Director for Special Techniques, which always got a raised eyebrow when I traveled in Russia, which I did a couple of times. With someone from the industry, I co-headed the first high-technology communications trade mission to the Soviet Union. We were received enthusiastically over there. I also went to Japan and set up a series of department store promotions of US goods, which were very successful.

So that went on for a couple of years, at which point back in EB (I guess it was E at the time), the director of the Office of Investment Affairs left, and they were looking for a replacement. They came over to see me and said, "Okay, now you've had your fun for a couple of years. We want you back here." The job looked very interesting to me, so I went back and became the director of the Office of Investment Affairs in EB.

Q: I'd like to go back to the time in Commerce. It sounds like it was quite dynamic.

SMITH: Oh, it was a very dynamic time.

Q: This was, again, the high Nixon period. Did you have the feeling that the administration was really into trade promotion.

SMITH: Certainly, they had senior people at Commerce who were very committed, and they were letting them have their run, Bureau Director Fox, for example. There were powerful office directors like Ted Krause, having big budgets, running a lot of shows in trade centers around the world, plus participating in major exhibits outside of the trade centers. It was a big program, generating a lot of business. This gradually began to run down. By the time I left, we were already facing some budget problems and starting to cut back. Bureau of the Budget (now OMB) people were pressing us. It was hard to justify what we were doing because we were, in effect, subsidizing business. You had to make the case, which was hard in tight budget times, that it was worth it because you were broadening the base of US exporters. You were bringing people into export who would be there for the long term. You were correcting an imperfection in the market, where smaller companies and medium-sized companies in the United States, unlike their counterparts in other countries, just weren't aware of the opportunities. This was something that was legitimate for government to do and would make a difference in the long run. Basically, that fight was lost in the 1970s.

Q: In '74, you moved back to State and you were again what?

SMITH: I was the director of the Office of Investment Affairs in the Economic and Business Bureau, EB.

Q: You were there from when to when?

SMITH: I was there from 1974 to 1977.

Q: Who was in charge of EB most of this time?

SMITH: Two people. Tom Enders was the assistant secretary for the early part of that period. Towards the end of it, he left to be ambassador to Canada, and Jules Katz became the assistant secretary.

Q: Could you describe how the two operated and all?

SMITH: Tom was a brilliant guy. He came from a prominent family that lives near where my family does in Connecticut. He died just a few months ago. Tom was very capable and sure of himself. That was good in many ways. It also gave him, in some people's view, an aura of arrogance and intolerance with people who weren't as sharp. I always worked well with Tom, and we had a good relationship. He demanded good work and would be very impatient if he didn't get it. But that's fair enough as far as I'm concerned. He, I think, was a very effective bureau director. He was a force in the interagency community, and he carried State's and EB's message very effectively.

Q: Again, in the bureaucratic world, if you've got somebody who is strong like this, it's great because if you have a problem, you can point them at the problem and you know they can bulldoze their way over bureaucratic opposition.

SMITH: I think that someone like that is better in the initial years on the job than the later years. Tom probably did build up some grudges and resentments over a period of years. When he left for Canada, Jules Katz, who was his deputy, came in to take that job. He has quite a different personality. Again, a very smart, very demanding guy, very high standards, but a more congenial, and at least on the surface, easygoing kind of guy.

Q: Was he effective?

SMITH: I think he was extremely effective. He particularly had excellent relations with Congress. He was able to talk their language and to work well on our issues on the Hill. Between him and me was the deputy assistant secretary for finance and development, Paul Boeker, who was brought in by Enders. He's retired now and running a Latin American think tank out in San Diego. He'd be very interesting to talk to if he is in town some time. Again, he was very intellectual and on top of things. We had a lot of interesting issues on our agenda, like the development of a code of conduct for multinational corporations at the OECD. I want to go into that a little bit.

Q: This was 1974 to 1977.

SMITH: That's right. More and more concern was developing abroad about the activities of multinational corporations. There had been, some years earlier, a book called *Le Défi Americain* (*The American Challenge*), written by the Frenchman Jean Jacques Servan-Schreiber. A number of other books had also been written expressing concern about the role that the multinationals were playing. As a reaction to that, there was a feeling that there needed to be some sort of code of conduct for them. The United Nations had put together a commission on multinationals, establishing a negotiating forum to try to come up with some agreement on this issue.

Business did not particularly feel the need for such a code. We in the State Department felt it was important, if we moved down that road, that we also recognize the rights of the multinationals to fair and equitable treatment. We were concerned about where the UN would go on this.

Q: Multinationals had a very bad name at that time in the Third World. They were considered exploitative.

SMITH: Exactly. One of the things that we did in order to manage this set of issues was to generate a look at them within the OECD (Organization for Economic Cooperation and Development), the 20-some major developed countries, the industrial democracies. (The OECD is located in Paris and was initially set up to follow up on the Marshall Plan.) We viewed the OECD as a place where we could more easily get a consensus on issues

dealing with multinationals. We negotiated at the OECD for the following three years and produced an "investment declaration," which included a provision that the member states would give national treatment to multinationals in order not to disadvantage them vis-à-vis local companies. It also included a code of conduct for multinationals. We negotiated the code very carefully, with a lot of involvement of the business and industry advisory group to the OECD, which included US and other multinational corporations. There was also a labor advisory group. We consulted regularly with both the labor and business groups.

There was one six-month period where I was going to meetings in Paris about once a month. I sometimes flew overnight and got off the plane and went into negotiations at 10 o'clock in the morning. Paul Boeker was also deeply involved in these negotiations. A lot of companies began citing the code of conduct in their annual reports. It was balanced. It was accepted by the multinationals as a fair and useful document. In contrast, in the UN the negotiation did not get very far because there was resistance on the part of the developing countries to citing the rights of the multinational corporations to be treated fairly and equitably. I think that negotiation may still be going on.

Q: What were some of the points that were particularly important in this code of conduct?

SMITH: The point that was the most important and controversial (at least in the UN) was this question of balance. This was troublesome to some of the countries in the OECD also. The US wanted a clear statement that foreign investors were entitled to national treatment, that is, treatment no less favorable than that accorded to domestic companies in similar circumstances. Beyond that, the points in the guidelines for multinationals dealt with such issues as environmental sensitivity and labor relations. In terms of the guidelines themselves, probably the most controversial provision was the relationship between business and labor: what was equitable and fair.

Q: While you were dealing with this, was there the issue of paying gratuities or bribes to host government officials?

SMITH: My recollection is that there was a provision in there indicating that the companies would not pay these bribes. It was not very specific language. It was a general point. I believe the OECD has recently come out with a much more comprehensive statement on paying bribes or corrupt payments of various kinds and with specific language that countries shouldn't give tax deductions for these kinds of payments.

Q: In these negotiations with the OECD and all, did you find yourself at loggerheads with France at all? The French always seemed to take a somewhat different course.

SMITH: At one time or another, we were at loggerheads with everybody on some issue or another. But ultimately we were able to work out language compromises. The French

were active participants and, in the end, agreed with everyone on the package we came up with.

Q: How about the Canadians?

SMITH: They were, on balance, very helpful and active participants.

Q: You said there were several other initiatives that you were involved with.

SMITH: That was the main one. The other principal area was inward investment in the United States. There was beginning to be sensitivity about foreigners taking over US companies-national security sensitivities and some other ones. It was sort of ironic because we had spent a lot of time, throughout the post-World War II period, preaching to the world that foreign investment is good for you, and you should just get out of its way and treat it fairly. So, working with the Hill, we had to come up with some compromises. We did establish a committee on inward investment. I forget the acronym right now. It would look at certain kinds of investments, but we tried to avoid (and I think successfully did avoid at that time) building anything into law or regulation that would discriminate per se against foreign investors.

Q: This being a history interview, did the history of the United States come in? I mean, after all, particularly our whole growth was financed from abroad.

SMITH: We found occasions to remind people of the extent to which we depended on foreign investment in the 1800s. It's a pattern that's been repeated in many places. This kind of foreign investment is, on balance, very good for countries. We continue to believe that. We wanted to keep that element central in any policy. I think we succeeded at that time. I'm not sure whether it's moved further in the other direction since then.

Q: Was this a Republican/Democrat thing? I'm talking about the opposition to foreign investment. Or was this really from congressmen from the interior of the US? Or was it just Congressmen whose oxen were being gored?

SMITH: It was probably all of the above to some degree or other. It was the end of the Nixon-Ford administrations, then into the Carter administration before I got out of that job. I don't recall that it was particularly a Democrat/Republican thing. I think it was just Congressmen, probably on both sides, who would be getting screams of pain when a company in their district was bought out by the Japanese or the French or someone else, and wanted to somehow respond.

Q: What role was the Treasury playing?

SMITH: The Treasury Department is very much an advocate of the theory that investment flows are good for you, whether they're coming from foreign investors or domestic investors. So they were on the ideological forefront of that issue in arguing that we should

be very careful about restricting or discriminating against foreign investment. If under some special circumstances a defense industry was going to be bought out, and there were certain implications that we would have to deal with, then we should define those circumstances narrowly and try not to undercut a general policy that welcomed foreign investment. That's what we were working for in State, so we were very much on the same page.

Q: How about the Pentagon?

SMITH: The Pentagon was a little more concerned about the implications for their ability to work with industry. They were concerned about classified contracts. Foreign ownership was one of the issues that came up. Thus, they were a little bit on the other side of the issue, and more concerned about defining it broadly enough to protect what they saw as their interests.

Q: While you were in EB, did you see any change in the approach that you all were taking when the Carter administration took over from the Ford administration?

SMITH: No, I didn't see much. I remember my feeling at the time, which is still probably the case, that what's remarkable about US foreign relations, at a certain level, is its continuity in terms of our investment policy and our trade policy. They were not strong partisan issues that swung back and forth from protectionism to free trade. There was a free-trade theme. There was, although challenged at some point, a generally upheld policy of openness with regard to investment. I didn't see sharp differences between Carter and Ford and Nixon.

