Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project

CLARKE N. ELLIS

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INTERVIEW

Q: To begin with, can you tell me when and where you were born and something about your family?

ELLIS: I was born in Boston, Massachusetts, on August 24, 1939. My father was an engineer, who graduated from MIT. He was a naval officer during World War II and, after World War II, we moved out to California where I was primarily raised. My father, however, was called back into the Navy during the Korean War, and we moved back to Washington and then back out to the West Coast. So, I was a semi-Navy junior growing up.

Q: Where did you go to school in California?

ELLIS: I went to the University of Redlands in Redlands, California for my undergraduate work.

Q: Before that, where did you go to high school?

ELLIS: I went to three years of high school in Fullerton, California, and I finally graduated, because we'd moved again, from Oxnard, California.

Q: While you were in elementary, middle school, and high school did you have any interest in foreign affairs?

ELLIS: I always loved history. I became a stamp collector and a coin collector. I was fascinated by history and foreign countries.

Q: You were going to school there during the 1950s. Did the world intrude very much on your primary and secondary education?

ELLIS: Not really. The only thing was, because of the Korean War, my father was called back into the Navy, and we had to move back to the east coast.

Q: When did you go to the University of Redlands?

ELLIS: I was there from 1957 to 1961.

Q: Did you have a major there?

ELLIS: Yes, I was a government or political science major. The most important year of my undergraduate education was my junior year. The first semester I spent here in Washington, DC, at American University under what they called the Washington Semester Program. That was a very stimulating semester, learning how the U.S. government functioned and all the interest groups that play into our government function. The second semester of my junior year I spent in Salzburg, Austria, on a semester abroad program. The first semester had convinced me that I was interested in government service. The second semester with the wonderful experience that I had in Europe convinced me that I wanted to go into the Foreign Service.

Q: How did you know about the Foreign Service and did you have any contacts with the Foreign Service?

ELLIS: No, but I knew that there was a diplomatic service, and I had been taking courses in college. I had had a course on U.S. diplomatic history.

Q: You graduated in 1961. Were you at all caught up in, say, the Kennedy fever that came out about working for the government, and did it hit your class and you?

ELLIS: Oh, yes, very much so. I remember a Los Angeles television station coming out after it had announced the new president's initiative on starting a Peace Corps. This was in the early part of 1961. Someone came out and was asking a whole group of students who might be interested in the Peace Corps. I remember that I was one of the people that raised my hand. Certainly, if I hadn't gone into the Foreign Service, the Peace Corps might have been an alternative.

Q: Well, did you take the Foreign Service exam?

ELLIS: I took the Foreign Service written exam when I was a senior in college. I found out that I had passed the written exam after I had already made arrangements to have graduate study at the Johns Hopkins School of Advanced International Studies Bologna, Italy Center.

Q: So you went to Johns Hopkins then.

ELLIS: So, then I took my oral exam in July or August of 1961, and I passed. Then I went off and did a year at the Bologna Center of the Johns Hopkins School of Advanced International Studies before I entered the Foreign Service in July of 1962.

Q: Do you recall any of the questions that particularly struck you during the oral exam?

ELLIS: Yes. The first two questions really set the tone of the exam and probably caused me to pass it. The first question was, "Mr. Ellis, where is Odessa, and how would you get from Odessa to New York?" Well, I had remembered someone telling me who had taken the Foreign Service exam that the examiners were interested in making sure you knew something about your own country and not just about overseas. With that in my mind plus the fact that I'd had a very close friend in college from Odessa, Texas, I began explaining to the examiners how you go out from Odessa, Texas, by which highways to New York. Well, their jaws dropped and they said, "Well, this is very interesting, Mr. Ellis, but we had really meant Odessa, Russia." Well, I did know where Odessa, Russia, was, or the Soviet Union, and I was able to tell them how to get from Odessa to New York. They said, "Well, Mr. Ellis, you seem to know your geography. If you are very good on geography, tell us where is Pushtustan and what is happening there." Well, I had no idea where Pushtustan was or what was happening there except for the fact that literally the day or two before I been at the dentist. And, while waiting in the waiting room for the dentist, there was a copy of *Time* magazine, which I was flipping through. I had seen an article about the border unrest between Pakistan and Afghanistan and how Pushtu tribesmen on either side were fighting. Well, there again, I was able to explain that. It seems that they were surprised at the answers to my first two questions and, after that, it was a pleasant conversation that didn't last more than a half an hour. After consulting among themselves for five minutes, they told me I had passed.

Q: That's remarkable. You hit it just right. Where did you take the exam?

ELLIS: I took it in Los Angeles.

Q: You went out to Bologna in 1961-1962. Can you tell me a little bit about that school?

ELLIS: Yes, the Johns Hopkins School of International Studies, Bologna Center, was set up in the 1950s, I believe, with substantial help from the United States government. The idea was to get young American and European graduate students together to talk about economic and political cooperation, to train, if you will, a new generation of leaders who would be involved in international politics and economics for their respective countries, and to have a common base in sharing and understanding what was happening in Europe,

in particular, and what it would mean. It was a very far-sighted idea by C. Grove Haines who was the first director. It was, I think, a very positive step and an institution that has flourished. It has certainly broadened its scope now. It was a very far-sighted initiative.

As far as the academics, we had certainly excellent professors from the U.S., from Germany, from France, and from Italy while I was there. It was very interesting to visit the various European institutions: the Common Market, the NATO headquarters, OECD, and others. Really, perhaps, the best part of the whole year was the chance to live with and get to know the students from the other countries. Fortunately, for my career in the Foreign Service, I had friends at nearly every European post that I served at from my year in Bologna. I even met my future wife through one of them.

Q: Did these people follow in government careers more or less?

ELLIS: The ones that I've kept up with did follow in public service and government careers, and I am still in touch with several friends from my Bologna time.

Q: At that time while you were there, did you see an American approach to things and a European approach to things or a German approach or an Italian approach? Did you see differences?

ELLIS: There were certainly differences, and we would sometimes argue on into the night about the differences in approaches but it was not in terms so much of over all goals but rather in terms of specific issues at the time.

Q: During that particular time, how was the Kennedy administration seen by Europeans? Were they caught up in the interest of it at that point?
ELLIS: Yes, certainly, there was a good deal of interest. Certainly Kennedy later on was very much appreciated, I think, in Europe, particularly in Germany, with his visit to Berlin. At the time of the assassination, I was assigned to Munich, Germany, and there was a very great outpouring of sympathy when Kennedy was shot.

Q: Well, you went in to the Foreign Service in July 1962. What was your class like, your basic officer group?

ELLIS: We were 35. It was a sign of the times then, one woman and 34 men. I don't recall that there were any Blacks and African Americans in our class. There was certainly at least one Hispanic.

Q: What was your impression of the training at that particular time?

ELLIS: The only training that I had was the basic officer course, which I thought was fairly good, and then one month of consular affairs.

Q: Where did you want to go at that point?

ELLIS: My interest, because of my time at Bologna, was in Western Europe, particularly countries of the European Community, which in those days was just the six, or Atlantic Affairs, which I saw was a political/economic approach to international relations.

Q: Where did you go?

ELLIS: My first assignment was Munich.

Q: You were at Munich from when to when?

ELLIS: From October 1962 until, I guess, September of 1964, two years.

Q: Were you there at the time of the Cuban Missile Crisis?

ELLIS: I was on a ship *en route* to Germany when the crisis erupted. In those days you got a little one-page newspaper sheet from the ship every day, which had the news. Of course, we very eagerly tried to read that and see what was happening.

Q: Did you expect to look up and see the missiles going both ways over your head?

ELLIS: We wondered what would await us when we reached Europe.

Q: During this time you were in Munich, how would you describe the situation in Germany?

ELLIS: The situation in Germany, I think, was rather optimistic. Economic growth in Germany was strong, inflation was low and, for a young American, the purchasing power of the dollar was still very strong. It was something like 4.23 marks to the dollar. Prices were very low. The Germans had come a long way, and they expected to go further. I would say there was general optimism in Germany.

Q: What type of work did you do?

ELLIS: I was assigned as a junior officer. Of the two years, I spent approximately a year and a half in consular work, as I recall. I first did immigrant visas, then non-immigrant visas [NIVs], and then citizenship and passport work. Then, I had brief stints in both the political and economic sections. I didn't particularly care for the time in the political section because it seemed all I was doing was cleaning up the drafts of the senior Foreign Service nationals [FSNs] or doing biographic reporting.
Q: On the consular side, was Munich a center for non-Germans who were trying to get to the United States?

ELLIS: No. It was mostly a large number of Germans. There was fairly heavy immigration because of all the soldiers marrying German girls and fairly heavy NIV volume as well. With regard to the immigrant visa side, I remember particular cases involving children of U.S. servicemen. At the time in order to transmit citizenship, an

American parent, if there was one American and one foreign parent, had to have lived for five years in the U.S. after the 14th birthday. During the time I was there, we had at least a couple of cases of young soldiers who had enlisted, say, at 17 ½, been immediately assigned to Germany, married a local Fraulein, and had a child, all before the father turned 19. In that case under the American law, the child was not entitled to an American passport. Under German law in the case of a legitimate birth - and here we are talking about a legitimate birth - the citizenship went only according to the father and not the mother. So, we had cases of children born to servicemen serving their country overseas in Germany whose children not only had to get an immigrant visa but an immigrant visa on a stateless refugee passport. Of course, there were congressional inquiries, "What in the world? This fellow is serving our country, and you are telling him that his children not only aren't American citizens, they aren't German citizens?" We said, in our replies, "This is the law that you guys passed."

Q: I know. I was baby birth officer in Frankfurt back in the 1950s. It was one of my first jobs, and we had the same problem.

ELLIS: I remember that. On the non-immigrant side, some of the more pleasant occasions were giving non-immigrant visas to the Kessler twins and Elke Sommer.

Q: These were movie stars of the time. Yes, that's always fun.

ELLIS: Right.

Q: Who was consul general while you were there?

ELLIS: The consul general was Walter Scott.

Q: Were you getting much indoctrination as a junior officer, or was it pretty much, "Here's your job, get out and do it?"

ELLIS: That was mostly it. "Here's your job, and you'll be rotated through the various sections."

Q: How about on the economic side?

ELLIS: That seemed a little more interesting. I was doing some of the substantive reports.

Q: Was there much political activity in Bavaria at this time, as distinct from elsewhere in West Germany?

ELLIS: Well, of course, Bavaria has always had its own sort of politics and own political party, the Christian Social Union. It was then under Franz Josef Strauss, who maintained his separate identity. Yes, local politics were of a good deal of interest, I think, at the time.

Q: What was the feeling in those days of the "Soviet menace?"

ELLIS: Well, that was certainly very much the case. Again, I was not directly involved in the more exciting parts of political reporting and analysis but certainly Munich was a center of people who had come in from Eastern Europe. It was a center of Germans who had contacts with Eastern Europe and, given the large presence of the U.S. military there, there was a good deal of interest on the part of the military on what was happening not too far away behind the Iron Curtain. Yes, I would say it was an area of a great deal of interest from the intelligence point of view. In addition, of course, Munich was the headquarters of Radio Free Europe and Radio Liberty. Again, there was a good deal of interchange from people coming through with connection to those two radios.

Q: Well, it was also during this period, or just prior to your arrival, that the Berlin Wall went up.

ELLIS: Yes. I visited Berlin when I was a student at Bologna. The Berlin Wall went up in August of 1961, and I visited Berlin in January of 1962.

Q: Was the situation in Berlin, as far as you could gather, within German circles of concern?

ELLIS: Certainly, the status of Berlin, the vulnerability militarily-speaking of Berlin was a constant source of interest.

Q: How about the Radio Free Europe and Radio Liberty group, did they play a role? I mean, were people aware of what they were doing in Munich?

ELLIS: Oh, yes.

Q: Were there any Soviet threats you were aware of against that particular exercise?

ELLIS: I was not aware of any direct things. Certainly, anywhere in Western Europe but particularly in Germany and Austria at the time there were always questions of whether there was espionage going on and so forth.

Q: You left there in 1964. Where did you go?

ELLIS: I had a direct transfer to Naples, Italy, so I drove from post to post.

Q: Did you get married in this time?

ELLIS: No, I didn't.

Q: So you were in Naples from when to when?

ELLIS: I was in Naples from the fall of 1964 until the spring of 1967, about two and one-

half years.

Q: What type of work were you doing in Naples?

ELLIS: I think I had gotten a direct transfer to Naples because I had put Italy as one area of interest. Since I had gone to Bologna, I think it was assumed that I spoke Italian although I really didn't. Although I had studied in Italy for a year, I took German when I was in Bologna and learned enough German to be able to avoid going to language school at FSI, but I really didn't speak Italian at all. I arrived in Naples, and the consul general, I guess, thought I spoke it. He was Homer Byington. He said, "Well, you'd better learn," so I was put on as the NIV officer and that gave me a chance to practice and use the language every day interviewing. I did exclusively consular work during my time at Naples. I started out doing non-immigrant work for, I guess, about six months. Then, I did citizenship and passport work for about a year and, then, federal agencies work for a year.

Q: Please explain Federal agencies?

ELLIS: It consisted of Social Security and Veterans Administration work. At the time, both of those were very interesting. The citizenship passport work was also interesting because the Supreme Court had overturned a number of the laws under which people were held to have lost their citizenship by voting in foreign elections, serving in foreign armed services, and so forth. The work frequently was looking into these old cases where people had been held to lose their citizenship. We had volumes going back to the 1890s of all these records. Then, by writing up, in effect, a legal brief and submitting it to the Department, they would authorize issuance of a passport. I remember one case that had been reviewed earlier of a naturalized American, who had been stranded in Italy during World War II, who had been held to have lost his citizenship by serving in the post office during the war. I found, by going through the files, that he had actually been drafted first before having the position in the post office. Indeed, while he was under arms and, in fact, wearing a uniform, he had been assigned to the post office because of his knowledge of English to act as a censor. We were able to show that this was part of his military service instead of his separate civilian occupation and that, accordingly, he would have been turned down for a visitor's visa but he ended up with an American passport for himself and his family.

Q: Had the immigrant flow begun to cut off? At one point Naples was sort of the great Interpol of Italy for the United States.

ELLIS: It still was. That's why later on the immigrant visa issuing authority was centralized in Naples. Then, we had a very large visa section.

Q: Did you see any pattern of where people were going?

ELLIS: Many times immigrants would go where they had family or relatives in the States, usually the east coast or large cities.

Q: Sometimes you are in a country where almost everybody goes to New Jersey or something right across the board.