At that time, the political appointees cut less deep. The assistant secretaries, and it's not the case now, were virtually all professionals. Tom Enders and Jules Katz were not anybody's political appointees, nor were their predecessors or their immediate successors. You had a bureaucratic cadre that carried these policies forward. They had the support of their political masters, but basically the same sort of senior people went from administration to administration.

One classic example I remember was Bob Hormats, whom you ought to talk to at some point. He's up in New York now. Bob worked as a deputy assistant secretary in EB during the 1970s. He worked through five administrations, although basically he wasn't a professional civil servant or a Foreign Service officer. He came in, I guess, in the early 1970s, and he just did a professional job. He did a lot of the Sherpa work for the economic summits.

Q: I might put down here, Sherpa work refers to the Nepalese who help people climb to Mount Everest. When we had summits, these were the people who got everything ready.

SMITH: Who helped the leaders get to the summit, by arranging things and working out issues and getting things done in advance. That's right, that is an insider's term in this context.

Q: We have to be on the alert for some of these terms, because these things, we hope, will be read into the 25th century.

SMITH: Why not?

In any case, that's just another example of the very competent senior people who generally served from one administration to another. There was enough continuity in the policy thrust of the different administrations so that that was not a problem.

Q: So, in '77, you moved on.

SMITH: I was offered an opportunity to go to the Senior Seminar, which I did. It was the fall of 1977 through the spring of 1978-the academic year, as you know, if you've been through it.

Q: Yes, I went from '74 to '75.

SMITH: It's a wonderful year, with tremendous opportunities to travel and think about issues in the United States. And we also had a terrific trip to the then-Soviet Union-to Moscow, the Ukraine, and Leningrad.

That was the first time it became very clear to me that the Soviet Union was not long for this world. You could see tremendous tensions. When we visited Kiev, the open disdain of the senior officials there for the Russians and the unwillingness to have Russian spoken anywhere in their universities showed that there were tremendous, seething differences between the Russians and the Ukrainians and others that just weren't sustainable over the long run.

Q: You got out of the Senior Seminar in '78.

SMITH: At which point I was asked to take over as the country director for Canada, a job that I filled from 1978 to 1980. I have no clue as to where that assignment came from. I had never served in Canada. I went in without any preconceived notions about Canada, I guess would be the best way to put it. I worked for Deputy Assistant of State Richard Vine, who was an old Canada hand, so he was able to bring me along. After I got used to it, I enjoyed working in that relationship very much.

Q: In a way, our relationship with Canada is one of the most complex ones that we have anywhere.

SMITH: Yes, absolutely. I couldn't agree with you more. There's more going on in that relationship, there are more things happening across the board that affect people in the United States than probably in any other relationship we have.

What I found fascinating was the way we've developed a theory of that relationship, which has served us well and is quite different from the way we relate to most other countries. Because of the intensity and the range of relations with Canada, we've basically decided that you can't engage in niggling trade-offs between one issue and another. You have to look at the relationship as a whole and put a value on it. And when you have an issue that is so difficult that you can't resolve it quickly (as you often do in the US-Canadian relationship), rather than making it a cause celebre, you try to manage it. You find a way to keep it from blowing up and affecting other aspects of the relationship, because once you've started that, with a relationship this complex and dense, the whole thing would unravel. If you started saying, "If you don't do this for us in area X, we won't do this for you in area Y," they'd come at us in a couple of other areas.

I contrast that with what I see now with regard to Japan-almost an enthusiasm for making issues more intense and more of a problem than they need to be, in order to exert leverage on other positions. I frankly think the way we manage our relationship with Canada should be an example of how two countries with a big relationship can effectively get along together.

Q: What was your impression of the Canadians? One of the themes that runs through many of the interviews when Canada is touched on is how the Canadians always play "Poor little us and big you, you've got to be nice to us." This theme is attempted at least to be played to a fare-thee-well. In many ways, the Canadians, along with the French, are probably our most difficult people to negotiate with.

SMITH: They're not easy people to negotiate with. They know their interests, they press them hard, they do their homework, and they're very competent in what they do. Also, you have a disparity there. For the United States, although the Canadian relationship is important, we have lots of important relationships, and we spread ourselves around. We have a fairly small presence. When I was director of Canadian affairs in State, my office had about five or six people; whereas the Canadians devote a huge portion of their time and effort toward working with us, because the United States is the major relationship for them.

Q: I'm sure they wouldn't have as their director of United States Affairs somebody who had never served there.

SMITH: No, they wouldn't. Not likely. And they'd have lots more people working on the relationship.

But although they are difficult sometimes, and they do sometimes play the poor Canada card, or try to, my experience with them has been quite positive. They're tough

negotiators, but suitably tough. If you're fair and open with them, as I have been-and I've had a lot of opportunities to negotiate with Canadians-you have, on balance, a productive and not unpleasant experience, once you get used to working with them.

We had a lot of environmental issues, such as pollution of the Great Lakes, where we had to cooperate in cleaning them up. There's a whole series of issues concerning trans-boundary waters.

We deal with Canada through a dense array of mechanisms. There's the International Joint Commission, which works on water issues. There's the Joint Board on Defense, where we deal with defense issues. And there's a constant series of other meetings and forums, where we're dealing with various issues.

The job of the Canadian desk is to try to orchestrate (at least keep track of) what's going on and try to make sure that we're doing the things that have the highest priorities. The Secretaries of State make a point of going to Canada fairly regularly. Cy Vance went up a couple of times in my years to spend a day or two in Canada going through these issues. We give good and appropriately high-level attention to Canada, and I think the relationship benefits from that. Basically, it's been a very good relationship for us.

Q: At this time, we're talking about '78-'79ish, was anybody raising the issue of whither Canada, because of Quebec?

SMITH: Yes.

Q: This has always struck me as being one of those things that you've got to think about, although if the Canadians find out you're thinking about it, it can get played up and turned into something.

SMITH: In 1980, Rene Levesque, who was the premier of Quebec at the time and has since died, called a referendum on "sovereignty association." There's always been ambiguity in the relationship between Quebec and the rest of Canada. There are two different founding people, who have never really resolved what their relationship should be. Quebec feels that it is an island of French language and French culture in the sea of English Canada, with which they don't share a lot of cultural similarities, and yet they recognize the advantages of being part of a broader country, and they like many things about Canada. So there is tension. Even a separatist party like Rene Levesque's Parti Québécois based its referendum, not on independence, but on sovereignty association. The difference between those terms is significant because in order to have a chance of generating a majority vote, at least up until now-and things may be changing-separatist politicians in Quebec have had to say, "Well, sort of independence, but not quite. We'll still use the Canadian dollar, and we'll have close association." And in many ways, the rest of Canada, more and more, has been saying, "That's not the way it goes. You're in or you're out."

The recent referendum was much, much closer. The one in 1980 they lost about 40-60. This last one was within a percentage point or two. And there is a real prospect that the next one could result in some sort of an independent status for Quebec, or at least a move toward it. So that issue has run through Canada's history. But it is evolving in a way that makes it a very serious issue, and one that I hope the people who are working in Canadian affairs now are paying a lot of attention to.

Q: When you were there, were you even, maybe in the afternoon bull session or something, talking about what would happen if Quebec became independent?

SMITH: Oh, sure, of course, we talked about that.

Q: What were the thoughts then?

SMITH: On balance, it was felt that it wouldn't be a disaster for the United States, certainly. An independent Quebec would probably develop good relations with the United States. There's no reason why it wouldn't. It would be complicating. We've got a lot of agreements with Canada that would come into question. Defense arrangements where we have defense facilities on Quebec soil, what happens to them? Would Quebec have the same kind of relationship as Canada has as a partner in NORAD, the North American Air Defense arrangement, and sit with us in the headquarters of that operation? What would be Quebec's role in NAFTA (North American Free Trade Agreement) now, for example? Would they come in as a full partner?

Q: But, of course, at that time, there wasn't a NAFTA.

SMITH: There was no NAFTA at that time. But the issue is the same: What would our relationship with Quebec be? Would they be as free-trade oriented as the broader Canada is? Or would they be more protectionist? And how would that affect our relations, our trade and investment in Quebec? Would we be as comfortable having as high a level of investment in Quebec as we have now, if it were independent and not part of a broader Canadian market? How would that market evolve?

I guess the bottom line is that we saw lots of uncertainties and things that we were not quite sure how they would work out. But we had no reason to believe then that if Quebec did become independent, it would be antagonistic to the United States.

Q: At that time, anyway, there was no particular reason to develop contingency plans or anything like that.

SMITH: Not really. We were predicting the result. I felt that there was not enough support in Quebec to carry even this weak sovereignty association referendum, and that they would lose substantially. And, indeed, they did.

A new situation has been created now, a different result than that referendum and a different kind of leadership. Levesque was charismatic in his own way, but Bouchard, who is now the premier of Quebec, is a more effective politician and a more determined person in terms of bringing Quebec to independence. Levesque had, I felt, some personal misgivings about how far he wanted to go, which I don't think Bouchard has.

Q: Did you have any feeling while you were on the desk about the Canadian government at the time? Who was prime minister?

SMITH: The prime minister for most of the time was Pierre Trudeau. Joe Clark was in for about eight months.

Q: But it was really the end of the Trudeau period, wasn't it?

SMITH: He lost the election to Clark in May 1979, and about eight months later, he was back in for several years. So his era was briefly interrupted, and then he was back until 1983.

Q: You were doing the Canadian desk from when to when?

SMITH: I was doing the Canadian desk from 1978 to 1980. Then I went up to Ottawa and became deputy chief of mission at our embassy there from 1980 to 1983.

Q: While you were on the Canadian desk, what were you getting, again the new boy on the block, about Pierre Trudeau? Because Pierre Trudeau was again, like Palme, somebody who could talk our language, yet at the same time, he was an intellectual and had pursued his own course.

SMITH: Yes. He, like Palme, considered himself, and was considered by others, to be a significant intellectual and a thinker. He was not the usual sort of politician. He was rather critical of the United States.