ELLIS: If you look at the situation, individual towns may go to one particular area but, when you take the whole of Italy, it is very spread out.

Q: Could you describe Homer Byington. There are lots of stories about Homer Byington, particularly his time.

ELLIS: He was the third generation to be consul general in Naples. He was one of the last of the old school diplomats, I guess.

Q: How did you find him during the time you were there?

ELLIS: I had a very fine relationship with Homer Byington. Certainly, he was a no-nonsense, patriarchal figure but if you worked hard and did a good job, he certainly treated you very fairly. In my case, I had a very good time. The Byingtons liked to entertain both officially and privately on their boat, the Zio Sam (Uncle Sam), so he was always looking for a young officer to go out with them when he was entertaining to help take care of his guests. For me, the alternative was perhaps staying on the visa line or issuing passports, so the chance to go out on the beautiful Gulf of Naples on a boat with fascinating people - either Italian guests or high-ranking American visitors from the U.S. - was a much more stimulating and fun time.

Q: What was the situation in southern Italy during that time?

ELLIS: Let me just say first one other thing about the Byingtons. My father passed away shortly after I arrived in Naples and, particularly, when I proposed to and then applied to get married to a foreigner, Homer was very, very helpful to me. He was like a father. In those days, of course, I had to submit my resignation from the Foreign Service and at the same time request permission to marry a foreigner.

Q: Where was she from?

ELLIS: She is from Naples. He, of course, had to interview my prospective spouse and write a report on that. He gave me fatherly advice, and he was very helpful in this whole affair.

Q: How did you see the situation in the Mezzogiorno, the southern part of Italy, at that time?

ELLIS: Certainly, it was still relatively poor. There was a good deal of interest in the political situation there because there was the constant concern that Italy might "go Communist." Therefore, even for debates in the Naples city council, the political officer had to spend long hours going there and listening to the debates, and listening to what the

Communists were saying and that sort of thing. There was a good deal of interest in the political situation at the time. There was interest because the national government had set up the Casa del Mezzogiorno, and there was interest in seeing how successful economic development would be.

Q: Were some of these big developments starting, like Alfa Sud and abortive developments down in Colombia and all that?

ELLIS: Well, they hadn't started the project in Gioia Tauro at that time. Certainly, as I recall, they were starting the Alpha Sud plant, and there was an Olivetti plant and of course the Italsider, the big steel mill, which was actually very old and went back to the beginning of the century.

Q: How was our military force fitting in? Were there any problems?

ELLIS: Well, when I was there, the French decided to pull out of the joint command structure of NATO. Of course, we had a political advisor [POLAD] assigned to the NATO staff who handled most of the political affairs, but I got to know some of the more junior officers socially.

Q: Did you run across people coming from our embassy in Rome or elsewhere who were infected with the disease of looking down on everything south of Rome? Did you notice this?

ELLIS: No, I really didn't notice that.

Q: When I was there, I noticed that our people in Rome seemed to think that the whole of southern Italy was benighted.

ELLIS: No, I didn't notice that at the time. Of course, the consul general had quite a bit of clout, Homer Byington being a former ambassador and very prominent. At the time, we had a career ambassador in Rome, Frederick Reinhardt.

Q: Were there any elections while you were there?

ELLIS: Let me think. I can't recall.

Q: The elections tended to vary by one or two percentage points each time, so one ran into another. We got very worked up about them. Nothing really changed. From there, did you find yourself spending so much time as a consular officer, that you were moving into the consular business, or were you looking to break out and do something else?

ELLIS: I was interested and still looking at Atlantic affairs or European immigration affairs. That was the area of my interest and, of course, asking to marry a non-American, it was certain that I was going to be assigned to Washington. These were the days before cones and bid lists on assignments, and I was assigned to the Office of News in the

Bureau of Public Affairs. In other words, I was a news officer, a briefing officer, in the office then directed by Bob McCloskey.

Q: You were there from when to when?

ELLIS: I was there from the spring of 1967 to the beginning of 1969, about two years.

Q: What was your impression of Bob McCloskey?

ELLIS: He was a tremendous person, a person who had an incredible ability to think on his feet and to respond correctly to newsmen's questions during a very difficult period. It's not surprising that his news operation was judged by the news media to be the best government information operation. This is at the time of the Vietnam War and a very difficult period. I never was aware of any occasion that he tried to mislead the news media. If he couldn't tell them something, he would not tell them anything. Or, if he could tell them, he tried to give them as full information as he could. I really highly respected Bob McCloskey.

Q: What type of work were you doing?

ELLIS: I would sometimes get up very early in the morning to do the news summary that went to the Secretary and principals and had to be on their desks before eight o'clock in the morning. I would do any follow up that was necessary from questions that came at the noon briefing. I would do press releases and that sort of thing. It also gave me a chance to see policy on major issues being made because I would be invited to sit in on some of the Secretary's backgrounders for journalists, so it was an exciting time. During that period, 1967 to 1969, there was the Six Day War in the Middle East, there was the Colonels' Coup in Greece and the Vietnam War still going on very importantly, so it was a very exciting time.

Q: What was your impression of the Washington press corps?

ELLIS: They varied. Some were not very sharp; others like Murray Marder of the *Washington Post*, Marvin Kalb of CBS, John Hightower of the Associated Press, were very, very sharp. Another event was the Soviet invasion of Czechoslovakia.

Q: Oh, yes, that was in 1968. The Colonels were in October 1967.

ELLIS: The Six Day War was in June 1967.

Q: The Soviet invasion of Prague was in September 1968. And, then the Vietnam War was on-going the whole time. Was there a feeling of the press being adversaries because they certainly developed that over at the Pentagon, I think?

ELLIS: Again, I found it significant that at this time the press really respected McCloskey and didn't feel that he was trying to mislead them, unlike the constant

briefings over at the White House and the Pentagon about the light being at the end of the tunnel and everything like that. Two of the most interesting moments had to do with the Six Day War. One was McCloskey's famous statement. When asked what the U.S. position was, he said that we were neutral in thought, word, and deed. McCloskey was a Catholic, and people psychoanalyzed this as being from his Catholic catechism. The other interesting moment was either a poor joke or a genuine typo, but I'll never forget a Reuter ticker item that came in at the time, saying that "King Hussein of Jordan arrived in the United States today for treatment of a Jew inflamation," instead of a jaw inflamation.

Q: Was the Six Day War a trying period, and did you notice our policy makers and all and how they handled this?

ELLIS: Well, it was, you know, tense. I would always be trying to find out information and, then, trying to find out what our position was going to be. In an office like that, when you had a crisis, there was a great deal of pressure and urgency, and it was very exciting.

Q: Was there any discussion about the Colonels and their April 1967 takeover in Greece? This became very controversial in our embassy in Athens and elsewhere. Was there a sort of split within the State Department that you were aware of?

ELLIS: I don't recall a split but there was, I think, some differences in perceptions about what the king's position was. It was clear to us that the king did not support the Colonels at all and, indeed, was trying to find some way to save his position and salvage the situation. Whereas, I think there was some initial thought, at least, that the king might have been acquiescing in the situation. He was genuinely opposed to the coup, and that became very clear to us.

Q: What do you remember about the Soviet invasion of Czechoslovakia?

ELLIS: The most memorable thing on that was the difficult position of the representative from the Czech news agency who had been very pleased with the way things were going under the Dub_ek government and the Prague Spring and how crestfallen and discouraged he was when the news came of the Soviets marching in. Needless to say as I recall, he did not go back to Czechoslovakia.
Q: As a mid-career officer, did you find that there was dissension within the Foreign Service ranks on how one felt about the Vietnam War?

ELLIS: People usually didn't talk too much about it but I believe that there was a lot of feeling that the war a mistake and that we should get out as soon as possible.

Q: As we were putting the news together in the State Department, was there a problem getting this coordinated with both the White House and the Pentagon?

ELLIS: Yes, but on the key issues, of course, that was done at McCloskey's level, the deputy assistant secretary level. I know there was a lot of discussion at that level. Again,

McCloskey didn't want himself to get involved in saying things that he doubted the veracity of.

Q: You were there for two years, and then what?

ELLIS: I had noticed during my time at the news office, in particular, and then my interest in European integration, in general, that a number of the issues that came up during the period were economic issues. We had runs on the dollar. We had questions about the international trade and financial systems, which were specific economic issues. I thought that I should really learn more about international economics, so, I asked to take the FSI economics course.

Q: This is the six-month one?

ELLIS: Yes, it was 22 weeks when I took it. Then, it became a full six months.

Q: This must have been fairly early in the game, wasn't it?

ELLIS: I think it was fairly early in the game. I took it in the first half of 1969.

Q: What was your impression of the place?

ELLIS: It was outstanding. It was the best thing I've ever had at FSI. It was a marvelous time, very good instructors from the various universities. One of the instructors, Herbert Firth, had been studying in Vienna under the members of the famous Austrian School, and he would tell us of his experiences with them. It was a fascinating time. I took Calculus Made understandable by an excellent professor. It was a really great six months, and I enjoyed it.

Q: As you were taking this course, where you pointed towards something, or were they coming at you saying, "It's your turn to go to Vietnam"?

ELLIS: It was in the air in those days. By the way, when I was in Munich, I would have had to go into military service. I was called up during my first assignment but I failed the physical because of a football injury to a knee, so I didn't have to go in. There was always the concern that I would be assigned to Vietnam. I was not pleased with our Vietnam policy but it didn't happen. I got, instead, assigned to--again this was before the days of bid lists–Asmara, then part of Ethiopia, as the economic officer and the number two in the consulate.

Q: You were in Asmara from when to when?

ELLIS: I was there from December of 1969 until December of 1971, two years.

Q: Did you get any briefing about the situation in Ethiopia before you went there?

ELLIS: I had a brief area orientation course. I did actually get a briefing over at Arlington Hall Station, which was then before FSI. It was headquarters of the Army Security Agency. They were the tenant or the host command for the U.S. military installation at Kagnew Station.

Q: You have seen that our entire policy in eastern Africa revolved around Kagnew Station.

ELLIS: I think it did in good part. It was, of course, an extremely important military communications base both for satellites and for the fleet operating in the Atlantic and Indian Oceans and the Persian Gulf for eavesdropping.

Q: What was the situation in Eritrea when you were there in 1969 to 1971 and in Ethiopia in general?

ELLIS: It was a difficult time in that they already had the guerilla war underway with the Eritrean rebels wanting to cede from Ethiopia. At least one of the years we were there was a severe drought period as well. It was also evident that some, if not all, of the local leaders including the governor general of Eritrea were corrupt. On the other hand, there seemed to still be considerable respect for the emperor as a person, if not for all of his cronies or administrators.

Q: What was living like in Eritrea when you were there?

ELLIS: Well, it was very pleasant except for several months when we were on water rationing. Aside from that, life there was very pleasant. Asmara is only 7,000 feet high so it is a beautiful climate, sunny days for the most part and cool nights the year around. It is a very bracing and invigorating climate. I was assigned there as the Italian language speaking officer. There were still 12,000 Italians in Asmara, and two of the three local newspapers were published in Italian still and one in Arabic.
Q: You were the economic officer, is that right? But, it sounds like more than that.

ELLIS: Well, there was a political officer but he worked for someone else. What little economic and commercial work there was, I did. I did a good part of the political reporting and a good deal of base liaison work as well.

Q: Did you feel that there was almost an agreement from the embassy that you couldn't overtly report on the problems of Amhara rule in Eritrea?

ELLIS: Yes, that was definitely the case. This was the days before the dissent channel but I had a very good personal relationship with the Italian consul general who was, of course, the most important diplomat in the area. From him, I also heard things that the embassy didn't find convenient to have reported. There were excesses by the Eritrean guerrillas, and the Ethiopian troops, and massacres and so forth. There was tension there between the embassy and the consulate. There was also a period of interregnum between two consuls general, and I did not have a very easy or good relationship with the ambassador.

Q: Who was the ambassador?

ELLIS: He was William Hall, who became director general of the Foreign Service afterwards. On one occasion, I reported that a massacre by Ethiopian troops had occurred in a church and a mosque, and I had reported that to the embassy in a round up cable. I made the mistake of putting that item in something that went back to the Department. I got chastised for that even though everything that I had reported, which I had heard from the Italian consul general, was later confirmed through other sources.

Q: Was it the feeling that our government policy was to protect the emperor and his cohorts from criticism? Or, was it within the country of Ethiopia from our embassy to do this?

ELLIS: I think it was the latter because they were looking at it from the point of view of our interests in having the base and dealing with Haile Selassie. Therefore, they wanted to minimize the problems that were really occurring in Eritrea.

Q: Did the Kagnew Station personnel there have problems?

ELLIS: For the most part they didn't. A couple of people sometimes might be stopped if they went out hunting or something like that. There were several incidents, however, that took place while I was there. The first consul general was halted by a rebel band and briefly detained before being let go. There was a National Geographic film team that was held for 17 days before being released. In fact, their special film on that part of Ethiopia was never shown, although it was supposed to have been. My pregnant wife, our infant son, and I were in a Jeep driving from Asmara to Keren, and we were stopped by an armed band. It was never clear who they were. We were told that well, no, they weren't rebels but a least a couple of them had automatic rifles that they stuck into the window. It was clear to me that they weren't local militia. I believe that they were a rebel band themselves.

Q: I know at one point they called the groups who were sticking rifles in peoples' windows shiftas *or bandits. At the time you were there, had it become more apparent that these bandits were politically motivated?*

ELLIS: As it turned out, a number of the consulate staff were rebel sympathizers. They never said anything, of course, but they were. There was a genuine desire for independence there. Another one of my jobs was as AID officer, particularly in Food for Work programs although I wasn't employed by AID. One of the toughest jobs that I had was, on a couple of occasions, going down to Massawa on the Red Sea coast in the middle of summer to inspect grain in the holds of freighters. On one occasion, the freighter was infested with bugs, and the outside temperature was probably 110 degrees. You can imagine what the temperature was inside the hold of that grain ship.

Q: Did you find that with the officers at the embassy it was hard to have them understand

that there really was a feeling or desire for independence in Eritrea that seemed to run rather deep?

ELLIS: Yes, it was hard. The DCM was somewhat sympathetic and helped protect me from worse consequences than I would have had otherwise. Several years later - I think it was 1975 - I filed a dissent channel message on our Ethiopia policy. I got a nice reply from the director of Policy Planning, Winston Lord, saying my message had been read by the Secretary, and that our policy on Ethiopia by then was changing to some extent.

Q: Did our military have good feelers out, or were they sort of an alien force that was unaware of developments?