As I said about Sweden earlier, popular opinion in Canada is strongly favorable toward the United States, so that, although a politician may be, on the margins, critical of the United States, there is nothing in it for him to run an anti-US campaign. He's going to lose on the national level in Canada because Canada is not anti-US. But Trudeau didn't mind tweaking and annoying the United States; in fact, he kind of enjoyed it.

Q: Were there any major issues while you were on the Desk?

SMITH: Yes, there were a lot of significant issues.

The most contentious issue, which evolved over the next 10 years and in which I was involved throughout that period, was the acid rain question. Canada had come to the conclusion that its lakes were being acidified and losing the ability to sustain fish and

other life. Their forests were also being damaged to some degree by acid rain, which resulted largely from the sulfur dioxide and nitrogen oxide coming from industrial and power plant emissions in the United States. It came from the US to Canada because the prevailing winds went that way. And you also had the fact that the Canadian shield, the rock that underlies much of eastern Canada, is less capable of absorbing and neutralizing acids than the soil south of that in the United States. So for those two reasons, they felt that they were getting the short end of the stick and that they were not getting enough attention on this issue from the United States. They were banging on our door rather regularly, saying we had to do something about this problem.

The issue was politically sensitive in the United States, because the higher-sulfur coals that were in part the cause of this problem were mined in Appalachia, whereas the lower-sulfur coals that could be substituted for them were largely surface-mined in the West. Any measures to shift away from high-sulfur coals to lower-sulfur coals would be disruptive of the economy in Appalachia, which already had its problems, and would be politically controversial.

We were not anxious to get involved in this, and we took the position, "Well, we really don't know enough; we've got to take a hard look at this; you've raised an interesting question." We put together something called the NAPAP (National Acid Precipitation Assessment Program), which ran for ten years and spent hundreds of millions of dollars before it came out with its results at the end of the 1980s.

There was a real imbalance, with Canada jumping up and down and saying, "You know, this is the litmus test of our relationship. We need your understanding and help in resolving this problem," and the US saying, "Well, maybe there's a problem. Let's look at it. Let's not rush into this."

Q: What was your feeling personally? Did you feel that there was a major problem?

SMITH: I felt there might be. I wasn't convinced; I saw the benefit of some further research. But I felt that we probably should be looking for some balance between finding out more, so that what we did made sense and solved the problem, and doing it expeditiously enough so that a problem that might already exist didn't just get worse for too long a period. So I felt that that was where the area for compromise lay between the United States and Canada, and we needed to explore it.

The other major issue was the East Coast maritime boundary. In the early part of my time as country director, we were negotiating a boundary. The two countries and other countries around the world had declared a 200-mile exclusive economic zone, and you had to take the interval from the edge of the territorial water-this varied from 3 to 12 miles depending on the country-to the 200-mile limit and figure out where the boundary ran through that zone. And there was one such boundary of major importance in the Gulf of Maine, which went through some of the world's richest fisheries.

We negotiated hard with Canada. We brought in Lloyd Cutler, a high-powered Washington lawyer, to head our negotiating team. Some people thought that might help. Ultimately, he did come to an agreement. But because of the nature of the agreement, I felt from the beginning, and told him, that it was unlikely that we could get it through the Senate.

Indeed, we signed the agreement but failed to get Senate ratification. We had virtually no support in the Senate for it. When Ed Muskie was made Secretary of State, I was happy because I thought he would make a wonderful Secretary of State, but I also was concerned that we were losing our one supporter on his committee in the Senate for the Gulf of Maine solution. So, ultimately, the issue had to be referred to a panel of the World Court, which resolved it basically by splitting the difference.

But that was a very significant part of the relationship during that time. It was a very sore point in US-Canadian relations, in part because Allan Gottleib, the senior career person in their foreign office (the Office of External Affairs), felt burned by the fact that we had negotiated this agreement and then couldn't get it ratified. He soon became ambassador to the United States. He deeply resented the fact that we had negotiated the agreement and signed it without getting the political support we needed for ratification. So that created some bad feeling in the relationship.

Q: What was the major issue in that agreement?

SMITH: There are various ways of approaching the boundary issue in the 200-mile zone. One is that you make the boundary a line equidistant from the shorelines of the two countries. The Law of the Sea agreement and tradition, however, permit the consideration of special circumstances. For example, on the Grand Banks, where we have a major fishery, there's a bottom configuration that indicates the line should follow an underwater canyon and go a little bit more toward Canada than toward us. Canada didn't feel that was appropriate. The World Court eventually came up with an agreement that gave something to each position, basically splitting the difference.

Q: Was it mainly fishing interests?

SMITH: It was fishing interests, yes.

Q: I'm told the fishing interests in both countries have a tremendous stake in matters.

SMITH: Oh, yes. No question.

Q: Was there ever any thought of the fishermen getting together from both countries?

SMITH: Well, there were fisheries, and then there were potential oil interests, since there might have been oil under everything. So Lloyd Cutler tried to come up with an agreement that would include, in addition to drawing a line, some sort of a condominium

arrangement involving the oil resources. We were never able to contemplate that with regard to fisheries. The fisheries interests in both countries, maybe in all countries, are very tough and very nationalistic. It is not easy to reach compromises on fisheries issues. Ultimately, the arrangement that Lloyd Cutler put together, which included the drawing of a line and arrangements for a minerals condominium that would share resources, collapsed. And that's why we had to go to the World Court in order to get it resolved.

Q: Next time, we'll pick it up in 1980.

Q: Today is the 9th of August 1996. Dick, let's start

SMITH: We have talked through my career up to 1980. I was then country director for Canada in the State Department. In the summer of 1980, after I'd been two years on the desk, the election was coming up.

Q: You're talking about the American election.

SMITH: Yes. A new US ambassador had gone to Canada, Ken Curtis, who had been governor of Maine. I was asked to go up as the deputy chief of mission, which I did in the summer of 1980. I served as the deputy to Curtis until he left on January 20, 1981, due to the results of the election. Then I was the chargé from January of 1981 through July of 1981, until the new ambassador was appointed. That was Paul Robinson.

Q: When you went up with Curtis, did you have the feeling, because of the election timetable, no matter who was elected, that this probably was a short-term thing?

SMITH: Well, no. For me, I figured it would be a normal tour, in any case. If the Democrats won, I assumed Ken Curtis, who hadn't been there very long, would probably stay on. And if he didn't, there would be another ambassador. I assumed there would be at least a period during which I would overlap with any new ambassador, so I went up with the expectation that it would be pretty much of a full tour.

Q: When you arrived in Canada, although you'd been the desk officer, and, obviously, you'd been in Canada, but this was your first time sitting there, viewing it from Ottawa. What was the state of Canadian-American relations when you got there?

SMITH: They were quite good.

The issue of acid rain was heating up. But looking at the whole range of US-Canadian issues-there were the usual set of irritations-you'd find that the relationship was in quite good shape.

Joe Clark, who was Prime Minister briefly from June 4, 1979, to February of 1980, was a Conservative and felt very close to the United States. We had a good relationship with his government.

After Pierre Trudeau came back, in October of 1980 the Canadians came up with a National Energy Program in which they asserted what they called a crown interest in existing investments in oil exploration projects, many of which involved US companies. That caused the relationship to get more tense, because there were a lot of American companies that felt that what was happening amounted to expropriation without compensation. And our government basically agreed with them. So there was a very difficult time that lasted for a couple of years in that second Trudeau administration .

Q: What sparked this initiative on the part of the Trudeau government?

SMITH: One can speculate. I think that there was a feeling that the center, Ottawa and the Trudeau government, wanted to reassert its authority over some of the oil-rich provinces like Alberta, which were benefitting from these investments and establishing their own relationships internationally. I think it was sort of a federalist thrust. Also, there was money involved, and there was a general feeling on the part of some of the people who were running Trudeau's energy policy that the Canadian government needed to get inserted more into that area.

Q: What happened as far as American companies were concerned? What was the impact?

SMITH: Basically, the impact was that if you had an investment that was majority-

owned by Americans, the crown would assert a twenty-percent ownership in that project, without any compensation. And the US side was very upset about it. The Secretary of the Treasury came up, and there was a series of very difficult discussions between the two governments.

The way it worked out was interesting. The Canadians had picked a peculiarly bad time to do this, because, in effect, they were moving from equity financing to debt financing of their oil sector. They were backing out equity and depending more on bank financing. And they were doing it at a time when interest rates were skyrocketing. If you remember, they got up to almost 19 percent, so it was very painful financially for some of the major Canadian companies. By the end of a couple of years, I think Canada recognized not only that they were affecting the relationship with the United States, but they were causing some unnecessary pain to their own industry. So they eased off and backed away from that policy. And relationships got back on an even keel.

Q: From the embassy point of view, how did we combat this?

SMITH: Of course, there were lots of demarches and private conversations. But I also undertook to write some letters to the editor and to do some speaking in Canada during that period, explaining the US position. I think that was helpful, and we did get the word out on our concern.

Q: How did the Canadian Finance Ministry and others respond? Were they understanding? Basically hostile? Was this sticking it to the Americans?

SMITH: They didn't react hostilely to what I was doing in carrying the message. I don't think they were particularly happy with the way we were doing it. But it was a situation where neither side was particularly happy. And we were probably less happy, because we perceived ourselves to be the aggrieved party, so that there were concerns on both sides that needed to play out.

Another element of tension in the relationship then was the Gulf of Maine maritime boundary, on which we had tried to negotiate. (I talked a little bit about that at our previous session.) We finally had to go to a panel of the World Court to resolve that dispute. That took place in the early 1980s.

Q: What were the sticking points on the boundary agreement?

SMITH: As we discussed earlier, the boundary agreement was mainly a fishing issue. The boundary line runs through one of the richest fishing grounds in the world, the banks off the east coast of the United States and Canada. Also, there was the potential that there would be hydrocarbon oil resources under the water.

Q: When something is referred to the World Court, isn't the expectation that they're going to split the difference?

SMITH: It was our expectation. And they did. It was the sort of solution that we should have been able to reach on our own. But, in a way, I suppose it's easier for governments to accept the World Court's splitting the difference than having their own negotiators agree to do it.