ELLIS: They were pretty much tied up in doing their business and really depended on the consulate for political guidance.

Q: At that particular point, your office was involved. Were there any problems with Somalia then?

ELLIS: No, there weren't.

Q: There were periodic forays into Ogaden and back.

ELLIS: That wasn't a major issue. One of the interesting organizations that was based in Asmara was the Desert Locust Control organization, DELCOA, which would fly sorties to see where the locusts were swarming and then try to take action against them. It was an interesting international organization and one that played an important role.

Q: In the area you were concerned with, what about getting food? Was there famine and food relief during the time you were there?

ELLIS: We had quite an extensive Food for Work program. There wasn't the terrible famine of the 1980s that made the headlines on CNN. There were shortages during the job period.

Q: When you say, "Food for Work," what does that mean?

ELLIS: In other words, AID would provide food for farmers and peasants to engage in local development projects like building dams, reforestation, and things like that. They were small dams, not like Aswan, but little reservoirs.

Q: Did you see a difference between the Eritreans and the Amharas?

ELLIS: You couldn't tell physically those who were Amhara or Eritrean. The highlanders in both cases were predominately Ethiopian Orthodox Christian. The lowlanders were Muslim. Those who were of the upper crust of the society in both cases had very aquiline features. You couldn't tell them apart physically. Indeed, the people from the northern

part of Ethiopia, particularly Tigre province, spoke Tigrinya, which is the language of the Eritreans, as opposed to Amharic. Because of the separate development - Eritrea having been under Italy for 80 years - the Eritreans had, I think, more worldly consciousness and more education, sort of like the Ibos in Nigeria. They were the group that seemed to be most dominant. If you even went to other parts of Ethiopia, the clerks or the managers or the auto mechanics would be Eritrean. The Eritreans had a disproportionate number of places in universities throughout the country. This created problems.

Q: Were there major contingents of the Ethiopian army in Eritrea?

ELLIS: Yes, they had a major division stationed in Asmara.

Q: Did they play much of a role, or were they just busy chasing the dissidents?

ELLIS: I don't know about playing a role. I didn't have much contact with them.

Q: Who were the consul generals when you were there?

ELLIS: Murray Jackson was first and then Tony Rabida. Both have passed away.

Q: At that point were you caught up in the feeling of wanting to be an African hand, or was Europe still what you wanted?

ELLIS: No, Europe was still my area of interest.

Q: After Eritrea, where did you go?

ELLIS: After Eritrea I went to University economic training.

June 3, 1998

Q: When did you go to the University of Michigan for training?

ELLIS: That was the summer of 1971, the academic year of 1971-1972.

Q: What was your specialty in economics?

ELLIS: I had practically no economics in college. When I was in the press office working for Bob McCloskey, I noticed that a lot of the issues that came up in the press briefings and in international news were economic issues. I decided that it would be good to become more familiar with that. That's why, before I went to Eritrea, I took the then 22-week economic course at FSI. I enjoyed it tremendously. It's the best course, I think, that they taught at FSI. I thought it would be useful at some later point to go on from the equivalent of a bachelor's degree in economics, which that course gives you, and get a master's degree in economics. After Eritrea I had a chance to do that.

I had a little brush up course in the Department for, I think, four weeks, and then in the fall of 1971, I went off to the University of Michigan in Ann Arbor. That's certainly one good thing I think the Department does. I had a chance to have a sabbatical year, if you will, twice in my career: once after about 10 years and once after about 20 years. The time there at the University of Michigan was a most interesting one. President Nixon had just ended the convertibility of the dollar into gold, and I recall the students had put a sign over the economics building at the University of Michigan, "Nixonomics," instead of economics.

It was a period of a great deal of controversy and change in international economic relations, in which, of course, I was most particularly interested. It was an extremely stimulating year. Two of the professors that I had then were really quite well known. I had a course from Gardener Ackley in stabilization policy. Of course, he had been chairman of the Council of Economic Advisors under President Johnson and then ambassador to Italy. Another professor was Warren Smith, also a former member of the Council of Economic Advisors. I also had a course from Shapiro who later became the president of the University of Michigan. There were some very well known professors, a very stimulating year. At the same time, while this was being played out, there was all the controversy about Vietnam. The diplomat in residence whom I got to know during that year was Charles Cross who had been ambassador to Singapore. He had a tough time trying to explain our Vietnam policy to university audiences.

Q: Did you find yourself dragged into Vietnam?

ELLIS: No, I was considered just a mediocre graduate student. They didn't bother me to discuss Vietnam at all.

Q: It sounds like your classes were well suited for a Foreign Service Officer as opposed to some, which I understand that people get into. They are often the academic myths of rather obscure subjects and really not very practical.

ELLIS: Well, there was a mix. Obviously, I had take some theory courses. One course in micro economics was basically a book of equations that probably, in the real world, didn't have a great deal of application to what I was doing. Also, there was one course that I saw was going to be so theoretical that it wasn't going to be valuable, so I got out of it. It was on international trade theory, which was so theoretical. I was able to plan to take courses that were helpful. An international finance course was excellent. I had two courses on comparative economics systems, which in those days was certainly an important subject. I also took a course in the business school in Michigan that allowed me to do some research on the role of the multinational corporation and international direct investment. When I found out what my next assignment was going to be, which was the Office of Investment Affairs, I took this course, which gave me a good deal of latitude to do some independent study. I researched those topics and basically came up with the material which I later put in a law review article for the *San Diego Law Review*. I think it provided the basis for the development of some of our policy with regard to multinational corporations and international investment.

Q: This was the Nixon period and, looking at it from a vantage point as a graduate student at Michigan, what was our attitude toward multinational corporations?

ELLIS: At the time until then, we supported our companies overseas but we really hadn't given a great deal of thought to a coherent policy toward foreign investment, whether we should support it, whether we should favor it, or whether we should be neutral. Those were years - the late 1960s and the early 1970s - where the first really big stirrings of the Third World against multinational corporations came up. There were expropriations in a number of Latin American countries. Of course, there was the infamous ITT case in Chile. The U.S. government was a bit on the defensive, I think, in trying to come up with a policy on how to respond to these expropriations and attacks on multinational corporations.

Q: Was there a concern about other countries coming into the United States?

ELLIS: Not so much. Later on there was the Burke-Hartke Bill, which wanted to limit some foreign investment in the United States. That really got nowhere, and most of the concern at that time was about what to do about American business abroad. There were several books that came out at the time. Some were by fairly well known economists, others by politicians that, by their titles, sort of indicate what the problem was: *Sovereignty at Bay* by Raymond Vernon, *The American Challenge* by Jean-Jacques Servan-Shreiber of France, *Global Reach* by Richard Barnet and Ronald Muller. They were all rather negative in their connotations about multinational corporations. This was a new time. The State Department had just established an Office of Investment Affairs, and that was the office to which I was going to be assigned.

Q: You were in Investment Affairs from when to when?

ELLIS: I was in Investment Affairs from 1972 to 1975 the first time.
Q: So Investment Affairs was a brand new office when you arrived?

ELLIS: It was brand new. The office director was Mike Kennedy who later became one of the Tehran embassy hostages and wrote about it, *The Ayatollah and the Cathedral*.

Q: What was State going to do with this new office?

ELLIS: The new office had a number of responsibilities: to follow expropriation cases, to implement U.S. government foreign investment policy, to give policy guidance to the fairly new organization, OPIC, the Overseas Private Investment Corporation, which was to provide political risk insurance for foreign investors, and to see what might be done multilaterally with regard to foreign investment. In fact, just before I got there, there had been the first U.S. government policy statement with regard to international investment. Those were the main tasks in the investment area. In addition, the office was given the task of following overdue debts owed to the United States.

Q: What particular slice did you have of this pie?

ELLIS: I had a number of the slices. I was not involved too much with policy guidance to OPIC. That was given to a brand-new Ph.D. economist out of Brown, Bill Courtney, who later became our ambassador to Kazakhstan. I dealt with our policies toward multinational corporations and overdue debts.

Q: The big one was Chile with Allende still in power when you arrived there.

ELLIS: Right. Of course, that was very controversial what happened, and the Senate held hearings. Frank Church held hearings on the involvement of not only ITT but whether or not the U.S. government and, particularly, the CIA had been involved. So it was quite a challenging time.
At that time also, the OECD began to be involved. I was not directly involved at that time in what the OECD was doing but they set up a committee on international investment and multinational enterprises. Normally my boss, the office director, or even his boss, the deputy assistant secretary, would go to the OECD meetings, which resulted in an OECD instrument on direct investment, which basically was in favor of foreign investment. The OECD also drew up voluntary guidelines for multinational enterprises and established a consultation procedure that member countries could use to bring problems to this committee for discussion concerning the behavior of multinational corporations. Also, the two advisory committees of the OECD could raise issues there: the Trade Union Advisory Committee and the Business and Industry Advisory Committee.

First of all, I was just there for the very end of the negotiations with the Soviet Union on the Lend-Lease settlement of World War II. We had the final negotiating session with the Russians, and we had to come up with a final number. The number was sent in by President Nixon, the final number that we could propose to the Russians, and which they accepted. In return, we promised the Russians most favored nation [MFN] trade treatment. The Lend-Lease Agreement with Russia was never implemented completely. We would have had several billion dollars from the Russians. As it was, we only got a few hundred million because the rest of it was made dependent on the Russians getting unconditional most favored nation treatment. Instead, the Congress passed the Jackson-Vanik Amendment, which linked trade treatment to emigration policies, and the Lend-Lease Agreement was never fully implemented.

Q: Could you explain what the Jackson-Vanik Amendment was?

ELLIS: The Jackson-Vanik Amendment meant that the Russians and some of the other communist countries could not get most favored nation trade treatment unless they had changed their emigration policies to permit freedom of emigration in a manner that was considered satisfactory to the Congress. To my knowledge, even though the Soviet Union is gone, still Russia has never been exempted from the Jackson-Vanik strictures to get MFN treatment now. It is on a waiver rather than not being subject to it any more. That was an issue that was still irking the Russians as late as 1993-1994 when I was doing the Energy Charter Treaty negotiations.

Q: These things hang on. World War II ended in 1945, and you are talking about trying to end Lend-Lease in 1972 or 1973 and, now, the Jackson-Vanik Amendment, which was a Cold War thing of the 1970s is still hanging on in the 1990s.

ELLIS: Even more ridiculous, we would routinely every few years - not every year - remind our Western Allies in the 1970s that they hadn't paid their World War I debts.

Q: Finland was an exception.

ELLIS: Finland and, later, Hungary were exceptions. Hungary paid its very small World War I debt to get around another piece of legislation, the Johnson Amendment, which prohibited countries from raising money on U.S. capital markets unless they were members of the IMF, if they hadn't paid their World War I debts. I forget whether it was paid in the 1970s or whether it was later when I was back in Washington. Before Hungary became a member of the IMF after the end of the Cold War, they were always a little bit ahead in their economic policies, and they wanted to borrow money on the New York market, and to do so, they paid off their World War I debt.

Q: Were there any expropriation cases that were still hot when you were there?

ELLIS: There were a lot of cases. Basically, we would be in touch with the companies, and we would have inter-agency meetings which were chaired by the State Department to go over the status of these cases because, under the Hickenlooper Amendment and then the Gonzales Amendments, we would either consider seriously cutting off aid or voting against loans in international development banks to countries that were not making adequate progress compensating the companies if they were expropriated. The tests were that the expropriation had to be for a public purpose, and it had to be non-discriminatory and accompanied by prompt, adequate, and effective compensation. Those were the guidelines that were put in the laws, and we had to try to see if the countries were following them.

Q: Were you focusing on any countries in particular while you were there?

ELLIS: There were Chile and Peru; there also were some expropriations in India in the insurance industry; there were expropriations in Ethiopia and a number of Central American countries. There was a large variety. Certainly the Chile and Peru expropriations were some of the most controversial ones.

Q: These were basically political in nature, weren't they?

ELLIS: Yes, they were.

Q: So you had ideology getting involved and all that.

ELLIS: That's right.

Q: It wasn't just a matter of payment though payment obviously always comes up, was it?

ELLIS: Well, there were lots of differences of opinion on what the value of an expropriated firm was. Our position was that it should be not written-down book value but rather it should be going-concern value as the standard. Then a lot of these countries, even though they expropriated, didn't want to pay the compensation right away, or they wanted to pay it in local currency. There were a number of disputes.

Two other very interesting cases came up. One was the Philippines regarding the demise of the old post-colonial law, the Laurel-Langley Agreement. Under the Laurel-Langley Agreement, the Philippines got a preferential sugar quota in the U.S., and we got preferential trade status in the Philippines. Our investors particularly had preferential status. The Philippine government, then under Marcos, did not want to extend this agreement that was due to expire on the 3rd of July 1974. However, he didn't want to really come out and say that he wouldn't negotiate a successor agreement.

I was sent out as a part of an inter-agency team, which included the legal advisor's office. The deputy legal advisor chaired our delegation, and there were team members from USTR, Treasury, and Commerce. We sent a big delegation out there, and the negotiators were being pushed by the American business community to have a successor agreement. The ABC was afraid the sun wasn't going to rise on the 4th of July of 1974, and they would lose all of their privileges.

So we got out there, and the Filipinos said they weren't ready to negotiate. So we cooled our heels; the chief of the delegation left but we still stayed there because they said, "Well, yes, we are going to talk but we need a few more days." We cooled our heels for about three weeks out in the Philippines, and we had a chance to do a good deal of tourism. That was the year they were having the Miss Universe Contest in Manila, and they arranged for us to go to a couple of receptions and parties with the Miss Universe contestants. At the end, it was clear that they didn't want negotiations, so we left without conducting any substantive business. I'll never forget I came home to Washington the night of the finals of the Miss Universe pageant. I barely said "hi" to my wife, and I had to turn on the television to see who won. I picked four out of the five finalists, including Miss Universe, and my wife wouldn't speak to me for a week.

Q: If the Philippines wanted to get out of this favorable trade for the U.S., what about the sugar quota?

ELLIS: They got a quota but they had to go into the pot with everybody else, but the old Laurel-Langley Agreement for them smacked of neo-colonialism and, politically, they just couldn't negotiate a special deal for the U.S., the former colonial power.

Q: You were mentioning another interesting case.