Q: What about the Quebec separation issue? Was that much during this time?

SMITH: As we discussed earlier, that was very much an issue at that time. As you may recall, a referendum took place in 1980, shortly before I went up there, on the issue of what was called sovereignty association for Quebec. It lost by a 40-60 split. But the issue never goes away; it has been there since the founding of Canada.

Q: Did you find you wanted to be very careful, representing our embassy, to stay the hell out of it?

SMITH: That certainly was our policy, and we had to be very careful in how we talked about that. Both the Canadians and the Québécois were anxious to get us on record with any kind of a statement that could be viewed as favorable to them. Our policy then, and I think now, was one of neutrality leaning towards a united Canada. What we would say was that we would regret seeing this great democracy split up, but that this was a matter

for Canadians, not Americans, to decide. It was a neutral position, but with a gloss on it that made it clear that we would not welcome seeing Canada split.

Q: How did Ambassador Curtis operate?

SMITH: He's a very outgoing and ebullient politician. Everybody who knows him likes him and reacts strongly to him. He was very well thought of in Canada. Being a former governor from Maine, he knew Canada and he understood Canadian issues.

Q: Did he feel a bit lame-duckish most of the time there?

SMITH: No, up until the election in November, he thought that Jimmy Carter would win. So he didn't feel lame-duckish then. Of course, after the election, he did. He told me that he wanted to be out of Canada by noon on the 20th of January. He did not want to be there when the new president assumed office. Governor Curtis was, of course, a national politician, too. He had been chairman of the Democratic National Committee briefly in the 1970s.

Q: What about Canada and foreign affairs during this time? You were there from when to when?

SMITH: I was there from 1980 to 1983.

Q: Canada is involved in peacekeeping. This was the early Reagan years. How did we view their role in the world?

SMITH: Reagan was not as sympathetic a figure in Canada as Carter had been. Although the relationship was in good shape, the Canadians don't feel as warmly toward conservative politicians in the United States as they do toward liberal ones.

With regard to foreign policy, however, their interests and ours are broadly shared. They are fellow members of NATO. They pride themselves in taking a somewhat independent position. And that's often helpful for us because they can make proposals and explore issues that it might be awkward for us, as a great power, to pursue.

On the other hand, there are strains in some areas. We would prefer, for example, that they weren't as close and forthcoming with regard to Cuba as they are. Vietnam, of course, was over by the time I was there. They were never sympathetic toward our role there.

But on most foreign affairs issues, most of the time we were quite close. They're very sensitive about being consulted. If we wanted their vote in the UN on some issue, or if we wanted their support in some matter that was being discussed with the EU or within NATO, we were much more likely to get it, and they felt much better about giving it, if we had talked to them. So I did a lot of demarching on foreign policy issues. I would get

sent to talk to the people at the External Affairs Ministry about what we were doing and what we hoped they would support us on. There was a lot of discussion of foreign affairs with Canada through that period.

Q: When did the story break about the Canadian role in helping the six Americans escape from Iran after the hostages were taken?

SMITH: It broke in January of 1980, when I was on the Canada desk. Canada's assistance with the escape of the six Americans was quite a boost for US-Canadian relations. The warmth of feeling that came out of that was tremendous. I remember it very vividly. Later, there was a ceremony at the State Department for Ken Taylor, who was the Canadian in charge of their embassy in Iran at the time the escape occurred. Ken Taylor himself is a delightful, open person. When I was chargé, he was making the rounds, making speeches and talking to groups. I sometimes got involved with that, so that's how I got to know him.

Q: Were you chargé while the Reagan administration was coming in?

SMITH: Yes, for about seven months.

Q: Here was Ronald Reagan (whom every Canadian had seen in movies and who was probably hard to take seriously) talking almost extreme rightist rhetoric. Did you find yourself, as the American representative, trying to put the best face on it, or at least going around and saying, "Look, this man is serious, he's our President, don't judge a book by its cover," or what have you?

SMITH: Sure, there was some of that. The situation was helped very early in his administration because, within the first seven months of his presidency, when I was chargé, he visited Canada twice. His first state visit was to Canada, which is typical for US presidents. He came in early March, slightly more than a month after he was inaugurated, for a very successful state visit. The Canadians, as do Americans, react very well to President Reagan on a personal level. In person, he has a charm that is not lost on anybody. And then he came back in late June or July for the Ottawa-hosted G-7 economic summit meeting, which again was a very good experience in terms of introducing Reagan and getting Canadians familiar with him. I think his two visits within that first six months made a big difference and were very helpful.

Q: Did you get any feeling from Reagan or his entourage about how they felt about Canada?

SMITH: Yes, they all expressed, and their actions showed, that they viewed Canada as important. That's why he scheduled his first state visit there. He wanted that relationship to be good.

I remember when the advance team was up there. Michael Deaver and I were visiting the governor general's house, and I showed him the tree that Kennedy had planted on a visit early in his administration, spraining his back in the process. And Deaver said, "Well, you don't have to worry about this president. He really does plant trees. So he can do it without any trouble." And then at the G-7 summit, which was held at a resort advertised as the world's largest log cabin-outside of Ottawa on the Quebec side of the Ottawa River-the Canadians actually put in a store of logs for the President to chop, if he chose to do it. I don't know whether he actually did.

He did create a considerable amount of warmth in the relationship by those visits.

Q: At the embassy in Ottawa, were you always discovering relationships between American and Canadian bodies, regional or national, that you would find out about ex post facto and have to clean up?

SMITH: Absolutely. The nature of the relationship is that there is a tremendous amount of activity in relationships between state and local officials all across the border, and between organizations of different kinds. And you have to recognize in Ottawa that the most you can do in that regard is try to keep track of them as best you can. You can't really orchestrate or manage those relationships. And you shouldn't try. They're very healthy. So, yes, I did find out a lot of interesting things that were going on, after the fact. And I would try to learn enough about them so I could be helpful.

Another characteristic of the relationship (I called it direct-dial diplomacy) is that because Ottawa is geographically close to Washington and is in the same time zone, there's an awful lot of direct telephone communication between interested agencies. And there are a lot of interested agencies in Canada and in Washington. You're in a position to be perhaps more of a player in the policy of Washington toward Canada than you would be in most other countries, because you were in touch. And you could easily go back to Washington, and Washington officials could come up to Ottawa, so there was a tremendous amount of traveling back and forth between Ottawa and Washington.

Q: What was the role of the consulates?

SMITH: They were very busy with consular work. It's little known, but Toronto is one of, if not *the* busiest consular post in the world, with tremendous visa work done for people from all over the world who come into Canada and then want to go to the United States. It makes the operation there quite complex. And this is true of the other posts in Canada, too. You have people coming from everywhere, so that getting the documents you need and the right kind of a picture of who they are and what decisions you should be making is much, much harder. The consulates were all very important in their regions, and Canada is such a regional country. Vancouver is very different from Halifax. The consuls general, I think, did represent America. The distances are great enough so that people from the embassy weren't there that often. I had to write the evaluations on all the consuls general, so I tried to get around at least once or twice a year for a brief visit and to keep in

touch with them. But they very much acted as independent centers of the US presence. In all cases, the United States had senior consuls general who played a strong role.

Q: Were there any minor issues that came up? Not like boundaries or oil policy, but people getting into trouble or some crises that came up at the time?

SMITH: Not anything out of the ordinary. There are always people problems across the border, but these were well handled and well managed by very strong and competent consular posts throughout Canada, running from Halifax to Vancouver. There were seven or eight posts across the country at that time, and each of them had its own regional emphasis, and dealt with the problems of the region. But there was no major people problem that I can recall.

People were concerned about lots of border issues involving pollution of waters, flowing one direction or the other. You were constantly having a lot of issues like that in play.

As I noted earlier, the Secretaries of State made a point of visiting Canada at least twice a year, for a day or a two. In every case, they would have a huge briefing book, and go over literally dozens of issues that had to be discussed, even briefly, in order to keep the relationship covered and dealt with appropriately.

Q: What about the perennial problem (which the Canadians see as a problem and we never have) of cultural dominance from the south?

SMITH: Yes, this is a great concern in Canada. The one thing, as an American, you don't want to say there is, "You're just like Americans." That is not considered a compliment in Canada. They define their own identity in terms of their differences from the United States. They consider Canada a kinder, gentler place than the United States. They're very proud of their welfare programs and of their less aggressive approach to life. They're concerned about the encroachment of US culture. And that was one of the sources of a lot of the issues that we had to discuss. For example, there was an issue concerning *Time* magazine and its operation in Canada, which the Canadians eased out in favor of *Maclean's* magazine, which is printed in Toronto. There were also issues involving radio signals. They would try to keep out our signals, or at least try to delete the commercials from the United States. That was a big and difficult problem for a while.

In general, they are always sensitive about being dominated by or overwhelmed by American culture. They recognize that almost everything in the relationship is on a ratio of ten to one. Their population is one-tenth of ours. Wherever you go, there is that kind of relationship, so that there is this, perhaps inevitable, sensitivity that's always there in Canada.

Q: How did you deal with this sort of thing?

SMITH: You just tried to be nice and say that we recognized their concerns, but at the same time, we needed to insist on a certain fairness in the way Americans were treated and American industries were treated, and emphasize that the Canadian identity was certainly robust enough to handle the flow back and forth.

Q: Who took Curtis's place?

SMITH: He was replaced by Paul Robinson, who was a financier in Chicago and a fund raiser in Illinois for Reagan.

Q: How did he fit in?

SMITH: He was a very different sort of personality. He knew Canada, and he traveled there. But he came out of the private sector, and he was new to diplomacy. He was very vigorous and robust in the way he approached people and issues, and outspoken, which can be a benefit, I guess, but also, from time to time, would cause a little bit of a stir. He took some getting used to for Canadians. They found him rather jarring at first.

To use just one example, he was giving an interview in Toronto while he was visiting there. An editor from the *Toronto Star* asked him some question that he didn't particularly like, and he said, "Shove off, kid." And the headline in the next day's *Toronto Star* was: SHOVE OFF, SAYS AMERICAN AMBASSADOR TO *TORONTO STAR*. Ambassador Robinson loved that; he thought that was terrific. And he had little buttons made up that said, "Shove off." That gives you a flavor of his personality.

Although there was an initial strain because of his style and approach, that eased. And when you got to know him, he was a very nice, fun loving man. I think the Canadians actually were growing quite fond of him a few years later, when it was time for him to leave.

Q: This was a new administration, coming from a different sector of the political spectrum. Did you sense a difference in the way the Reagan administration was going to approach Canada?

SMITH: I think it changed as the years went by, but, initially, they had the major problem involving the National Energy Policy and what they felt was unfair treatment of US companies. They wanted to face these issues and to make it clear that, if we didn't get some satisfaction here, it could affect other issues. And this was contrary to the catechism of the US-Canadian relationship, which is that you don't try to trade-off issues. If you're having trouble on one set of issues, you try to deal with them in their own context, and don't threaten retaliation in other areas.

Q: Because otherwise it just ends up in absolute chaos.

SMITH: Initially, the new US administration was not convinced of the merits of that approach. But they did get there, because they saw the difficulties. Indeed, the energy policy issues started to get resolved, for a variety of reasons, so there was change. But there was a period of some time when the conversation between the United States and Canada was at a higher pitch and a little more confrontational than is typical even when there are difficult issues we have to deal with.

Q: This could be taken wrong, and I don't mean it to sound condescending, but did you find yourself, with an ambassador who was obviously a very competent person but in a new field, acting a little bit like a tutor, to get him into it, but also to tell him to be a bit careful about relationships between the two countries?

SMITH: Sure. It was part of my job (and I think it's in the job description of any professional DCM with a political ambassador) to try to read him into some of the conventions and to raise flags if I saw something that was not going quite the way it should. I think it's fair to say that Ambassador Robinson gave me a lot of scope for running the embassy, too. He was sympathetic to the idea that I had that kind of a role to play. So I don't think he resented it or resisted it.

Q: You left there in 1983. Where to?

SMITH: I went back to the Department. Actually, the way it happened was that I was visiting our consul general in Vancouver, and I got a call from Elinor Constable, who was then the principal deputy assistant secretary in EB in the Department. She'd been my deputy when I was the director of the Office of Investment Affairs. And she asked, since it had been three years and I was due for reassignment, if I would be willing to come back and fill the just-vacated position of deputy assistant secretary for finance and development in EB. And I said fine, that was a job I was very interested in. So I did come back, and I served there for two years, from 1983 until 1985.

That job involved oversight of the Office of Investment Affairs, the Office of Business Practices, and the Office of Monetary Affairs. In many ways, the deputy assistant secretary had a watching brief and a coordinating role with Treasury. On a lot of issues the Treasury Department has the lead in terms of international finance, but the State Department has a need to be plugged in and aware of them.

There were some areas where we did take the lead. One of them was the renegotiation of government debt, done in what's called the Paris Club. The major creditor countries come together for discussions with a country that is in financial difficulty and unable to keep up its payments on government loans. They come up with a schedule for the country to pay back its loans on an extended basis. Those were fascinating discussions. We would start in the morning, and the finance minister from the country concerned would present their situation and their plan, and propose what they wanted to do. The minister would then leave, and all of the creditor countries, including the United States, that were around the table, under a French chair (the French traditionally chaired this operation), would then

discuss what was feasible and possible and what should be done. In the course of a day, we might call the minister back and have a further discussion. By the end of that day, we would be drawing up and signing an agreement that might involve the rescheduling of several billion dollars' worth of debt.

Q: What was your impression of this process? What was the thrust? You didn't want to see a country go bankrupt.

SMITH: It's the typical situation where, when debtors are in financial trouble, it's really not in the interest of the creditor to have them go bust, if you can figure out some way of stretching it out, of working with them. Also, we had an interest in these countries doing reasonably well and recovering as rapidly and as smoothly as possible, and this helped them do that. What is it that they say, "If you owe a bank a thousand dollars, you've got a problem. If you owe them a million dollars, they've got a problem." So it was a matter of mutual interest. It was one of the exciting things that happens in international relations, where, when countries get in these problems, we can sit down in that format.

Q: Financial history is not my bag, but was this around the time when there was a tremendous amount of trouble particularly with Latin America?

SMITH: Yes, it was.

Q: Wasn't this the *major problem?*

SMITH: It was certainly one of the major problems, and there were a number of Latin American countries involved. It was a very busy period. They were having these Paris Club meetings on virtually a monthly basis. So there was a lot of travel and a lot of intense consideration of how you could help a number of these countries pull out of their problems.

The Paris Club operation is a long-standing one. It has existed for many decades. But that period was one in which it was probably more active than it had ever been, in terms of the numbers of cases it was considering.

Q: Any countries that caused particular problems?

SMITH: No. In every case that I was involved with, we were able to work out something that made sense.

Q: There must have been countries where you, just looking at it, said the government is basically hopeless.

SMITH: None of the ones I was involved with. There may have been some; I didn't do them all. But Mexico and Jamaica, and several others I can think of, had governments that were making an honest effort to try to come to grips with the problem, and it made

sense to reschedule the debt, both in terms of getting paid off eventually instead of having to write it off and also in terms of helping them refinance and meet their obligations and begin their recovery. So it was quite a constructive operation.

Q: Was there much pressure, if you were doing Jamaica, from the ARA desk, saying you've got to be nice to Jamaica because we need it for some other thing?

SMITH: I don't know if I'd characterize it as pressure. The desk would certainly weigh in and give us their view of what was needed and why it was important for US interests to do as generous a rescheduling as possible. But expressing their point of view was perfectly valid.

Q: How did you find the Treasury representatives during this particular period of time?

SMITH: They were very professional and very good. On balance, they would have liked to have taken over these negotiations of the Paris Club. And there was a little tension in that regard between State and Treasury because of State Department leadership in these negotiations. But the State Department had that role, and we were determined to maintain it, and we did. I think it makes sense, because there are a lot of broader foreign policy implications involved when you go into these kinds of reschedulings. But there were always Treasury people on my delegation when we went over. And they did a lot of the heavy lifting in terms of the numbers, and they were very influential in achieving the results we came up with.

Q: You left that in 1985.

SMITH: When I was the country director for Canada, I had worked with John Negroponte, who was then the fisheries negotiator in the Bureau of Oceans and International Environmental and Scientific Affairs (OES). We were on some delegations together, including work on a US/Canada agreement on West Coast halibut. In 1985 he got in touch with me and told me that he was coming in as assistant secretary in OES. He asked if I'd come over and be his principal deputy. Even though I was enjoying what I was doing as deputy for finance and development in EB, this looked like an even more interesting opportunity, and I agreed to do it. So I became principal deputy of OES in the summer of 1985.

Q: And you did that for how long?

SMITH: A long time. Until I retired in 1994. So it was almost nine years. I went through four assistant secretaries in that period.

Q: Could you explain more about OES, and then get into your responsibilities?

SMITH: OES is a bureau that was set up on October 8, 1974. Senator Claiborne Pell was a particular advocate of it on the Hill.

Q: He was a Senator from Rhode Island.

SMITH: He pressed for its establishment to deal with oceans issues, particularly, and global issues in general. The bureau's portfolio included fisheries negotiations and Law of the Sea issues-all of the oceans issues. It included all of the environment issues, the global environment questions, the wildlife issues. It included science cooperation. All of the science agreements with other countries, under which scientific exchanges took place, were negotiated and managed in the bureau. And it also included at that time, although it doesn't now, nuclear nonproliferation issues. We had several offices that dealt with different aspects of nuclear cooperation.

Q: Did you stay as principal deputy during this whole time?

SMITH: Yes, I stayed as principal deputy throughout that time, although sometimes I also became a special negotiator for particular negotiations. My job as principal deputy was to be an alter ego for the assistant secretary, to run the bureau when he was traveling, and to advise him on personnel, management, and organizational issues.

One of the things that we both wanted to do, which we accomplished fairly early, was to put together a sub-cone for science officers, which had not existed before. We wanted to better integrate science work into the Foreign Service and have career opportunities for good Foreign Service officers to spend a period of time doing science work (I use that word broadly, meaning environment, science, and technology work): to serve as counselors in embassies, to be able to move back and forth between science and other jobs in the Foreign Service. The concept was that science officers should not be as isolated as they had been from the rest of the Foreign Service. So one of our accomplishments was to establish that sub-cone. (Regrettably, I understand that the sub-cone is now being dismantled.)

Q: How did John Negroponte operate, and a little about his background?

SMITH: John, I think it's fair to say, is one of the giants of the Foreign Service, a very fast-moving, brilliant officer. He was in Vietnam toward the end of the 1960s and went with Kissinger to the peace talks in Paris. By the late 1970s, he was back in the Department as the fisheries negotiator and deputy assistant secretary for oceans in OES, and developed an excellent reputation there. That involves a lot of intense dealings with interests in the Congress as well as with fisheries communities. He did a lot of negotiating and achieved a lot in that job. In 1981, he became ambassador to Honduras, and he was the ambassador there for a number of years during a very interesting period in Central America, when we had a lot of strong interests and operational activities that he needed to keep an eye on. He got a lot of visibility there, and then came back, as I said, in 1985 to become the assistant secretary for OES. In 1987, he went to the National Security Council to be Colin Powell's deputy. Then he went on to be ambassador to Mexico and then to the Philippines.

Q: During the Negroponte period, you were acting as the executive officer in many ways, but also what other pieces did you have?

SMITH: He depended a lot on me in personnel decisions. As jobs came up, particularly office directors and deputy office directors in the bureau, I did a lot of the work in identifying the best candidates. And then also, from the beginning, I was involved in some of the negotiations for which the bureau was responsible.

One of our first big issues involved the deterioration of the ozone layer, caused by manmade chemicals such as chlorofluorocarbons (CFCs). In 1985 there had been a general agreement on that in Vienna. Dick Benedick, who was then the deputy assistant secretary for environment, had headed that negotiation. Then he was going into a follow-on negotiation to come up with an implementing agreement, the Montreal Protocol on Substances that Deplete the Stratospheric Ozone Layer. It would set goals specifying what needed to be done to reduce these chemicals.