ELLIS: The other case was that, and that was probably my biggest break in my Foreign

Service career, the U.N. was getting involved in multinational corporations, and they wanted to set up a U.N. commission on trans-national corporations. I was sent up to New York to accompany Wally Hopkins, who was a deputy legal advisor, basically as his spear carrier. He was to conduct these negotiations in a special intersessional meeting of the UN Economic and Social Council [ECOSOC] that was charged in setting up the UN Commission on Transnationals and the U.N. Center on Transnationals, as an arm of the Secretariat. The Center was abolished in the early 1990s. The day we arrived in New York late in the afternoon, Hopkins got a call on the phone from Secretary Kissinger - this was in 1974 - telling him to get on the next plane to go to Paris for the negotiations to set up the International Energy Agency, which were much more important. So he left, and I checked back with my office in Washington. My boss, the office director, was going off somewhere - it was Richard Smith at the time - and the deputy assistant secretary for international finance and development was also away. My boss said, "Well, you'll just have to do it yourself." Here I was as an FS-4 (now FS-2) representing the United States. I could call on a couple of USUN mission members, including an FS-1 (now FE-MC) but I was in charge of the negotiations, speaking for the United States. I didn't expect that but I was able to negotiate acceptable terms of reference for the commission and the center, and a resolution that I was able to support. For that work, I got a Superior Honor award.

Q: What were the issues at the U.N?

ELLIS: The issues were what the ground rules of this U.N. commission and the U.N. center were going to be, whether they would have any enforcement powers or anything like that, which of course, we were opposed to. We did agree that they could start negotiations on a code of conduct for trans-national corporations and that the center could have advisory and information gathering functions.

Q: Did the issue of corruption come up there? Had we reached the point where we were passing laws that you couldn't bribe foreign officials?

ELLIS: Yes, it did. This was under discussion, although the Foreign Corrupt practices Act was not enacted until 1977.

Q: Were we alone in that pretty much?

ELLIS: Yes, we were.

Q: Did that come up?

ELLIS: That was not an initial issue in the U.N. so much as in the OECD and domestically at the time. I recall that we had a meeting with Stan Sporkin who was then at the SEC. He is now a prominent court judge here. He was taking a very tough line that companies would have to avoid any bribes, but that was mostly a domestic issue here. We were the only government pursuing that.

Q: When you got up to the U.N., what was the attitude towards multi- or trans-national

corporations?

ELLIS: Well, it was very negative. That's why the whole exercise was being started. The British were quite supportive as well as the Dutch also to a certain extent. The French tended to be a little less supportive, but the Italians were helpful. It was basically the so-called "Group B" countries, the Western Europeans and the U.S. and Canada, vis-à-vis the developing countries supported mostly by the Communist Bloc.

Q: When you were talking about expropriations, did Cuba even come up, or was it just a permanent problem?

ELLIS: There, of course, was no dialogue with Cuba so there was nothing happening with Cuba.

Q: Were you finding that the Hickenlooper Amendment, which had all sorts of sanctions in case somebody expropriated without due compensation, worked or didn't work? What was the general feeling in your office?

ELLIS: Well, we felt that it usually did not work, and the Hickenlooper Amendment did allow for the president to waive the sanctions. Also, they could be waived if you could say that some progress was being made. If there was any dialogue going at all, we were able to get the Hickenlooper Amendment waived. The Gonzales Amendment, which required the U.S. to vote against loans in international development banks, did not include a presidential waiver. In those cases, the U.S. voting against usually didn't block the loan in any event.

Q: In your office, did you find that you were taking a harder look at what a country was doing to respond to expropriation negotiations? In other words, was the post trying to put the best case on it, and you were acting as the bad guy or the enforcer, or was it a mutual thing?

ELLIS: I think that is generally what happens in the Foreign Service. The folks on the ground in the field tend to - and that's really their job - give the point of view, the perspective of the host country. Sometimes they become victims of too much of "clientitis." On the other hand, there is another side to a story, and it's good have that told as well. Part of it, I think, is a natural thing to be expected. It's just when it goes overboard that the post can lose its credibility. Of course, within the Washington bureaucracy, we were the ones in the State Department that were considered the softies and, normally, it was Treasury that would take a very hard line on these matters.

Q: How did you find, by the time you had left there, that your office had developed? Was it well plugged into the economic bureau?

ELLIS: Yes, I think that the office had made considerable strides in getting recognition throughout the bureaucracy within State and the inter-agency process. It's one of, I think, the more important offices in EB. It doesn't have, perhaps, the clout, at least in the past,

of the Office of Monetary Affairs but it was a good office. The first two directors were Mike Kennedy and, then, Dick Smith. They were both very good and helpful to me personally.

Q: Were you seeing the development of multinationals in other parts of the world? Was this beginning to become a movement?

ELLIS: Yes. Of course, some of the European countries, particularly U.K. and the Netherlands, had long-established multinationals. The Germans at that time were just beginning to move overseas. The Japanese really hadn't for several years beyond that. The globalization really hadn't happened that much. There were French, British, some Swiss, Swedish, Dutch, and American companies. That was basically it at the time.

Q: In 1975, where did you go?
ELLIS: I went to Vienna as an economic officer in the economic-commercial section. It was still a unified economic-commercial section.

Q: You were doing that from 1975 to when?

ELLIS: I was there until 1977.

Q: What was the political-economic status of Austria at that particular point?

ELLIS: Austria was in that time frame still considered a turntable for East-West trade. There was representation by both sides in the Cold War there. It was a time when Vienna was trying to play an East-West role still quite extensively. My main responsibilities were macroeconomic reporting and, then, helping in the negotiation of a customs cooperation agreement.

Q: What did a customs cooperation agreement consist of?

ELLIS: Well, it meant that there would be cooperation between the two customs services in terms of investigations. There had been some problems from time to time of U.S. Customs investigating cases in Austria and running afoul of the Austrian authorities. This was to regularize the situation so that they could carry out their investigations.

Q: Was there much trade with Austria either way?

ELLIS: I can't recall any major problems in the trade area that came up. There may have been some problems in steel. The Austrians were very advanced in steel. There was a controversy on whether the Austrians should build a nuclear power plant at the time. They got a good way along and then decided they wouldn't.

Q: Were you involved at all in promoting trade?

ELLIS: There was a commercial officer. It was all part of the economic-commercial

section but that was not my primary area of responsibility.

Q: Who was our ambassador at the time?

ELLIS: It was Wiley Buchanan, the former chief of protocol, a political appointee.

Q: How did you find him as an ambassador?

ELLIS: He was a very decent person, very friendly, low key. On most of the substantive matters he relied a good deal on the DCM.

Q: What did you do after 1977?

ELLIS: Yes, I was only there two years, and I got a direct transfer really quite unexpectedly as consul general in Zurich.

Q: That must have been fun.

ELLIS: Yes, it was. That was really quite unexpected. I went from basically number three in the Economic Section in Vienna to be consul general in Zurich. That was an interesting period. I was there for three years, 1977 to 1980. There was a good deal of interest in, of course, financial matters and the relations with the Swiss banks. A fun part of my job was being responsible for relations with Liechtenstein. I was the only person with separate accreditation to the prince in Vaduz and would be invited there two or three times a year.

Q: The gnomes of Zurich, the Swiss banking community, were renowned, particularly in that period, about not letting anybody know what they were doing. They were making money, doing it on their own, and they weren't listening to anyone else. I assume you were put there because of your economic background.

ELLIS: That's right. However, the ambassador was Marvin Warner for most of the time. He had a string of savings and loans in Florida. There was an excellent economic counselor in Bern who had a background also in finance, and there was a Treasury attaché in Bern. I had a financial background, so there were plenty of people trying to get information and find out was happening with the gnomes of Zurich. They were very nice people and pleasant but I personally found that when any major decisions were made, the president of the Schweitzer Bundesbank would get on the phone to the chairman of the Fed or the Secretary of the Treasury, and would not go through any intermediary.

Q: What were you doing?

ELLIS: I did some commercial promotion. One of the biggest challenges was indirectly a result of the financial situation. When I arrived in Zurich, there were 2.50 francs to the dollar. When I left the ratio was 1.50 franc to the dollar. The dramatic strengthening of the Swiss franc and, of course, the German mark meant there was a great deal of interest in traveling to the U.S. at bargain basement prices. This was, of course, before the days of

the visa waiver, and I found that my visa issuances went up 40 percent the first year I was there and then 40 percent again the next year. I tried to cope with this without any increase in staff, so that was a real management challenge to try to do that.

I asked for a very valuable resource, which I don't know if they have it any more in the Department, called a CAT team, Consular Assistance Team. I asked for one and got one. They basically came up with some ideas for making some minor structural rearrangements and physical rearrangements in our work space. Because they recommended it, I was able to get the money to do that. It was helpful to have them come out and say, "Yes, you do need this," and then we were able to get the money to do it.

I was a firm believer that we should give good service to the applicants. People who are Swiss or permanent residents in Switzerland were not in the "look out" book; they were almost automatically good cases. I tried to handle those as efficiently as possible. I encouraged people to go to travel agents and to mail in their passports rather than to come in. If necessary, I had all the officers in the consulate on particularly bad days stamping visas.

Q: Switzerland being such an international community and Zurich being the center of this, did the non-Swiss who were there cause interest problems for you?

ELLIS: No, they didn't. If they were permanent residents of Switzerland and if they were Italian or Spanish or what ever, they were considered just about as good as Swiss. Obviously, we were much more careful for people who just happened to be there. We started, toward the end of the time I was there, processing some people from Iran because the U.S. embassy in Iran was closed. I remember one case where an Iranian visa applicant had come in and was turned down. He was very irate. At the end of the day, we found a briefcase in the waiting room. Since he'd gone and come back, and then was turned down, we were very concerned. I called the police, and they had to come and very carefully remove this briefcase. It turned out, of course, that the guy was just so irate that he'd forgotten his briefcase.

Q: Did the East-West tension cause any problems there?

ELLIS: I did have one political officer on my staff who followed East-West matters because there were people from the East Bloc that came to Zurich.

Q: What about the wealthy Americans who were settled there? They have a tendency to die by the time they get wealthy. I was wondering if this caused any particular problems for you?

ELLIS: Well, I had a very good consular staff who would take care of death cases. There was a large American community, particularly in Ticino, the Italian-speaking canton. There was also Franklin College, an American college down there, and TASIS, an American high school. Since I spoke Italian anyway, I would frequently go down to the Ticino to meet with the American community down there and the American schools and

give some talks and speeches. We had an American woman down there who–she wasn't an honorary consul but she was sort of the unofficial American representative--helped us out a lot and arranged things for us down there.

Q: It sounds like you had a very professional staff including people who knew banking and the whole business. Was there any progress made at that time when you were there on opening up the banking process?

ELLIS: There were negotiations in Bern on that. I was not involved but I think it was concluded after I left Switzerland. Eventually, we did get a judicial assistance agreement with the Swiss whereby they would agree to cooperate at least in some cases.

Q: Were there any unsavory characters coming across your radar who were over there because the money was there or they were moving their money?

ELLIS: There are always people with scams. A lady came in who claimed she had some stolen uranium that she wanted to return to the U.S. government, of course, for a price. She even had some samples. We had them shipped back, and they were analyzed and found to be very depleted. It wasn't what it was supposed to have been. That was a rather complicated matter, and it eventually turned into a protection case because the lady was arrested by the Swiss authorities.

Q: Well, you left there in 1980.

ELLIS: I left in 1980, and I came back to the War College.

Q: You were in the War College from 1980 to 1981.

ELLIS: That's right.

Q: How did you find the War College?

ELLIS: That was my second sabbatical, and that was a very interesting year. I enjoyed it very much. It was a good chance to exchange views with colleagues in the armed services. I think we learned from them, and I think that they learned from us. I think it is very important that State Department officers participate in the War College experience.

Q: Did you get into any trips or anything like that?

ELLIS: Yes, I signed up for the Asia trip, which went to the Philippines, Korea, and Japan, thinking that I would never serve in the Far East. When I got out of the War College, I found I was off to Taiwan. It was a very good year and a chance to recharge my batteries. I always thought that an economic officer could do most anything a political officer could do, so I spent my year doing an independent project on the political situation in Italy. My analysis was called *Italy in the '80s: Stable Instability,* and it won the Navy League Award, and it was sent to the secretary and our ambassador in Rome. I

think both my study and the fact that I had worked well during that year with the military were probably a couple of factors that many years later caused Reginald Bartholomew to support me to be the consul general in Naples.
Q: What was the thrust of your analysis about Italy at the time?

ELLIS: Although, from a political science standpoint, Italy appeared to have a very low civic culture and a very unstable government–already even then there had been over 40 governments in the post-war period–there was a certain amount of over all stability in the society, which would carry the day and the Communists would not come to power nor would they be able to make any major changes.

Q: You went to Taiwan from 1981 to 1984. What was your job?

ELLIS: While I was at the War College, I was trying to find my next assignment. I had submitted my bid list and I got a call from my counselor, and he said, "Come over and we'll talk about your bid list." So I went over, and he said, "Clarke, everything on your bid list is completely out of the question. What is it that you realistically hope to get?" I said, "Well, I'm an economic officer, and I've never been an economic counselor. I think if I have hopes to be promoted into the senior Foreign Service, I really need to get that under my belt."

He said, "Okay, let me see here," and he started flipping through the pages. He said, "Well, I'll tell you what I've got. I've got a job that's not only" - by then they had split the economic and commercial sections–"the economic counselor but it is still the commercial counselor as well." I said, "Oh, really, that sounds good." And he said, "Of course, there's one little thing; you have to resign from the Foreign Service." I said, "Oh, well, where is this?" He said, "Well, it's the American Institute in Taiwan." As you recall in 1978, we broke diplomatic relations with Taiwan and recognized the Peoples Republic of China. We then set up this private non-profit corporation called the American Institute in Taiwan, which handled American relations there.

Q: Could you explain about the resigning and all.
ELLIS: It is basically a pro forma thing. You are then hired by AIT, and your salary and benefits are the same as if you were employed in the Foreign Service. You are still reviewed for a promotion as if you were in the Foreign Service and can be promoted as if you were in the Foreign Service.

Q: When you went out there in 1981, what was the situation in Taiwan both economically and politically?

ELLIS: The Taiwan authorities had still really not reconciled themselves to the derecognition, and they hoped that there would be some change. Ronald Reagan had been elected in 1980, and they had hoped that with the Republicans that somehow they would get back some official status. They were always trying, politically, to get an element of officiality back into the relationship, and we were always trying to hold that back and make sure that the relationship stayed unofficial. That was the game that was being

played politically.

Economically, the Taiwan boom was really getting underway, and you could see the vibrancy of the economy, the dynamism of the economy as it was really beginning to pick up steam. It was an interesting time to be there. There were always questions of who would be allowed to visit Taiwan, for example, in terms of official visitors. The wording of messages, for example, was important. The first director for a few weeks when I got there was Chuck Cross, whom I'd known from the University of Michigan. Then it was Jim Lilley after that, a marvelous person.

Q: I'm in the middle of an interview with Chuck Cross right now. He is out in Seattle, and I just started one with Jim Lilley.

ELLIS: For example, the ground rules were that you could never call Taiwan a country. It didn't have a government; it was always "the authorities on Taiwan." The director could meet with the foreign minister but not in the Foreign Ministry. No one really at that time above a deputy assistant secretary level was allowed to come to visit, and they could only come as consultants to AIT. There was a whole litany or catechism of rules and ways of doing. The Taiwan authorities were always trying to push that envelope. It was an interesting time.

Also, we had a very active military sales program but the people who would normally be MAAG or attachés were all retired military. One complicating fact came because those of us who were at AIT tended to want to get some liberalization of the rules. For example, a fairly senior military officer, a bird colonel, was being groomed to be our defense attaché in Beijing. Well, first, he was the air attaché and, then, he was going to be the defense attaché in Beijing. He needed to get language training, and it's not possible to separate military officers the way it is Foreign Service officers. So, it was agonized back and forth, back and forth, whether this guy would be allowed to come out to Taiwan for his language training. Finally, Washington relented and allowed him to come out study at the language school. He was the first. Even when you had congressional committees coming over on military aircraft, they were allowed, under our guidelines, to land in Taiwan but they couldn't overnight.

Q: They had to leave and then come back.

ELLIS: All of this ideology and some of the rules seemed to be a little petty but many of them were relaxed to a certain extent. Of course, there was always the question of visits of senior Taiwan people to the United States, which has continued to be an issue even in 1996 when Lee Teng-hui was given an honorary degree at Cornell. These were some of the issues, particularly after I'd been there for a while.

I really enjoyed working with Jim Lilley, and Jim gave me a chance to work on a couple of issues that were fairly controversial. One was Beijing's announcement that it intended to join the Asian Development Bank. The initial position of the government of the Peoples' Republic and of our embassy in Beijing was, of course, just like Taiwan got

kicked out of the U.N. and the IMF, it would be kicked out of the Asian Development Bank as well. But Jim was determined to resist that, and I agreed with him fully. There was a major difference in Taiwan's ADB membership from its U.N. or IMF memberships, in that Taiwan joined the ADB only claiming jurisdiction over Taiwan, the Pescadores, Quemoy and Matsu. It never pretended to represent all of China in that context. In addition, the Congress, as I recall, passed a resolution, saying that, if Taiwan were kicked out, the U.S. would pick up its marbles and go home and stop contributing to the Asian Development Bank. These two factors caused Beijing to finally relent. Beijing said that Taiwan could remain, and then there was the negotiation over the name that Taiwan would use. Also, the amount of military sales to Taiwan was a big issue during the time that I was in Taipei. There was a third thing, a minor thing, but again it was incremental. There were chief of mission meetings for our ambassadors in East Asia and the Pacific with the Secretary, and the director of AIT Taipei was not allowed to go at that time. I think now the AIT director is allowed. As an incremental step, Jim Lilley proposed to Washington and, after some discussion, got it approved that I would go to the chief of mission meeting and sit there with a "paper bag over my head" and be an observer. At least I would be able to carry a message to the Secretary from Jim and then come back with a report on the meeting.

Q: I am told that particularly the Taiwanese Chinese, I mean the people who are there, are part of the Chinese overseas community, which is well connected and has, very good business sense and all. It would have been a very difficult group to ignore. They are well connected, particularly in the United States, and quite aggressive. Did you find that true?

ELLIS: Yes, but in those days it wasn't so much that. It was only in the last year or so that stories appeared about illegal campaign contributions. Certainly, the Nationalist Chinese have had a good lobby in this country for years. But, on the economic side, it was just a lot of business opportunity. We had an extremely active American Chamber of Commerce. We held a number of trade negotiations with the Taiwan authorities. Intellectual property rights questions were a major issue. While I was there, Taiwan became one of our largest trading partners.

Q: What about intellectual property rights? Taiwan used to be the place that you served in the Far East where you'd have whoever when there to pick up bootleg books and records.

ELLIS: Then, they graduated to Rolex watches, computers, and things like that. That was a major problem, and we had a number of negotiations and tough negotiations with them on intellectual property rights. As Taiwan moved up the economic ladder, they began to see the benefit of having intellectual property rights protecting themselves. In the late 1980s and early 1990s, when I was dealing with Taiwan again from the Washington side, they had a much more cooperative attitude because they were being ripped off by the Mainland Chinese.

Q: Were there any developments at all between Mainland China and Taiwan?

ELLIS: There weren't any in that period, or very little. There were people who would surreptitiously visit the Mainland, but, at that time, no. They hadn't started the dialogue. Another thing in the rules of the game for example, we were not allowed to go to Quemoy or Matsu. We would also get invitations to go for the Double Ten Parade in Taipei. October 10 - or Double Ten - is the Nationalists' national holiday. The director could go but no one else could go there, except maybe the deputy director. No one else was allowed to go to the Double Ten Parade. Of course, each year we'd get the invitation, and we'd have to say no.

Q: Were there any particular threats from Mainland China at that point?

ELLIS: No, there weren't.

Q: What was the attitude of the people at the American Institute of Taiwan towards the future of this peculiar national manifestation?

ELLIS: Well, I think I got the job because no one else wanted it. At the beginning, people were very skittish about serving in AIT from a career standpoint. Not only was it still a new thing - it had only been set up in 1979 - and there were a lot of bugs still in the system. Some people didn't get paid for months. People didn't know whether it would really be considered valid for promotion purposes or not. I think that there was a good deal of feeling that AIT would be some sort of transitional thing, and that Taiwan would, in certainly 10 years, be absorbed by the Peoples Republic of China. That was the general expectation.

Q: Were there any particular trade problems?

ELLIS: There was the IPR problem. Other than that, we had basically wanted to reduce Taiwan's trade barriers, and based on limited negotiating authority left over from the Tokyo Round were able to conclude a trade agreement.

Q: Were we seeing Taiwan reaching out to other countries?

ELLIS: Oh yes, they were continually trying to get new or keep old diplomatic relations. Where necessary as they became richer, particularly in the 1980s and 1990s, they sought to buy diplomatic recognition.

Q: Did we have any particular attitude towards this, or is it not our business?
ELLIS: I don't think we got involved.

Q: Well, you left there in 1984.

ELLIS: I came back as director of the Investment Affairs Office.

Q: Did you see a change in its responsibilities, clout, and all?

ELLIS: Well, we had dropped the overdue debts and given that to the Office of Monetary Affairs. We didn't have that. We had the expropriation committee responsibility although, by the mid-1980s, expropriations were much less. We still had the responsibility for OPIC, the Overseas Private Investment Corporation. We, of course, had investment policy, particularly the OECD and the U.N. Also the office represented the Department at the staff level on the Treasury-chaired Committee on Foreign Investment in the United States [CFIUS] and together with USTR co-chaired the negotiation of bilateral investment treaties [BITs].

Q: What was OPIC and what were you doing with it?

ELLIS: In OPIC, the issue there was, should there be an OPIC? A lot of people in the Congress felt that the government shouldn't be in the business of providing insurance; OPIC should be privatized. It became evident and Congress finally agreed that there would be no private company that was in the position to pick up the political risk insurance. The Assistant Secretary for Economic and Business Affairs sat on the OPIC board and, of course, I would have to brief him and go with him to the board meetings. OPIC was an aggressive organization and wanted to go ahead and do more things and new things, but we felt that its basic mission was a sound one and it got renewed.

Q: Basically, the idea was this that it insured companies that were taking risks in places we'd like to see American investment, wasn't that it?

ELLIS: That's right.

Q: In your job this time, what were your major concerns?

ELLIS: My major concerns were attending the meetings of the Committee on International Investment and Multinational Enterprises and its subcommittees in Paris of the OECD, and doing the negotiations on the U.N. Code of Conduct for trans-national corporations, which never had been completed. Ten years after I was there the first time, I was back up in New York for those negotiations. The negotiations were never completed and the whole thing got dropped eventually, but negotiations were still going on when I got there in 1984. On the negotiations on the Code of Conduct, there were a couple of things that stand out in my mind. The first was when I happened to be in New York for a negotiating session when the Challenger disaster took place.

Q: You might explain what the Challenger disaster was.

ELLIS: It was the space vehicle that blew up on take off. The news of that happened just as I was coming into the hall for the negotiations. The first two people to come up to me to offer condolences were the Chinese and the Russian delegates, not someone from the U.K. or Germany or France or Japan. These two sparring partners in the negotiations, if you will, were the first two that came up immediately to offer me their condolences.

The Congress held hearings on the status of the Code negotiations and one of the

proponents of the Code was Esther Peterson, who was the Giant Food consumer advisor. I remember she gave an impassioned plea for the code. The person who was asked to testify for the government side was the Assistant Secretary for International Organization Affairs at the State Department, Alan Keyes. I must say that I was very impressed with his testimony. I, of course, had prepared his briefing book, and he got up there with his briefing book, and he didn't have to refer to it once but he answered every question that came up from the congressional staff perfectly without any reference to it. He had obviously absorbed everything completely that was in this rather large briefing book. In terms of the congressional testimony that I had accompanied principals to give, it was the smoothest and most professionally done that I had ever seen, so I was very impressed.

The third thing that happened was that at one point - it was in the fall of 1986 - the Code of Conduct negotiations were stalled, and the head of the U.N. Center for transnationals who was Scandinavian, thought that if he could get senior representatives from the major countries, East, West, and developing countries, together in an informal setting in an elegant Swiss hotel on the shores of beautiful Lake Geneva that there could be some progress made in breaking the deadlock. I got to go to this so-called high-level meeting. No one senior in Washington wanted to go. Some countries sent cabinet ministers. So, I went. It soon became obvious that we weren't going to make much of any substantive progress on the code itself but at least the chairman of the meeting hoped that there would be at least a resolution coming out of this group saying that the Code would be a good thing and that negotiations should continue. Well, we weren't opposed to that, but we wanted to make sure that any resolution that came out of this meeting said good things about foreign investment and multinationals.

Well, there were two texts for this final resolution on the table. There was the U.S. and Western group text and a text that had been offered by the East Germans and, of course, they were diametrically opposed. The chairman of the conference spoke to me and to the Soviet delegate and said, "Look, we seem to be hopelessly divided here. Can you two, you, American, and, you, Russian (Soviet, of course, in those days), go off and see if there's any way at all we can break this deadlock." Well, I was rather uncertain about this and thought, given the East German resolution, which I thought had been obviously dictated by the Soviets, that there would be no progress made. But I agreed, and we went off to the coffee shop, the Russian and I, and we sat down and ordered a cup of coffee.

I said, "Look, it seems to me that these two resolutions are pretty far apart. Really, we can't accept a resolution that doesn't say the positive things about foreign investment as well as saying that we would continue to go ahead and work toward a code." And the Russian said, "Well, I have no problem with that." He went on, "Look, if you can make just a little change here and a little change there, it will be acceptable to my delegation." I said, "What?" He said, "Yes, you know, under Gorbachev, now, we have *perestroika*. We have a new way of looking at things. We are not against foreign investment anymore. It is going to take some time, but I think we will welcome foreign investment." I said, "Well, here are the two minor changes, and it's no problem at all. I can accept those." He said, "Well, let's not go back too soon. Let's stay here awhile so they'll think we are really negotiating this."

So we spent about a half an hour and then we came back to the group, and the chairman asked, "Well, have you made any progress?" I said, "Well, yes, Mr. Chairman, I think that we have, and I think we've come up with an agreed text." Well, there was no person more shocked than the East German. I was sitting here, the Russian was here, and the East German was across from him. The East German was very shocked at this. The East German didn't speak much of any Russian, and the Russian didn't speak much of any German. The only way they could communicate was in English. So, the East German leaned over the table and asked the Russian, "What about my resolution?" The Russian whispered back, "We dropped it."

Q: Ah, such is the change in dip change. Tell me, when you first arrived in your second incarnation in this, had there been any general change in the attitude towards multinationals?

ELLIS: Yes, certainly by the mid-1980s, most developing countries were welcoming foreign investment. After the debt crisis of the early 1980s, a lot of countries saw that the only way they were going to get the necessary resources for development was to welcome foreign investment in the private sector. It was a much more positive attitude.

Q: Had multinationals changed at all as far as what they were doing?

ELLIS: Many multinationals had adopted codes of conduct of their own. There was a voluntary code in the OECD and also one in the ILO, and I think companies by and large were more sensitive to the needs of being good corporate citizens.

Q: Probably, it also included hiring more local people in command positions.

ELLIS: Part of that was just economics. It made much more sense economically to have local executives than paying all the necessary extras (such as moving expenses, home leave, and schooling) to get expats.

Q: Well, was there anything else in this particular time that we should discuss before we wrap this up?

ELLIS: Yes, there are two additional matters that I would like to mention. First is that the more positive attitude toward foreign investment created an international climate favorable for the conclusion of Bilateral Investment Treaties (BITs). BITs provide, on a reciprocal basis, for national and most-favored-nation treatment (with limited specified exceptions) for foreign investment, free transfer of capital and earnings, international law standards for expropriations, and impartial third-party dispute settlement. We had some investment provisions in our Friendship, Commerce and Navigation treaties with other developed countries, and the developed countries also had the investment undertakings in the OECD. Thus, the thrust of our BIT program was to negotiate agreements with developing countries.
State and USTR jointly shared the responsibility for negotiating the BITs. Together with

colleagues from USTR, I co-chaired BIT negotiations with a number of countries including China, Turkey, Gabon, Malaysia, Morocco and Grenada and informal talks with Indonesia and others. We also did the preparatory work to send up to the Senate a number of other BITs that were negotiated before I arrived.

Of the negotiations, the ones with China and Grenada were the most memorable. Our approach with China had to be somewhat different because it was (and still is) a Marxist government. At one point in the negotiations we were trying to negotiate a provision that would make clear that the Chinese government would accord our investors nondiscriminatory treatment in a number of areas. We proposed wording to the effect that "according to Chinese law, U.S. investors will receive non-discriminatory treatment." The Chinese countered with a proposal that "U.S. investors will receive non-discriminatory treatment subject to Chinese law." "Wait a minute," we replied, "that won't do. Your formulation means that any non-discriminatory treatment given to U.S. investors is subject to changes in Chinese law. We want a treaty provision that states that your law will guarantee non-discriminatory treatment." We had been negotiating in English, and at that point, someone suggested that we look at the Mandarin Chinese text of both drafts. Our U.S. interpreter looked at both formulations and found that the key phrases "according to" and "subject to" were translated with the same Chinese characters. Thus, our differing interpretations on this key point would have been the source of endless disagreement. We realized that we would have to take a completely different approach. Unfortunately, the negotiations were never completed.