It was a very controversial negotiation. I did a lot of the backstopping of that negotiation, working with Benedick to develop our position and to get it vetted in the interagency community. That was a tough negotiation, on the US side as well as internationally, because there was a lot of resistance among officials in the administration to what they saw as another regulatory regime that would be inconvenient for industry. So we developed a position that we needed to sell within the administration, and we actually had to go to the President a couple of times to get decisions. Basically, the view that we, particularly Benedick as the chief negotiator, developed prevailed. Our position was that we were going to agree to cut production of CFCs in half by the year 2000. We were able to include that commitment in the Protocol. (In subsequent negotiations, agreement was reached to phase out CFCs by 1996.)

Let me note one interesting story related to that negotiation. One of the opponents was the Secretary of the Interior.

Q: James Watt?

SMITH: No, it was Donald Hodel. The story was leaked to the *Washington Post* that he had said, at one of the White House meetings on this subject, that we ought to be looking more at personal protection like hats and sunglasses, rather than steps to reduce CFC emissions. That, of course, got a lot of play in the media. Herblock did a cartoon with fish wearing sunglasses. It actually was quite influential in turning the tide against those opposed to the agreement, because that kind of ridicule is hard to stand up to. It turned out that the reporter who got that story said it was leaked by one of the Secretary of the Interior's aides, thinking that that would be supportive of their position.

In 1990, I headed the delegation in negotiations that led to the complete phase-out of CFCs and other ozone-depleting chemicals: the London amendments to the Montreal

Protocol. The London agreement also resulted in the establishment of the Montreal Protocol Fund, which was designed to assist developing countries in meeting their obligations under the Protocol. The establishment of such a fund, into which we would contribute new and additional resources, was quite controversial within the US government, and, until the last moment, opposition to it was led by John Sununu, the White House Chief of Staff.

In the fall of 1989, I was chosen to lead the US delegation to the first meeting on environmental issues of the CSCE (Conference on Security and Cooperation in Europe), a body composed of both Soviet bloc and Western countries. The CSCE is a key forum for the consideration of human rights, which were on the agenda of all CSCE meetings. In addition to some important agreements dealing with trans-boundary pollution, the meeting, which was held in Sofia, Bulgaria, resulted in an unprecedented agreement on the rights of environmentalists and their organizations to have access to information on environmental matters.

In a dramatic development, the US and other Western delegations brought the meeting to a halt in mid-stream to protest the harassment of a small group of environmental demonstrators by the authorities in Sofia. We resumed the meeting after the government of Bulgaria expressed regret and assured the delegates that it wouldn't happen again. The following week the government permitted a major demonstration by the environmentalists-the largest public demonstration in post-War Bulgaria-and shortly thereafter the long-time Stalinist dictator, coming under increasing pressure, stepped down. Thus, the conference helped trigger the inevitable fall of communism in Bulgaria, as Bulgaria joined other countries in the breaking up of the Soviet bloc.

Another set of negotiations worth mentioning is the environmental side agreements to NAFTA (North American Free Trade Area). In my final year in OES, I headed the US negotiating team, with an EPA co-chair, that reached unprecedented agreements with Canada and Mexico regarding their environmental practices, and with Mexico regarding efforts to clean up environmental problems along the Mexican border. This involved the establishment of several joint organizations to deal with these problems, and was an essential step before the US was prepared to go forward with NAFTA.

A less well known, but personally very satisfying, accomplishment was the negotiation of an agreement to manage and preserve the Porcupine caribou herd, whose habitat is shared by the United States and Canada. This herd, named for the Porcupine River that traverses its range, is the primary source of food for native peoples in both northern Canada and Alaska. I took over leadership of this negotiation for the US side after talks had been stalled for more than eight years. In a week-long negotiating session in a hotel in Seattle, we achieved an agreement which established a joint Porcupine Caribou Board, which includes representatives of native peoples and local governments on both sides of the border.

I also got involved in a major negotiation involving an agreement to build a space station. The President had decided and announced that he wanted to build a space station in cooperation with the Europeans, the Japanese, and the Canadians. Then the job was to negotiate a basis for that cooperation: what would be involved, what our partners would get out of it, what they would contribute to it, and what would be the guidelines for the cooperation. That negotiation was being headed initially by OES's deputy assistant secretary for science. But it wasn't going very well. John Negroponte asked me to assume leadership of that negotiation, to see whether we could move it along. It was a long and difficult negotiation; it went on for three years. But we did come to an agreement, under which space station cooperation was able to proceed.

Q: Where were the problems?

SMITH: There were a lot of detail problems on how things would be worked out. One of the major systemic problems stemmed from a concern on the part of the Europeans, the Canadians, and the Japanese that we would use our elements on the space station for military purposes. We needed to put into the agreement provisions that would satisfy their concern and allow them to participate in what they would advertise as a civilian space station for peaceful uses, still giving us enough flexibility to conduct experiments that were useful to the military, even though we were not going to use it as a weapons platform. So one of the major issues was how one split that difference in terms of the uses that were possible on the station.

That issue went on for quite a while, until we were able to come up with a formulation that involved a distinction between the uses of the different parts of the station. Three of the partners-the United States, Europe, and Japan-were providing separate modules. And we were able to agree on a compromise that gave the owner of the particular module some scope for the activity that took place in its module, as long as it didn't involve the others. Within the US government, there was considerable disagreement between State and Defense, which was unenthusiastic about a shared space station on which their activities would be limited. The issue was ultimately resolved in State's favor by President Reagan.

Q: How about oceans?

SMITH: Oceans issues were also very active during that period. I headed a negotiation with Japan on driftnet fishing. The concern there was the use by Japan of ocean driftnets, which could run up to 30 miles in length. There was, for example, a Japanese fleet using these driftnets to fish for squid in the high seas in the Pacific. The concern was that, in addition to the squid, the driftnets also caught a lot of by-catch, including mammals, thus killing a lot of sea life other than the targeted species. We felt that this kind of fishing had to be phased down and, eventually, stopped. So we had a long and difficult set of negotiations with the Japanese on that question before I came up with an agreement under which observers would be put on a portion of their fleet to see what was actually taken.

The Japanese argument was that these nets were really quite discriminatory. There was a certain size mesh. The smaller fish swam through, while the bigger ones bounced off and swam elsewhere, so that the nets just caught what they were designed to catch. The key to resolving the situation was getting observers on the ships who could make a record of what was in the nets as they came in.

Also, there was the collateral problem of these driftnets getting out of the area in which the ships were supposed to be fishing and into areas where they would pick up salmon in the high seas before the salmon could return to their rivers of origin in the United States. So we wanted to look at that, too. We got an agreement providing for electronic positioners on some of the boats. We would be given access to the data from the positioners so we could tell where these fleets were.

It was a difficult negotiation. The agreement that we eventually reached led to the development of evidence that the Japanese were catching much more than their targeted species and were creating a danger to marine life in general. And the breakthrough in the negotiation with Japan led to agreements with Korea and Taiwan, who also had driftnet fleets, and then, ultimately, a year or so later, to a UN agreement banning driftnet fishing on the high seas.

Q: How did you find the Japanese? They knew what they were catching, and so they must have been, in a way, lying through their teeth.

SMITH: They might not have known about the catch as precisely as they did once they had the observers. They probably didn't really want to know. They had the problem that comes up in the fishing area a lot. They had a politically significant sector in the fisheries area that would have to be compensated if its fishing opportunities were lost. So they were faced with the problem of phasing out a sector of the fishing industry. The reason the negotiation was so difficult is that they did recognize that, if indeed they agreed to these observers and to these other measures, including enforcement measures, ultimately they would be on a slippery slope out of the driftnet fishing business. Indeed, that did end up being the case.

Q: When you were doing these negotiations on driftnets, where'd you get your expertise? Did you have people from the American fishing industry?

SMITH: There is an Office of Fisheries in OES, which has some people who've been working on fisheries for 20 or 30 years and who are quite expert. We also worked with people from NOAA (National Oceanographic and Atmospheric Administration) and from fisheries offices in concerned states. We also had representatives of the fishing industry. We had a number of fishing industry people from Alaska, particularly, on these driftnet agreements. So we'd have a delegation of 15 or 20 people that included a number of people with a lot of fisheries knowledge. The NOAA scientists had done a lot of research and had specific knowledge about fish and their habits and what the takes were and what sustainable catches would be.

Q: As you worked on these things, were there any rogue states that were going out in different ways and doing this?

SMITH: There were not rogue states, per se, but we caught a number of rogue fishermen from the fishing nations. You would have some Japanese vessels and some Taiwanese and some others who would be found out of position, clearly in places they shouldn't be. And the US Coast Guard was very active in trying to find them. We would work with the countries concerned to make sure that the vessel owners were suitably punished for what they did and to see that the practices were stopped.

Q: Did you get involved in anything like the Iceland-Britain cod wars?

SMITH: The cod wars between the British and the Icelanders were over by then. That came before the period I was in OES. We did get involved in the Whaling Commission and the whale issues around the world.

During that period I also conducted the negotiations with Canada regarding an air-quality agreement that would deal with the acid rain problem. That was a very significant negotiation. The Congress agreed, in late 1988 or 1989, to a program for cutting back on US emissions of sulfur. And, on the basis of that, we were able to negotiate an air-quality agreement with Canada that committed both countries to make substantial reductions in their sulfur dioxide emissions and put that issue to rest. The one time I flew on Air Force One was when I went to Ottawa with the President when he signed that agreement in 1990.

Q: Did your office get involved in the Law of the Sea?

SMITH: Yes, indeed.

Q: This was a very controversial one during the Reagan administration.

SMITH: Yes, it was. The Law of the Sea convention, which had been opened for signature in the early 1980s, was signed by a lot of countries, but no industrialized countries, including the United States, because of the provisions it had on seabed mining, which we all felt were too restrictive and would discourage such mining. It gave too much say to countries that didn't have investments in those mine sites but were involved because of the recognized principle that the seabeds were part of the common heritage of mankind.