The negotiations with Grenada were the other extreme. The event happened not long after the U.S. military intervention in that Caribbean island country. The Prime Minister, Herbert Blaize, had come to Washington for a medical checkup and had expressed interest in a BIT. We went to the Prime Minister's suite at Walter Reed Army Medical Center taking with us copies of our BIT prototype for what we imagined would be only preliminary discussions. Blaize looked through the text and said, "This text is fine; I'll be able to sign it before I leave." This must have been one of the shortest negotiations on record.

The other matter I would like to mention is that at the time we were preaching the benefits of foreign investment to others and beginning to find greater receptivity, even in some Communist countries, concerns about growing foreign investment in the United States were on the rise here at home. This was ironic. Concerns were particularly strong about Japanese investment, especially in high tech industry, farm land and other real estate. A Committee on Foreign Investment in the United States (CFIUS) was established to monitor the situation. As I indicated, my office represented State at the staff level on this Treasury-chaired inter-agency committee. One particular case that we considered was the proposed takeover of Fairchild Semiconductor by the Japanese firm, Fujitsu. The Secretary of Commerce and some other high officials thought that this proposed takeover threatened a key industry related to national defense. As a result of the controversy, Fujitsu eventually withdrew its takeover bid. Ironically, at the time Fairchild was 80 percent owned by Schlumberger, a French firm. Thus, the real concern seems to have been with Japanese ownership of an important defense contractor rather than foreign

ownership per se.

Q: This is the beginning of that particular manifestation. Well, Clarke, why don't we stop at this point. We are ending in 1987. Just to put an end, where did you go in 1987?

ELLIS: In 1987, I moved over to be the director of the Economic Policy Office in the Bureau of East Asian and Pacific Affairs [EAP].

Q: All right, and we'll pick it up at that point.

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This is the 2nd of June 1999. You were in the Economic Bureau from 1987 to when?

ELLIS: I was in the Economic and Business Bureau from 1984 to 1987 as the director of the Office of Investment Affairs. In 1987, I moved over to the EAP Bureau.

Q: Okay, and you were there from 1987 to 1989. It was economic policy, wasn't it?

ELLIS: Yes, I was the director of the Office of Economic Policy in the East Asia-Pacific Bureau.

Q: Now, how did we see Asia in 1987 from an economic point of view?

ELLIS: Of course, the late 1980s were the period where it seemed that the Japanese could do no wrong and economic growth in East Asia was fantastic. Japanese economic influence throughout East Asia and the Pacific was very large and growing. At that time, East Asia and the Pacific became, in absolute terms, a larger trading partner for the U.S. than Western Europe. This was a time when we were giving increasing importance to our economic relations with East Asia and the Pacific region. We tried to take a number of initiatives to increase those relations, and the dialogue with major countries in the region. Certainly well before I got there, they had institutionalized the dialogue with the ASEAN countries, the Association of Southeast Asian Nations. That was an important effort and one in which my office was in charge of organizing when it came time for the United States to host the dialogue. So during my time there, we had to organize one of the ASEAN dialogue meetings, and that was at the ministerial level so that was quite a bit of work.

The Office of Economic Policy also advised the bureau whenever senior officers were traveling and Asia to put together economic profiles or economic overviews of the various issues and about our economic relations with the countries. Large country desks, such as Japan and China, had their own economic officers but some of the smaller offices didn't have much. Also, if there were any sort of quantitative or really analytical economic work to be done, my office did that. I was there right after Marcos had been removed from power in the Philippines. For example, I went with then Under Secretary Wallis out to the Philippines to get an overview of what the economic situation was there and how the U.S. might be able to help the Philippines get back on track economically.

Perhaps the most interesting thing that I did there happened before the 1988 election, because it was thought that, if Bush won, Baker might be coming over from Treasury to the State Department. I had been asked to think about establishing an economic dialogue with the major countries in East Asia, something along the lines of what we had with the OECD with the Western European countries. Of course, there were a number of considerations: Do you include China, which was and still is not a democratic country? Also, could you include Taiwan, which is not considered a country? There were all sorts of options that we had to think about, and also there was the question of countries like Japan, Australia, and New Zealand that were already in the OECD. There was some overlap there. Nevertheless, it was decided, in view of the problems of our relations, that it would be good to have a dialogue to create a forum where we could encourage these East Asian countries that were growing so fast to open their own economies. They were the so-called newly industrialized countries [NICs] or as we preferred "newly industrialized economies [NIEs]" because Taiwan was definitely rapidly industrializing its economy even though we didn't call it a country.

We felt we could use this new forum to encourage the dismantling of trade restrictions - not negotiations but to talk about it - more free trade, open investment regimes, greater transparency, and the like. We did succeed in getting the proposal for this new forum launched. We called it Asia Pacific Economic Cooperation [APEC]. I had the pleasure of working with Bob Kimmitt to some extent and, particularly, with Bob Zoellick, who was the counselor of the Department at the time. For a principal to take a great deal of personal time to sit down and talk about this with us was certainly a source of satisfaction. I was glad to see that we were able to launch the APEC initiative successfully.

Q: As we were looking at this, these Asian economies, including Japan, came to a rather abrupt halt at least in the short run in the later 1990s. Were we looking at any of the things that maybe were more endemic to the system as it was developing? Was that apparent to us at that time?

ELLIS: Well, certainly people had known, obviously, about a good deal of crony capitalism, as they call it, and corruption in some of these countries but it didn't, at the time, seem to get the way of economic growth. This was the time of Paul Kennedy's book, The Rise and Fall of the Great Powers, which seemed to predict the relative decline of the USA vis a vis Japan. The late Gaston Sigur, then Assistant Secretary for EAP, was not convinced, however, that American's day in the sun was over. He felt that the Japanese economy had weaknesses that would eventually become evident. He was certainly correct.

Q: Were we making any noises about "You'd better watch this," or anything like that? Or, were we just pleased that they were doing well?

ELLIS: I think, generally speaking, we were pleased that they were doing well. Our thrust, then, was, "You guys are doing so well that you shouldn't consider yourselves developing countries any longer. You really have to start playing by the rules of the

developed, industrialized countries." We felt that APEC could be a forum for talking about these issues. We realized that not only Japan but Taiwan, Hong Kong, Singapore, South Korea, China, and Thailand were all developing large trade surpluses with the U.S. So, we were interested in opening their markets some more and taking initiatives to increase U.S. exports. While I was there, I participated together with the Commerce and Agriculture department officials in an advance team for agricultural trade and development missions to several East Asian countries. We felt that the region was a very large potential market for the U.S. agricultural goods.

Q: Are we concerned about barriers to our trade?

ELLIS: Yes, we are concerned about barriers to our trade. We are concerned about intellectual property rights violations. We wanted to have more open investment rules.

Q: Do we have much to play with? Regarding intellectual property rights, do we have certain instruments that say, if you don't do this, we'll do that?

ELLIS: We had Special 301 process under the Trade Act, which allowed us to impose sanctions on countries that didn't clean up their act. We had sticks out there as well as carrots.

Q: So often there is a split between those are concerned about American business and those who are concerned about our political policy who say, "Well, I understand what your problem is on intellectual property rights but we want to get U.N. votes, so we don't want to upset our relationship." Do you find yourself in between on these things?

ELLIS: In the Economic Policy Office, we weren't involved so much in the economic trade negotiations themselves. We were more interested in overall policies rather than sending demarches on specific trade negotiations, which of course were led by USTR.

Q: How did this relate to the Philippines? I would imagine when you went out there the Philippines was very much the odd man out with Asian nations as far as economics were concerned.

ELLIS: Well, the Philippines certainly in the last years of the Marcos regime was not performing at the same level as that of the other East Asian countries. Since the ouster of Marcos, it has improved a great deal. I first went to the Philippines in 1974, the first time that I was in the Office of Investment Affairs. When I went back in 1986, it looked worse off than it did in 1974. The Philippines was not immediately sharing in the boom but, again, since then they've picked up a great deal.

Q: Was there a feeling, as you were looking at the 1987-1989 period, of some optimism towards what was happening in the Philippines?

ELLIS: Yes, there was.

Q: What was the feeling about Taiwan? First of all, it was a difficult thing for all of you who were dealing with it to work around this. It was a country which was not yet a democracy but there were indications that it was going that way. It is now a democracy and also doing very well economically and, in a way, was on a sounder footing than most of the other countries.

ELLIS: Yes, in fact, in the recent Asian financial crisis, they probably came out a lot better than some of the others because their very political vulnerability had encouraged their authorities to take much more conservative economic policies in terms of external debt and in terms of maintaining foreign exchange reserves, mostly dollars. So when the crisis hit, they were in a much better position than most of the other countries. Their political isolation and vulnerability did have a positive side to it. In regard to Taiwan, I think you have reported that I served there from 1981 to 1984; then, I worked on it again from 1989 to 1993. Taiwan shows you what happens when an economy starts moving up the economic ladder. When I there in the early 1980s, certainly one of our biggest problems with Taiwan was violation of intellectual property rights, everything from Mickey Mouse to watches to computers to books, and you name it.
Q: Ever since I can remember, Taiwan is the place you went to get bootleg copies of any books, like Encyclopedia Britannica *or to have a set of Kipling.*

ELLIS: Yes, that was the case. Taiwan now makes its own computers. As they began to develop their own computers, they invested in technological research and development and have some of their own brands out there. They soon found that some of their inventions and technology had been ripped off by the Chinese on the mainland, and so the Taiwans have started getting religion and are much better on intellectual property rights because they have a vested interest now in seeing that their own creations are protected.

Q: How did you deal with mainland China during this 1987 to 1990 period of time?

ELLIS: We were interested in having economic reform go ahead in China. They were emerging again as a large surplus country, so we were interested in increasing our exports to and making investments in China. Just as I was leaving the office, in June 1989 the Tiananmen Square incident happened.

One thing that was interesting during the time that I was director of the office there was the first time, I believe, that a job sharing program was initiated in the Department. I had a lady Civil Service officer who handled science and technology issues for me. She had had a child and was interested in spending some time at home with the child. She had a friend in the OES Bureau who handled science and technology issues there who was also interested in not working full time. Both of these ladies came to me and said there was an executive order that two people could share a job. They wanted to do it. Well, I'd never even heard of anything like this, but I said that I was willing to give it a try. I must confess that I had some doubts initially but, as it worked out, it was actually better than having one person. If one person was on leave or sick or out, I'd at least have a half a person instead of no one at all. The main thing I was concerned about was how would

they stay in touch. I was afraid that a ball might be dropped between one or the other, but they were very good at communication with one another. They always met, I think, for an hour or so once a week to go over things together and make sure what one or the other was doing, so it worked out very well indeed. I was glad that I was able to let them do it. I think it worked out well for everybody.

Q: Tiananmen Square came on June 10 of 1989. You were still on board here, weren't you, at that time?

ELLIS: Yes, but I was pretty well getting ready to go over to the American Institute in Taiwan's Rosslyn office.

Q: Were you putting everything on hold regarding China at that time?

ELLIS: A lot of things were on hold but there was still the certification that China would get MFN trade treatment.

Q: You went to the American Institute for Taiwan in Rosslyn, is that it? You were there from 1989 to 1993?

ELLIS: Yes, it was for four years.

Q: Could you explain what that was?

ELLIS: AIT was set up according to the Taiwan Relations Act to handle relations with Taiwan on a non-governmental basis. Since I served once with AIT in Taiwan, once here in the U.S., and also because I married in the 1960s a non-American, I ended up resigning three times from the Foreign Service during my career. The first time I submitted a resignation with my request to marry a non-American and the resignation was not accepted, and I was able to marry my wife.
Q: She was what nationality?

ELLIS: She was Italian. Then, I resigned in 1981. It was just, of course, a formality to go to AIT in Taipei, and then I had to again in 1989 when I went over to AIT in Rosslyn.

Q: In this 1989 to 1993 period, what was your job?

ELLIS: I went over as the number two with the title of deputy managing director. The managing director of AIT Washington at first was David Laux, who was a political appointee who had been on the National Security Council staff during the Reagan administration. Then, for the last part of the time that I was there, it was Nat Bellocchi, a career officer and retired ambassador.

As the number two over there, and apart from being the deputy, I was responsible for the financial and investment side of economic relations plus all scientific relations with Taiwan. I was not so much involved in the trade. Since we didn't have any official

relations with Taiwan yet it was a very important and growing economy–I think it was our 13th largest trading partner - we were very interested in negotiating various agreements with the Taiwan authorities. They, in turn, were interested in negotiating agreements with various U.S. agencies.

To do this, the agreements had to be laundered through AIT. In other words, there would be an agreement between AIT and its counterpart organization, the Coordination Council for North American Affairs. Whether it was on cooperation of nuclear energy, weather forecasting, or agricultural matters, or you name it, during the time that I was over there, I negotiated the agreements. I think I negotiated some 50 agreements with Taiwan. When I left AIT, Taiwan's National Science Council honored me for my contribution to U.S.-Taiwan scientific and technical cooperation.

Now the basic agreements, of course, were frequently done by the U.S. agency involved but we had to go through them with a fine-tooth comb, change who the agreements were between, strike out references to any officiality, and work out reimbursement arrangements. A lot of these agreements were reimbursable because the Taiwans basically wanted technical assistance.

For example, I negotiated an agreement between the National Weather Service here and the meteorological authorities in Taiwan that provided for the U.S. Weather Service to set up a computerized forecasting center in Taiwan, together with all the hardware and software that came along with it. I went out to the National Weather Center in Boulder, Colorado, with the negotiators from Taiwan to talk about this agreement. Of course, we had to massage these agreements. There were a lot of tricky issues that would come up, particularly with regard to handling money so that money could be passed to the U.S. government agency after being laundered. In effect, I used to engage in money laundering for the U.S. government!

Q: Congress usually oversees these agreements even though they are not treaties. How did that work?

ELLIS: We would have to report a lot of these agreements to Congress. Also, whenever there were negotiations of economic or other matters, an AIT officer would have to chair the negotiations on our side, and they would have to have a nominally unofficial person chair their delegation on the other side.

Q: Did you find it in a way overly complicated by this time, or had everybody gotten used to how to do it?

ELLIS: Well, there were questions sometimes as to whether we could do an agreement or not. It wasn't always completely straight forward or easy to do. For example, one thing that was decided that we could not do, at least while I was there, and I don't think it's been done, was an extradition agreement. We talked about it, but it was, I think, finally, decided that an extradition agreement is normally done as a treaty. You can't have a treaty, it was decided, with a non-country.

There were problems that came up. I was at AIT during the Uruguay Round Trade negotiations and the issue of Taiwan and our trade gap came up. After thinking about it a long time, it was decided that, yes, it was possible for Taiwan to apply for GATT membership. In fact, the Taiwans didn't submit an application as the Republic of China but rather as the autonomous customs territory of Taiwan, Pescadores Islands, Quemoy, and Matsu. There were precedents for non-sovereign autonomous territories being members of GATT - Hong Kong is an example - so that we couldn't object to Taiwan applying.

Q: How did you find dealing with the Taiwanese here? Any problems with them?

ELLIS: They always, of course, were interested in trying to get as much officiality into the relationship as possible. We always had to back off on that and try to encourage them to look to the substance and not to the form in relations. That was a continual battle. That came to a head later with the U.S. visit of Li Teng-hui long after I left.

Q: I would have thought that you would find the relation with Taiwan representatives, particularly during this time - post-Tiananmen Square - was one where really the veil had been stripped away from this what we felt was a benign, evolving democracy in Mainland China into a hard-nosed regime. This must have given the Taiwans a certain amount of encouragement and a bit of a see-I-told-you-so.

ELLIS: Yes, I think there was some of that attitude. Certainly, they were pushing for more officiality and more extensive contacts but, at the same time, it wasn't just a one-way situation for them because good relations between the U.S. and China frequently meant there was going to be less pressure on them on the part of the Mainland. If relations between the U.S. and China were bad, then they would be making more of an issue of our relations with Taiwan. Then, there was a feeling that we might sell them out. They weren't necessarily happy that the Mainland regime had been shown to be a pretty tough, undemocratic government.

Q: Were we concerned at this time about the operations of the overseas intelligence security apparatus of the Taiwans?

ELLIS: Yes. We were concerned about that and efforts, for example, to get consular license plates in several states where they had representative offices. At the beginning of the period I was here and during the period when I was in Taiwan, the Taiwan security services were very much active in trying to keep tabs on the Taiwan independence groups here in the United States. That was a source of some concern.

Q: Was the institute playing the role of policy planing, or of reporting on what was happening in Taiwan? Was it apparent that Taiwan was headed towards becoming a real democracy and becoming more Taiwanese that the Mainlanders were dying out? Was this all sort of out there?

ELLIS: Yes, you could see even from the time that I was in Taipei that, although they had to move slowly and cautiously for the most part, it was a gradual evolution toward democracy. Probably the most striking event was when Chiang Ching-kuo, Chiang Kai-shek's son, was elected president and chose Li Teng-hui as his vice president. Li was a Taiwanese and became president when Chiang died. I think the fact of a Taiwanese running Taiwan instead of Mainlanders alone marked the clear transition that would take place. That was certainly a clear sign that Chiang recognized that the Taiwanese wold take over the government and the ruling party, the Kuomintang. So the Kuomintang didn't disappear, it was just taken by the Taiwanese.

Q: In your relations with East Asian Bureau and, particularly, the Mainland Chinese hands, did you find that the culture was different or anything?

ELLIS: Well, the Department made clear that, basically, the policy toward not only Mainland China (The Peoples Republic) but also Taiwan would be determined by the Department. We were an executing agency rather than a policy determination agency. Nevertheless, we tried to have some input into the policy process. There was not always agreement on how far we should go with the Taiwans in granting this or granting that or whether this official of the deputy assistant secretary rank was really necessary to lead a trade delegation to Taiwan or not. So, there would be discussions on things like this that would come up. The Department, I think as a general rule, tended to be more cautious or conservative on things than we would have been at AIT.

Q: Looking at it from some distance within the Foreign Service culture, were there Taiwanese hands and Mainland Chinese hands within our officer corps?

ELLIS: Things were pretty well mixed up. The second year of the language school was at Taipei. Officers would be expected to serve in both places. There wasn't a separate category of Taiwan officers. You stand where you sit. The other interesting thing, of course, was since AIT is not a part of the government, we had to get our own funding. The only way to do that was as a contractor to the State Department. We had to justify our budget requests to the Hill as a separate line item, as a contractor in the State Department's budget.

Since we weren't getting enough money, we started something which has now gone world-wide, and that was a visa processing fee. In other words, not being a consular post, we couldn't issue visas. In fact, we did. We had consular officers there who would interview people, adjudicate their cases, and stamp the visas in the passports. But the visas, when I was involved, said "Hong Kong" and, nominally, they were issued by the consulate general in Hong Kong. In fact, they were issued in Taipei. Now, they no longer can say Hong Kong. I think they say the Department of State, Washington. In order to be consistent with the fact that the visa didn't cost anything, we presented the argument that, since we had to process these visas which were really being issued by Hong Kong, we could charge a fee for that. We had to supplement our income with this visa processing fee.

Q: Particularly thinking of Taiwanese young people going to American universities, was there any attempt to change the exchange? Was this a pretty steady flow?

ELLIS: Oh, it was a huge flow. Taiwan was either the second or the third largest, I think, in terms of foreign graduate students in the U.S., and we had a very great interest there. Also, as the deputy managing director, I had to try to find good people to serve out in Taipei. By the time I was the deputy managing director there, I think most people knew what it was. When I went out to Taipei in 1981, I didn't know what I was getting into. Resign from the Foreign Service? I didn't know. There was real concern.

Nevertheless, I was disappointed when I was over at AIT that there were still some loop holes in the Taiwan Relations Act, which caused some problems. For example, like most Foreign Service posts these days, we had some spouses locally engaged in Taipei doing things such as family liaison officer. Most of the staff were either Foreign Service or Civil Service officers who were separated and under the terms of the Taiwan Relations Act, and they could retain their benefits as if they were employed by the government during the time of their service at AIT. There were some people who were not in that category. The director, for example, was considered a political level position and was not covered, therefore, by the pension system. And, the Taiwan Relations Act said that employment with AIT whether in the United States or in Taiwan is not considered employment for the Social Security Act. So people who are employed directly by AIT, such as the secretary that we employed here, wouldn't even get Social Security for the time they were employed by AIT.

Now, you can say, "Why in the world was that done?" Well, that was done since AIT was set up in 1979. That was before they had the new Foreign Service and Civil Service retirement systems. The provision was put in the act to prevent the Social Security Administration from coming around to these people who were separated and saying, "Hey, now you have to contribute to Social Security." At the time, it was meant as a protection for the people who were separated to serve with AIT but it did create some problems. A pension system was set up, first for the director only and a couple of the officers of the corporation, and then it was extended to all AIT employees who weren't otherwise covered by another pension system. That proved to be costly, and the Department had problems with it. I'm not sure what happened but they weren't interested in the alternatives either.

Q: What about dealing with the Taiwanese-American community? I interviewed Nat Bellocchi at one time, and Nat was saying that the Chinese Taiwanese group really was well established and had a very solid lobby.

ELLIS: Oh, yes, it's a very strong lobby.

Q: How did this play? Were they monitoring what you were doing all the time?

ELLIS: Not so much us but they knew what was going on in U.S.-Taiwan relations, and they wouldn't so much come to us as they would go to the Hill. That's where they knew

the power was. It was the Congress that really strengthened the Taiwan Relations Act more than it would have been. We broke relations in 1978. It was the power of the Taiwan lobby that the strong Taiwan Relations Act was passed. They have very well-funded lobbyists on the Hill. I think they recommended the non-binding resolution for the Senate to allow Li Teng-hui to come to the States. The vote was something like 90-something to nothing. That's an example of the Taiwan lobby's influence on the Congress.

Q: I would have thought that, because of the way the AIT was put forth and done reluctantly on the American government, in many ways you would have looked more than any other bureau to Congress as being your supporter or your mentor just in the back of your mind.

ELLIS: We had to look to Congress for money. We had to go, basically, through the State Department. We couldn't lobby Congress on our own.

Q: But you know there's lobbying and lobbying. Some of the guys who were with the staff of the House were saying, "We are disgruntled because we are not getting anywhere with certain things."

ELLIS: I don't know one way or another whether the managing directors at the time did that but I certainly didn't.

Q: Was the Bush-Baker combination a continuation of how it had been under Reagan? You arrived just about the time they did and were there through their period.

ELLIS: It was pretty much the same.

Q: How about the Iraqi invasion of Kuwait and our desire to get money back in? Did you get involved in that?

ELLIS: No, we didn't really. It was decided that it was rather difficult to get Taiwan mixed up as an official supporter of that effort because of the political ramifications.

Q: Were there any major issues that you had to deal with during this 1989 to 1993 period?

ELLIS: Probably apart from the various trade issues that came along, the major issues were arms sales issues. We had a retired army colonel who handled the military issues. Not just with regard to my duties but, I think, the toughest issues that we were dealing with were those regarding military sales to Taiwan.

Q: During the election of 1992, didn't Bush announce that he was going to send something like 150 F-16s?

ELLIS: That was very hotly debated.

Q: Did AIT play any role, or was this a political thing?

ELLIS: In the final analysis, it was a political decision but in terms of looking at what was going to be sold and what the Taiwans wanted and all of that, everything had to be done, again, through AIT to the State Department and the Defense Department. In other words, we didn't have a policy vote on it but we did pass on the requests and had to analyze the requests somewhat in terms of what it meant and that sort of thing.

Q: Did you find that you were hearing screams from the Mainland Chinese types in the East Asia Bureau? I'm talking about the Americans who take our relations with Mainland China seriously.

ELLIS: They were certainly opposed to selling the F-16s. Apart from the various agreements that I had to conclude, there were, for example, the annual military meetings in the U.S. and in Taiwan. I organized annual meetings dealing with scientific cooperation. There was a meeting with the National Science Council here every year that had to be organized. Organizing these meetings was a very significant part of my work.

Q: The election of 1992 when Clinton came in more or less coincided with your leaving by the time they got in place.

ELLIS: When I left the East Asia Bureau and went over to AIT, I was not quite 50 at the time. Looking ahead to that job at AIT, I thought that, as soon as I reached age 50, I would probably retire. The one person who had preceded me in the job as deputy managing director of AIT had been a retired officer. It was felt at the time that both the number one and the number two should be retired people and not active duty officers. However, I found that I was promoted to minister counselor by the 1988 boards, effective in 1989 and, therefore, I did have a new lease on life.

So I asked if I could go over to AIT, not as a retired officer but rather, as a separated active duty officer. The Department agreed, and Bill Clark said, "Well, you never know what's going to happen. Don't retire." Bill Clark was the EAP Assistant Secretary at the time. His advice was very good advice, so I didn't retire. For the assignment cycle for 1993, which started of course in 1992, they decided that my job at AIT should become instead a regular Foreign Service job at the counselor level. Although I already was being paid as a minister-counselor, my job was carried on the books as an Executive Level 5 job, one that could be filled by a retired officer or even an political appointee. Even though I had been promoted, I liked the job and my wife wasn't particularly interested in going overseas and wanted to stay on here. I was going to stay on AIT for the rest of my time but I think EAP personnel ratted on me and said, "We want to make this a regular Foreign Service job, and Ellis has been over there for three years already."

By that time I had been in the States for nine years, and they said, "He's violated the five-year rule, he's violated the eight-year rule, and he's got to go overseas." By that time, however, was well into the 1993 cycle, and there was precious little to bid on. I did bid

on a number of jobs and was finally paneled into the job as the director of the Commercial Affairs Office in the EB bureau as commercial coordinator. Shortly after I was paneled, and this was around April of 1993, I had a call to go up and see Joan Spiro, who was the Under Secretary for Economic Affairs. She said that she was sorry but she was going to ask that the assignment be broken because she wanted someone with an ambassadorial title to fill that job. Indeed, she got Paul Cleveland to take that job. So here it was April or May of 1993. I didn't have a job at AIT. I didn't have the job to which I'd been paneled. I thought I was going to be walking the halls. Well, at that time, Al Larson, who was principal deputy assistant secretary in EB, had heard about this, and he asked me to come over and be the special negotiator for the Energy Charter Treaty negotiations. I did that for a year between 1993 and 1994.

Q: What does that include?

ELLIS: I was the special negotiator for the Energy Charter Treaty. The Energy Charter Treaty sounded like a win-win situation, something for everybody. Russia was trying to reform, to move toward a free market economy. We had seen the vulnerabilities of relying exclusively on Middle East oil with the Gulf War. We knew that Russia needed Western investment, and Russia and the former republics of the Soviet Union had vast energy resources. There was an interest on the part of the supplier countries, other than Russia, and in the countries along the way, and the Western Europeans about securing not only the energy resources but to secure transit of those resources. The Western countries were interested in making sure that their companies got fair access toward the development of those energy resources. In other words they wanted to ensure that our oil companies and oil exploration supplier companies, machinery companies, and so forth would get fair treatment as investors and suppliers in Russia and the other former Soviet oil producers. This sounded like a win-win situation. How could anything go wrong? So this 50-country negotiation with all the OECD countries, the Western European countries, the Eastern European countries, and all the former Soviet republics came together in negotiations that were held in Brussels to try to negotiate a binding international convention that would encompass all of these principles of trade, investment, and transport of energy resources. That had been going on, I guess, a year or so without a lot of success. Well, there was actually a fair amount of success, but the tough issues still remained unresolved. The director of the Energy Office in the EB bureau who had been doing the negotiations found that he really couldn't do it. He was leaving and a new director was coming in, and they felt that they had to separate the tasks of negotiator for the treaty and the director of the office, making two separate jobs. This involved coordination with 11 U.S. government agencies and spending a week a month in Brussels to handle these negotiations. So, I did that for a year and enjoyed it. It was very interesting work. Since investment was a good part of it, it was similar to the work that I had done as director of the investment office years before. I also made a trip to Russia at the time to meet with Russian officials and parliamentarians to discuss the issue just a few weeks before the attempted counter coup by the Rightist forces in 1993.

Q: This is when the White House burned and the Parliament House burned.

ELLIS: Yes. We were in Brussels when it happened. The Russian delegation was distraught. That was a very interesting year. The frustration was that in the end, the U.S. and, I believe, Canada, were the only countries who didn't sign the agreement. The principal issues that prevented us from signing the agreement at the time were not issues between the Russians and the United States. There were some points that were still at issue but the major stumbling blocks which prevented us from signing the agreement were, first, the insistence of the European Union on having a blank check in terms of exceptions to national treatment because one of the standards would be national treatment for foreign investors. They wanted a blank check for exceptions to national treatment for measures to promote economic integration within the European Union and new members to the European Union. We thought that a customs union exemption is one thing but to have a blanket exception also for investment for integration measures was just too much, too big a loop hole. That was from our side.