This issue was quiescent through the period we're talking about now, but in the early 1990s, it came up again. Under the aegis of the Secretary General of the UN and at the urging of the United States, particularly Tom Pickering, who was our representative to the UN at the time, this question was reopened and a negotiation began, specifically on the seabed provisions. An agreement was produced that modified the Law of the Sea

convention in a way that responded to the concerns that the United States and other industrialized countries had raised. On the basis of that, the United States has signed the Law of the Sea agreement, as have the other industrialized democracies. We have not yet gotten the agreement ratified. We're awaiting Senate hearings. In my present job at the National Intelligence Council, I coordinated the production of a National Intelligence Council document on Law of the Sea issues, which has been given broad distribution.

Q: What were America's problems? Was this coming out of one wing of the political spectrum?

SMITH: No, as a matter of fact, it was a fairly widely shared view that the provisions initially negotiated for seabed mining were not tenable and that you could not impose these kinds of restrictions on the basis of a world order. It just didn't give enough incentive to companies to risk their capital and resources to do the deep seabed mining.

When the Law of the Sea convention was initially being negotiated in the 1970s, deep seabed mining was viewed as a possible bonanza from which great wealth would flow. However, as you looked more closely at the economics of deep seabed mining, compared to getting these resources from land-based sources, you saw that this was not something that was going to be worth doing right away. It was probably decades away, if ever, that we'd be doing much deep seabed mining. Since it was not a great bonanza, I think people gradually began to approach it with a different mindset that allowed us eventually to come up with a regulatory structure that didn't create a massive, expensive UN bureaucracy to manage a program in which a lot of countries that did not have equities and investments in the process would be in control. So it was not just one wing of one party, there was recognition pretty much across the board that the provisions of the original agreement were not good provisions.

The provisions of the new seabed mining agreement, which has modified the Law of the Sea convention, are widely agreed to be constructive and balanced. If there is resistance to them now, it probably does come from a fairly narrow spectrum of people who just don't like the UN or other international organizations.

Q: As you worked on things dealing with the environment, the depletion of fish, did you have the sense that you were really working against time, and that, all of a sudden, techniques, the ability of mankind to do things, were really getting out of hand, and that we basically have a fairly fragile environment, and that we could really not only screw things up, but also end up with the dinosaurs?

SMITH: Absolutely. Of course, it varied from issue to issue. On the oceans, which you mentioned, it was very clear that the ability of the great factory ships and high seas fleets to scoop up tons and tons of fish in a day was overtaxing the capacity of the sea to replenish itself, and we were running down stocks all over the world. And it was very clear that something had to be done to manage this resource better.

In that regard, one of the tasks that I had during my last months in OES was to chair the final two sessions of an international negotiation to deal with the depletion of pollock stocks in a high seas area of the central Bering Sea known as the donut hole. We were able to conclude an agreement among the United States, China, Japan, South Korea, and Poland-the countries that had fishing fleets in the area-to declare a fishing moratorium until the stocks recovered and to establish a sound basis for determining when and how the fishery would be reopened. This was a landmark accomplishment in dealing with the difficult problem of managing high seas fisheries.

In terms of the environment, let's take as an example the Montreal Protocol on substances that deplete the ozone layer. We were causing, through manmade actions, losses of ozone that could be devastating in terms of increased ultraviolet radiation that would lead to many more skin cancers, suppressions of immune systems, and some very serious health problems. So it was built into the agreement that, even after the Protocol was put in place in 1986, there would be a series of scientific reviews and peer reviews and additional negotiations that would keep an eye on the facts.

That is a good example of an agreement that phased out a multibillion-dollar industry around the world, an industry that was important to a lot of countries, on the basis of an unseen gas that was acting in the atmosphere that would have effects years down the road. So it's an encouraging event. The success of that agreement and the ability to modify it when necessary certainly indicate that we can do more than people perhaps imagine in addressing these problems, once we recognize them and gear up to attack them.

Q: Did you have the problem in the United States and elsewhere that we're having today in the debates over tobacco? When people are reading this in decades, they may wonder what the fuss was. Tobacco is deadly, tobacco is addictive, and yet we have people with very strong political clout, and through the courts and all, who are keeping tobacco from being declared dangerous. So that when you have somebody saying, oh, the ozone is doing this, or the fish are being depleted, there's always somebody who can hire lawyers and publicists who can play it up the other way and confuse the issue.

SMITH: That's true. I don't want to draw too exact a parallel, but there are similarities in some of these other areas. It's not only lawyers and publicists, but even within the scientific community, counter-arguments are raised. Even where you have large areas of consensus, you can always find reputable scientists with contrary views. It's just the nature of science.

For example, take the climate change discussion now, where it's recognized that, by increasing the levels of greenhouse gases such as carbon dioxide in the atmosphere, we're creating more of a greenhouse effect. Concerned governments have established an intergovernmental panel on climate change, involving thousands of scientists around the world, and there is a substantial consensus that this will cause global warming, which will have significant implications in the world. In fact, there is evidence that indicates that some warming has already taken place. And yet there are scientists who appear from time

to time in the pages of US newspapers, among other places, saying, "No, it's not really happening."

The problem is that people who simply read an argument saying this is going to happen, and another one saying this is not going to happen, feel, "Well, who knows." But we have to get more sophisticated about recognizing that, where you have a large body of opinion, you can't balance that with the occasional scientist who's on the other side. And it's not a balance in the case of global climate change. A quite broad consensus of the scientific community is that global warming is starting to take place, and that we need to begin to do things about it.

You'll even see people now argue that the deterioration of the ozone layer isn't taking place. And in that case the evidence is overwhelming. There's no question that manmade chemicals have been causing the ozone layer to deteriorate, and that what we have achieved in terms of eliminating ozone-depleting chemicals was needed in order for the ozone layer to regenerate.

Q: You got into this really at a time when all of a sudden the clock was ticking on a whole series of issues. This was pretty new for the State Department; it was new for everybody in the world. The State Department is considered sort of a fuddy-duddy, and we still would be using quill pens if we had our way. How did you find that the apparatus and the personnel of the State Department were responding to this emerging emergency?

SMITH: As you say, the State Department is not a structure that moves easily and quickly to new ways. I think there was some resistance, although there was also some movement. We did get our science sub-cone established. It's being undone now, but there was a period when science officers were getting promoted as fast as any class of officer in the Foreign Service. And we did get enough resources so we could do a lot in OES.

Generally, the importance of the work is being increasingly appreciated. Secretary Christopher's speech on the environment was an important milestone in that regard. With Tim Wirth's operation in Global Affairs, which includes OES, being recognized as more and more important, there is progress. But it's happened slowly and painfully over that period of years, from the mid-1980s to now. And the loss of positions and resources in OES due to the Department's budget problems over the past couple of years has hurt the bureau's effectiveness. The bureau's requirements need to be addressed.

Q: Did you find, despite this slowness, that the United States was on the cutting edge of blowing the whistle, seeing the problems?

SMITH: Absolutely. I was genuinely proud of the degree to which we showed leadership on these issues. Again, the ozone layer and the Montreal Protocol is a good example. As early as the 1970s, the US was the first to ban CFCs in spray cans, such as those used for hair sprays and deodorants. It became clear that that wasn't nearly enough. It had to be banned in lots of other things, including, importantly, in refrigerants (Freon is a CFC).

But we had taken the first steps. We had alerted the world to the problem. We had called for the negotiations that ultimately resulted in an agreement that's going to solve the problem.

And Dick Benedick's role is an interesting story that I really should say more about. He launched a campaign to carry this message. He traveled to Europe and Japan. He did a series of the Internet programs that USIA puts on, where he got into the public television stream in Japan and in Europe. He did programs with Bob Watson, a leading scientist in this field who was with NASA at the time, talking about the problem and explaining it. He really had an impact, in my view, on changing public opinion and, subsequently, government positions in Europe and Japan. So I think there's a lesson there about the effectiveness of that kind of public diplomacy-if the United States is willing to show leadership-where you can bring the world along.

Q: Did you find yourself running what amounted to a tutorial with European diplomats, Japanese diplomats, and others? Everybody has been caught short on these things. These things are happening rather quickly, particularly where diplomacy is concerned.

SMITH: That might be pushing it a little too far. There were people in the governments in Europe and in Japan who also were as aware as we were of the problems, and they were pushing within their own systems. But it was due to US leadership that so much was achieved.

Q: In career terms, nine years is a long time. Did you find a real cadre of people developing, not just in the United States, but also in other countries, with whom you could talk and who began to speak the same language and understand?

SMITH: Sure. There was certainly a cadre in the other countries, people like myself. Once you got into that in the mid-1980s and became involved in these negotiations and these processes, you became excited about the prospects for what could be achieved. I don't know that there were many Foreign Service officers who spent as long as I did in that kind of job. I can't think of another one who did. But you also had in OES a very good Civil Service cadre, which gave us a lot of continuity. About half the professionals in the bureau were Civil Service, and about half were Foreign Service. And you did get some very good and high-flying Foreign Service officers who wanted to commit time to it, like Negroponte. Pete de Vos, who's our ambassador in Costa Rica now and has been an ambassador to several countries, spent three years with the bureau as the deputy for science in the late 1980s. So that you did get an increasing recognition of the importance of the set of issues that we were dealing with and a greater willingness on the part of Foreign Service officers to spend a significant part of their career engaged on these matters.

Q: I can understand in all of this that you would obviously have problems with industry people whose ox was being gored. This must have been a sort of nuisance, but a problem you had to deal with. But what about the environmental people? One tends to think of

these...one of the terms that's used today is tree huggers, and that in a way some of them get to be almost like modern-day Luddites, going out and wanting to destroy all machinery. Was this a problem, too?

SMITH: Let me talk about both those problems.

I should have said more about the industry groups. Again, as always, it seems, the ozone treaty comes up as an example. Initially, what was called the CFC Alliance, a group of companies that produced and used CFCs, was very much opposed to an agreement limiting CFCs.