Secondly, from the European side, they felt that our insistence on having exceptions to national treatment for measures at our state level - the Canadians were concerned also for their provinces - was too big a loophole. The Europeans said, with some justification, "Look, if you say that your states could enact some measures that would be less than national treatment, what do you think is going to happen in Russia where Dagestan and all these areas could have measures that would be discriminatory?" The whole point is to get Russia not to enact discriminatory measures. But if you allow departures from national treatment for the United States, you will allow it for Russia as well. However, the administration had been highly criticized by state government organizations in terms of overriding states' rights in the Uruguay round agreements which set up the WTO, and we received visits from the organizations of state treasurers and so forth. They particularly had concerns about taxes and tax treatment. The Treasury Department was forced to recant its chapter on taxation in the treaty, which they had negotiated. I was told that I had to try to negotiate an exception for state governments. We negotiated late into the night on a couple of occasions, but were not able to bridge the differences. When I left the negotiations in mid-1994, those were the two major stumbling blocks.

These two issues were also to plague the negotiations in the OECD on a Multilateral Agreement on Investment (MAI), which started shortly thereafter. My deputy for the Energy Charter Treaty negotiations, Jack Croddy, and I warned the EB Assistant Secretary and Principal Deputy Assistant Secretary that the MAI negotiations were also likely to fail if these issues were not resolved. In fact, the MAI negotiations also failed although opposition from environmental groups and labor unions on labor and environmental standards were key problems as well. For my efforts on the Energy Charter Treaty negotiations, I received another Superior Honor Award.
Q: Were we working together with the Canadians?

ELLIS: They had their own agenda, too, but at least on these issues we had common cause, and we worked fairly closely with the Canadians. We had a number of separate meetings with the Canadians. The others just wouldn't accept our positions, and they went on and concluded a agreement without us.

Q: Did we see that as a major problem, really?

ELLIS: It turned out that the agreement for various reasons has not been very effective in terms of what it was designed to promote. I think the Treasury Department and the USTR were just as happy that it didn't work. Treasury was concerned, as I said, about taxation. USTR was concerned with anything to do with trade that was not done in a WTO framework. They didn't want to have any sectoral trade agreements outside of the WTO. The one issue that we had a problem with Russia on was the Jackson-Vanik Act. This would have required us, at least in the energy sector, to commit to granting them unconditional MFN treatment, thus overriding the Jackson-Vanik Act in that sector. That was the major problem we had with the Russians.

Q: In 1994 what happened?

ELLIS: Unexpectedly in 1994, the post of consul general in Naples came open. The principal officer there was a friend and decided to retire. All of a sudden, it turned up on the open assignments list, and I felt very fortunate to get it.

Q: You went to Naples from when to when?

ELLIS: I was there from August 1994 to September 1997, a little over three years.

Q: I was consul general in Naples about ten years before that.

ELLIS: I read your memoirs of your time there.

Q: Anyway, what was the situation as you saw it in Naples and its relation to the embassy in Rome in 1994?

ELLIS: I think I had a fairly good relationship with the embassy. Obviously, on the administrative side there were questions. I was really shorthanded on the administrative side. Within a few weeks after I arrived at post, the administrative officer asked to be curtailed and assigned elsewhere. That left me with a void that I had to fill with a consular officer. I was always shorthanded there, and by the time I got an administrative officer the next summer, the Department had abolished one of my consular positions. So, I ended up with no more officers than I had at the beginning. There was always the usual question of trying to get more support from the embassy but, I think, in general they were pretty good about it. I did have to, on one matter, appeal to the ambassador when the administrative counselor and the DCM wouldn't support me. The ambassador did, however.

Q: Who was the ambassador then?

ELLIS: It was Reginald Bartholomew.

Q: What were American interests in southern Italy at that time?

ELLIS: We had a number of things. Certainly Naples had the only immigrant visa operation for the whole country, and it was a major visa issuing post. Naples was also one of the posts authorized to process immigration visa cases of Iranians. Naples also had to take care of the consular needs in terms of not only visas but passports for dependents of all the military. We had a large federal agencies section handling all the Social Security, as you remember, and the Veterans Administration cases in southern Italy. Sixty-thousand Americans plus another 10,000 or so military meant there were probably 70-75,000 Americans in the consular district. That generated a fair amount of work. The consular district during this period included all Southern Italy from Molise to the tip of the "boot" plus Sicily. (The consulate general in Palermo had closed in early 1994. We maintained a Consular Agency, however, and a small USIS office, both subordinate to Naples.)

There was, of course, always concern about the political and economic situation, not probably nearly as much as during the Cold War period but there was still some interest. In fact, when I got there, Antonio Bassolino, who'd been formerly a hardline communist, was mayor of Naples and his transformation into a business-oriented person who would show up at the Naples cathedral for the liquification of the blood of San Gennaro was amazing. He was now a guy who would go in a tuxedo to New York when Merrill Lynch announced a bond issue for the City of Naples - the first dollar-denominated bond issue in recent times for Italy. So he was a very interesting guy, and the ambassador found him a fascinating character as well.

Q: Were the political parties changing in Italy during this term?

ELLIS: After the big bribery scandals, the Christian Democrats had disappeared, in addition, with then end of communism, the old Italian Communist Party transformed itself into the more moderate Democratic Party of the Left. The old Italian Socialist Party practically disappeared because of the scandals. On the right, the old neo-fascist Italian Social Movement had also moderated and had become the National Alliance. The National Alliance was aligned in the Freedom Pole coalition with the new center-right party of media mogul Silvio Berlusconi, Forza Italia [Let's Go Italy]. In the middle, between the center-left coalition dominated by the Democratic Party of the Left and the center-right Freedom Pole were several small parties - many of them offshoots of the defunct Christian Democrats. Some of these small parties gravitated to the left and some to the right thus making the two coalition blocs somewhat unstable. In fact, Italy had three governments during my three years in Naples.

Q: I take it that it was not the great concern that it used to be. It dominated our representation in Italy for 30 years or more about how many percentage points the Communists would get.

ELLIS: No, no, that was no longer an issue.

Q: In a way, it was more relaxed. Let the Italians be Italians, and we'll deal with

whoever is around.

ELLIS: That's right. When I was there from 1964 to 1967 as a vice consul, people would go to every one of the city council meetings, and we'd send reporting cables to the Department. In 1994-1997, no one cared much about such things, so that times had changed. We were interested in trying to promote economic relations, which included trade and investment. To strengthen commercial relations, I established an American business and professional group, which had not existed for a number of years. The economic situation in Southern Italy was very poor. The crime situation was very bad, and there was not a great deal that we could do. There were some success stories, particularly in getting major contracts for American firms. Also, we made considerable progress in getting the Italians to crack down on violators of intellectual property rights - particularly the manufacture and sale of pirated videos and CDs.

Another really significant part of my work and one that I think was appreciated was my relations with the NATO and U.S. military staff as a bridge between them and the local Italian authorities. Very few of the senior military people knew much about Italy. None of them spoke Italian. In other words, they had no liaison with the municipal, the provincial, and the regional authorities of Naples or the Italian military commands not directly part of NATO. I was shocked to see that there was virtually no contact between the NATO staff and the non-NATO Italian military forces in Naples, which are considerable. There are major military commands there. The Italian army three-star general who commanded Italian ground forces in southern Italy had never met the NATO people, so I was a bridge between the NATO and the U.S. military on the one hand and the Italian civilian and military authorities on the other hand. I brought them together in meetings and social events.

Q: This has always been a problem. I hear people saying, maybe at the PX, "Have you ever been through the tunnel?"

ELLIS: Yes, the tunnel meant going into the City of Naples.

Q: They said, "No, no, no, I've never been there." We are talking about ten miles away. Just out of curiosity, how had the reconstruction gone after the earthquake? I was there during a major earthquake that did considerable damage in the fall of 1980. The expectation of the Neapolitans was that nothing would be done.

ELLIS: I think there were still a few people around the port living in containers but most of the buildings had been repaired. It was a very, very slow process as you know but most of it had been taken care of by the time I arrived there. Then, of course, they had spruced up the city for the G-7 summit in June 1994 and, so when I got there in August, it was clean actually. They had fixed up the Villa Communule and the city was looking very good. You had to thank three people, first and foremost, former Prime Minister Ciampi, who is now president but then he was prime minister for giving Naples a vote of confidence. Second, the prefect at the time, Improta, had been given carte blanche to do whatever was necessary. He later left under a cloud. And third, the mayor, Bassolino,

who was also very adept at public relations in terms of promoting the city. By the time I left in 1997, there had been a little backsliding, but things were much better than they had been in the 1970s and when you were there in the 1980s.

Tour groups were beginning to come back to Naples. For two successive years, I hosted the Smithsonian Institution's cultural tour, which came to Naples. There were other groups beginning to come. Shortly after I arrived, we had the major international anti-crime summit in Naples, and Janet Reno, our attorney general, came out for that, so that was a big event. The embassy was interested in the reporting on the continued political evolution itself. The ambassador liked Naples very much, and came down and wanted to visit all of Southern Italy, and so I had extensive trips organized for him to Puglia, to Calabria, and to Sicily in addition to his trips to Naples. Between Frederick Reinhardt in the early 1960s and Bartholomew, I think there'd only been one other career officer as ambassador to Italy in 30 years. I found Ambassador Bartholomew an excellent person to work for. I was impressed that he was able to conduct all his official business, press conferences, and meetings with various people that I attended, including the prime minister, in Italian. Everything was always done only in Italian.

Some of my colleagues in the other consulates general, particularly Milan, had run-ins with the ambassador regarding their political reporting. We, fortunately, did not have those problems. As an economic officer, I was very pleased that in my annual evaluation, the DCM stated that I was one of the mission's best political drafters.

There are four other matters that I would like to mention that happened during my tenure in Naples. The first was the tragic death of a young American boy, Nicholas Green. Shortly after my arrival in Naples, Nicholas, his parents and sister were traveling through Calabria by rented car en route to a vacation in Sicily. As they were driving along in a remote area, a car pulled along side their car, forced it over, and one of the occupants pumped the Green's car full of bullets. The criminals' car then sped off. One of the shots killed little Nicholas who was asleep in the back seat. A terrible crime, and one for which there was no apparent motive. (The most common explanation was that the criminals were expecting a courier carrying money or valuables and that the incident was one of mistaken identity.) There was a great public outpouring of anger for the crime and sympathy for the family. Much of our work, which involved assisting the family and dealing with the authorities and the media fell to my Deputy, who at the time was Anthony Perkins. Tony did an excellent job in this and also in representing the Consulate General at the many memorial functions held for Nicholas in cities and towns throughout the Consular District. To indicate our great concern, I personally traveled to the area a few weeks after the tragedy to meet with the police and chief prosecutor, and to make a point, I requested a police escort in the Province of Reggio Calabria - something that I normally did not do, except when traveling with the Ambassador. Eventually, two men were arrested and charged with the crime. As I recall, one was a baker's assistant and one was unemployed. Although poor, they were suddenly able to afford top criminal trial lawyers. My supposition was that the two were "soldati" (soldiers) in Calabrian organized crime, the Ndrangheta. l also attended the opening day of the trial. Regrettably, despite strong evidence, including wire taps, both were acquitted.

The second was another consular matter - the evacuation of Americans from Albania during the political and military chaos there in 1997. I sent my Deputy, by then Bill Muller, my other consular officer, my administrative officer, a consular FSN and my driver all to Brindisi on the Adriatic coast to handle the evacuees. Working tirelessly in tandem with the Embassy in Rome and in close coordination with the U.S. military, who handled the transportation out of Albania, my people processed almost 1000 American and British evacuees.

The third matter also involved the U.S. military. As I mentioned, there had been little contact between the U.S. military and the Italian authorities. Pleased with what I had done in Naples, the Commander of Fleet Air Mediterranean and the Commander of U.S. submarine forces in the Mediterranean, both U.S. Navy two-star admirals, asked me to accompany them on an official visit to Sardinia to meet with local authorities there. The Navy has a large nuclear submarine base in Sardinia at la Maddalena, and they wanted to have good relations with the local governments. Since Sardinia was not in my consular district, I wanted to clear the trip with the Embassy. As you can imagine, the Political-Military Affairs Chief in Rome thought that he should make the trip. However, the Navy wanted me to go, and the DCM approved my going. I think the visit had a positive impact.

Finally, shortly after my arrival in Naples, I examined the list of previous principal officers and was intrigued to see that the bicentennial of the post would occur in 1996 during my assignment. I called a meeting of the staff for ideas on how we might mark the event. I decided to go with the idea put forward by my very able Branch Public Affairs (USIS) Officer, Daniel Spikes. Dan proposed that we publish a volume of essays by Italian and American experts on subjects relating to U.S.-Southern Italian relations during the life of the Consulate (which between 1831 and 1860 was the U.S. Legation to the Kingdom of the Two Sicilies). The authors would then present summaries of their papers at a public symposium. The effort was a real success. The four essayists developed much of their material from the State Archives office in Naples and the Department of State's Historical office. It was fascinating to go through some of the old files in the State Archives in Naples and see actual documents sent by my predecessors to the Neapolitan authorities two centuries earlier. The Director of the State Archives in Naples contributed the introduction and l, the preface. The book was published in Italian but with an English summary. Dan did an excellent job in editing the volume and managing the whole project. Very importantly, he was able to prevail upon USIS to pick up the cost of professionally printing our bicentennial commemorative volume. I have always been a big proponent of reintegrating USIS back into the Department. Dan, for example, with his outstanding Italian, good contacts and management experience, would have made an excellent Deputy Principal Officer or future Consul General. On the other hand, I hope that with integration, the USIS program budget doesn't get raided for everyday expenses. Our bicentennial celebration got a good deal of publicity locally, and our symposium was well-attended. The event showed the depth of our contacts with the region and helped to cement U.S. Southern Italian relations.

Indeed, it was these strong ties, I believe, and not just a personal tribute to me and my Neapolitan wife, that led a local cultural magazine, *L 'Idea,* the consular corps and a number of officials to sponsor a farewell for us in 1997 at the Naples Press Club. For a couple of weeks in advance, there were manifests posted around the city, "Ciao, Mr. Ellis," announcing the event.

Naples was thus the capstone of my career. In my 35 years plus in the Foreign Service l, of course, had ups and downs. But I have no regrets. Would I do it all over again? My answer is an unequivocal, YES!

End of interview