One of the things we did, in conjunction with EPA, was to set up a series of workshops at various conference centers around here, where we brought in not only government experts, but also business people from these companies. And after a series of these meetings, the industry changed its mind. We were able to persuade them that something had to be done.

A cynic might say part of it was because Dupont and some others started developing some very promising substitutes for CFCs that they felt they could market. That may have been part of it, but I'm convinced that, by working with industry, we helped to change minds.

The point I want to make here is how important, in my view, it is that, when there is this kind of resistance from business to what you're trying to accomplish, you don't just try to roll over them. You've got to engage with them, you've got to have workshops with them. You've got to ultimately move them some distance towards what you're trying to do, or you probably won't get there. One of the keys to achieving what we did on the Montreal Protocol was getting business to agree with us that something had to be done.

With regard to the environmental groups, I guess the first point I'd make is that there's a tremendous range of these groups. You do have some who can rightly be called tree huggers or who handcuff themselves to water coolers and generally make it very difficult to do things. There is another, particularly in the United States, group of very responsible NGOs who make a great contribution.

Q: NGOs, non-governmental organizations.

SMITH: Organizations like the World Resources Institute and the World Wildlife Fund, where you have serious professional people doing first-rate research in the area of their concern. They work with the government very well. We have had them on our delegations, and we've met with them regularly. When I was doing the air-quality agreement with Canada, every time I had a negotiation with the Canadians, I would have a meeting with interested NGOs. I would explain the issues to them , and I would get their feedback.

If they're treated right, the majority of the environmental organizations will end up being helpful and supportive of what you're trying to accomplish. It's only when they feel that they're being cut out of the system, or that they're being condescended to, or that the government is doing something that may not be, in their view, quite right and is not talking to them about it that they really get agitated and can be counterproductive. There are some of them, I will admit, who will be counterproductive no matter what you do. But certainly the great majority of the environmental organizations are worth talking to and can be supportive. I would strongly urge anyone negotiating on environmental issues to engage the center of the environmental community and work with them very closely, because it will help.

Q: How about the north-south problem, the idea that the developed countries, having used CFCs to get where they are, are now telling the undeveloped countries to stop using them because it's hurting the environment. You're telling the poor countries, who are often located in the southern hemisphere, don't do anything. This must have played a big role, didn't it?

SMITH: This was part of the dialogue. There's certainly been a lot of change over the decades that I've been involved in these negotiations, both environment and economic negotiations since the 1970s. You went through a period when the developing countries were quite ideological in their approach. They believed that there's a structure of international relations and economic relations that's been put up by developed countries that doesn't make sense for them, and it's in their interest to be much more collectivist in the way they approach their economies than the developed countries have been. That is largely gone. On the basis of the history that's taken place between the 1970s and now, the recognition is almost universal that a fairly open attitude towards international regimes and the economy is going to benefit countries, and that your Singapores will do much better than countries that are very inward looking.

But specifically with regard to the environment, you are right. A first reaction in the Montreal Protocol and elsewhere was, okay, you've had a lot of success in developing your industry on the basis of CFCs. Now you don't like them, so we can't achieve success for ourselves through their use. That's not fair.

Now, I think those countries largely recognize that, in most of these cases, the path that we took is no longer available. You just cannot continue to use CFCs without destroying the ozone layer; everybody will suffer. But they say, given that there is this unfairness built into the system, you have to compensate us or help us meet the provisions of these agreements. That's why, in 1990, when I was most directly involved in the negotiations, one of the major issues was the establishment of a Montreal Protocol Fund that would provide money to countries that were making the transition from manufacturing CFCs or using them to dealing with other products that were not as ozone depleting. India and China, particularly, insisted on the establishment of such a fund before they would become parties to the agreement.

Indeed, it comes up almost in every one of the negotiations involving global issues. The developing countries say, for example, "Well, yeah, you're probably right that we can't continue increasing the levels of greenhouse gases without very serious adverse effects for all of us. But, that being said, if you want us to forego the kind of benefits you got, we're going to want to see some cooperation, some technology transfer on terms favorable to us, some low-cost funds available to us to finance the transition to alternative products. Where we could just use coal-burning plants, you want us to use gas turbines, and you want us to use advanced coal-burning techniques, fluidized bed and gasification techniques that are much more expensive. You've got to help us make that transition, because it's not fair for us to be saddled with all of those costs."

To some degree, the developed world has responded positively. They've set up, as I said, the Montreal Protocol Fund. They've also set up a general fund called the GEF, the Global Environment Fund, administered by the World Bank, which can make loans available at very concessional rates to countries that are making expenditures on technologies that will lower the output of CO_2 or other greenhouse gases below what would otherwise be the case. It is critically important that we meet our commitments to contribute to these funds.

So that's really how it's developing. We're not being attacked as much on ideological grounds as we were in the 1970s-"it's your system and we won't play." Rather, they say, "All right, we have recognized the problem, but we want some help in making the adjustments we'll have to make that you didn't have to make when you were at our stage of development." To a certain extent, that is happening.

Q: When you sort of broad-brush this, can you think of any areas that I haven't covered?

SMITH: I think it's been quite comprehensive, as I think back over the discussion we have had.

We haven't talked much about the relationship with the Congress. We've talked about the environment and business groups. I think the other point I'd like to make is that, when you get into these areas, they're almost all, by their nature, quite politicized. And whether it's fisheries or coal burning or whatever, you have some very strong political interests at play.

For example, in the air-quality agreement with Canada, there were years where we really couldn't move ahead, because the congressional consensus had not been reached that would have allowed us to do the things we needed to do to come up with an agreement. Very powerful congressional tensions existed between states that produce high-sulfur coal, like West Virginia, and the western states that did the surface mining of low-sulfur coal. You had to proceed in ways that allowed the congressional dynamic to get worked out somehow, and then you needed not to go beyond it. It's like with business and with the NGOs, your negotiator or your policy maker in the Department of State or elsewhere needs to keep in very close, continuous touch with the members and senior staffers who

are involved. They may be quite hostile initially, but it's very much in the interests of the policies you're trying to advocate that you go up there and you listen to them and you discuss with them, and then you keep going back, because if you don't bring them along, it won't work. So I think it's important to keep that congressional flank covered.

Q: When all is said and done, if West Virginia coal is bad for the environment, and West Virginia's Senator Byrd is very powerful, how does one come around?

SMITH: Basically, the compromises have to be made on the Hill. In that case, there's nothing that you can offer from the State Department to Senator Byrd to make him happy about an agreement that may result in a lessened demand for high-sulfur coal from West Virginia. But within the Congress you do have senators from Maine and New England who feel they are also being impacted by acid rain from high-sulfur coal. They need to be engaged, and they need to engage Senator Byrd, as they did. The compromises have to be struck across a range of issues that they deal with, so that you can make some movement on these issues. But you have to be very sensitive to what the dynamic is on the Hill, and try not to move ahead of developments that are happening there.

Q: How is the acid rain situation being worked on as of 1996?

SMITH: President Bush, after his election in 1988, visited Canada frequently. He was a friend of Canada, and he was sympathetic to their position. Basically, he said to the Congress, I want to come to grips with this, not only for Canada's reasons, but also for internal reasons, because we have problems similar to Canada's in some states in New England, and some compromise has to be worked out on ways of reducing sulfur.

And they did come up with a program that was innovative in important ways. It provided for trading of emissions permits, so that companies could sell their right to emit sulfur up to a certain level to another company. So you got some efficiencies built into the way it ratcheted down, and you got it done at a level and through an approach that, on the one hand, was not so severe and sharp a reduction that it was untenable in terms of West Virginia, but, on the other hand, was rapid enough so that Canada could accept those levels. Then the negotiation with Canada became relatively easy, because we were basically negotiating commitments to do what we were deciding to do under our own law. That's really, in these kinds of cases, what you have to do. You have to get your own act together and decide what you're going to be able to achieve. And you can't negotiate beyond it, because you won't be able to deliver.

Q: Well, Dick, is there anything else we should cover?

SMITH: I'll just very quickly say what I'm doing now. When I retired from the Foreign Service in 1994, I went to work for the National Intelligence Council as the deputy national intelligence officer for global and multi-lateral issues, with the responsibility mainly for environment and population issues. I have been doing intelligence estimates on such subjects as population trends and their implications for the United States over the

next 10 years and on issues in the health area like the impact of HIV/AIDS on militaries around the world. I just did complete, as I mentioned earlier, a piece called "The Law of the Sea, the Endgame," which looks at where countries are and what the implications are for the United States if we ratify now or later, because we are now at the point where the convention has been ratified by enough states to come into force. So it changes the dynamic and the factors that we really need to think about in terms of our position over what they were a few years ago. So we tried to lay out those issues and to give a clear picture of what other countries are doing.

Q: The National Intelligence Council is what?

SMITH: The National Intelligence Council is a council of about 12 national intelligence officers, each of which has a deputy or two and a secretary. The council is headed by a chairman, who is Dick Cooper now. He was an under secretary of State in the 1970s. He's a noted economist from Harvard and Yale. This council and its chairman report directly to the director of the Central Intelligence Agency. It is a separate council, not part of any particular intelligence agency. The council has the responsibility for overseeing and coordinating the work of the various intelligence agencies, particularly on what's called national intelligence issues, where we do estimates that look further ahead than your usual intelligence output, look at what's going to be happening on an issue over a couple of years or up to a decade ahead, and bring together the work of the different intelligence agencies. You might have drafters from different agencies doing different pieces of the estimate, and then, in the National Intelligence Council, we coordinate it and make sure that it represents the views of all of the intelligence agencies, or, if there is a differing view, that it's very clearly stated and footnoted in the product. You have something that can then go to the senior intelligence consumer-the President and the senior officials in the government. They can then say, well, on this issue, this is what the intelligence community-agencies such as the CIA, the Defense Intelligence Agency, the National Security Agency-believes about this issue and what's going to be happening on it. It's a fascinating job.

Q: Well, I thank you.

SMITH: My pleasure.

End of interview