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

PHILIP MERRILL

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INTERVIEW

Q: Could you tell us a little about when and where you were born and a bit about your family?

MERRILL: I was born in Baltimore in 1934 in the midst of the depression. My mother went home to her parent's house to have me. I was delivered by Alan Guttmacher, subsequently a very well known physician and author, but in the context of the time home deliveries were still a normal thing. I got out of Baltimore, so to speak, after the first six months. Actually I grew up in New York, and partly in Connecticut.

My father was a Russian immigrant. He was born in a little town in the center of a triangle formed by Minsk, Pinsk, and Dvinsk. Halfway between Minsk and Pinsk. This is no joke. The name of the place was Mozyr, in what is now the state of Belarus, and it was right on the main invasion route to Moscow. Army after army passed over it. He was one of a family of eight who slipped out in 1912, hiding in haycarts to get through the borders. A brother came first and then the other seven came through Ellis Island, except for one sister who at 17 traveled across Siberia and China, the Pacific Ocean, and the continental U.S. by herself.

My mother I believe was born in Baltimore. Her parents were immigrants from the same general area of Western Russia. I'm not quite clear where. My wife's parents were both from Lithuania, which is not very far away. All this territory kept rattling back and forth between Poland and Ukraine and Belarus. Ellie, that is, my wife, was born in Scranton, Pennsylvania.

One of the great days of my life was in the summer of 1976, shortly before my father died, taking "Merrilly," our cruising sailboat, and sailing it through New York harbor on the way to Nantucket. We picked up my Dad and sailed this elegant private yacht by the Statue of Liberty and alongside Ellis Island. He could clearly remember coming through in steerage in 1912 as a 10 year old unable to speak a word of English. A classic American story.

Q: What did your father do? Also your mother or was she a housewife?

MERRILL: The family settled in Boston. He graduated from Boston Latin. He attended the University of Chicago for perhaps a year. No possibility of continuing; no money. He

worked varying jobs. I don't remember what they were, but at one point he was briefly a newspaper reporter in Chicago. When I was born he was unemployed. He lost all his money in the depression bank failure which is why my mother had to return to Baltimore to have me.

Then he caught on with CBS. He became associate producer and then producer of a program called Town Hall of the Air and then a program called Invitation to Learning, a book program. Then he was director of the cultural aspects at CBS, meaning public affairs programming of the early radio days.

Q: I remember there was Clifton Fadiman and all that on all the stations in prime time.

MERRILL: This was the Sunday afternoon intellectual corner. A couple of them were in prime time.

Q: On Sunday afternoon most of the people would listen. They were considered very important.

MERRILL: They were the equivalent of what PBS, with programs such as the Civil War series, is today. The History Channel or A&E would also be analogous.

My mother was a strikingly attractive woman; one of these people who mature well. Some people as they get older, sort of Myrna Loy style, build presence and grace. She worked at varying jobs, mostly a housewife. As time went on, she became a three day a week assistant to Samuel Untermeyer, a world class poet, author, and intellectual of the day. When he died she took a similar position with a wealthy entrepreneur and financier who owned, among many other things, a Lake Tahoe ski area. She kept his New York office.

I grew up first in Washington Heights, 176th Street, at 4 South Pinehurst Avenue near Fort Washington Avenue and the George Washington Bridge. It was a six floor elevator building on a city street not far from where Henry Kissinger or Colin Powell grew up. All that is now drug territory, but at the time it was middle to lower class. If I was poor I do not remember it as such. I went to PS 173.

With the advantage of hindsight things got better as CBS and radio exploded. But my parents never lost a kind of depression psychosis very common to people who had a tough time in the early ‘30s. We did get a summer home on what is now South Norwalk High School property adjacent to a working farm. In 1945 all that was strawberry fields, not covered with houses.

When I came to Washington I used to fly as a private pilot out of Bailey's Crossroads airport where now it is all high rises. The house in Norwalk used block ice for refrigeration, coal for heat, and we grew vegetables and tomatoes as a victory garden was then described. So I had summers there, but I went to public school in Manhattan.

The single most important part of growing up was the fact that my father got all the comic books free because he worked for CBS. Don't ask me why. He brought home all the comic books. I think he was the least popular man in the neighborhood and maybe one step beyond that. His view was that if you learned to read it didn't matter what you read. Eventually I would grow out of comic books.

I do not think that my friends' parents had exactly the same attitude. Nevertheless he was absolutely right. By the time I was twelve or thirteen I was well hooked on reading and I received a kind of basic education out of that little trick of enticing me to read. I used the same trick more or less with my own children.

Q: Comic books during this period were quite important. Most of us grew up on them. They were not like the rather passive cartoons the kids watch today. You had to read the comic books.

MERRILL: Comic books probably played the same role that television plays now. Parents say they don't want the kids to watch television too much. I say the kids probably get a pretty good education out of television, learn the language, judge for themselves. It is one of these things on a curve. Too much is excess by definition but that rarely happens.

Q: W*ith your mother working for a well known poet, your father producing shows of such intellectual caliber, and growing up in an environment where everybody probably sat around the table at night and talked, you must have gotten quite an education at home.*

MERRILL: Yes. I think argue would be a better word than talk which still takes place in our house. I did get a good education at home. I think they did a good job on the reading thing. I think they had trouble with me. I was headed for reform school. They bailed me out by taking the last money they had and sending me to a very fancy prep school in Riverdale which did in fact more or less civilize me. It did provide during the last three years of high school an excellent basic education. Much more so in some ways than college.

Q: I was sent from Annapolis to a prep school where you work your way up in Connecticut called Kent. I had the same thing. I don't think I was headed anywhere until I got there. I got my real education there.

MERRILL: So did I and I value a secondary school education. It is an age when one's mind is like a sponge. In their own way our three children have all been readers. I think they all got an excellent education. All three went to Cornell for college, and I'm very satisfied. I'm also very satisfied with the secondary education they got in both public and private schools.

Many people would not say that. The world is full of people who are highly critical of the educational system, but I thank the taxpayers in the end. The taxpayers provided me with

a decent elementary school education, a decent middle school, and even though it was a private school in a way the taxpayers underwrite it all. With all our problems the education I received, my wife received, and our children all received was really very good. Too bad more of it didn't stick with me.

Q: Had you gotten at home or in high school or in the neighborhood anything in the way of foreign affairs exposure?

MERRILL: No I can't say I did. It is a very good question. No, I think there was a normal exposure. World War II was going on. The nation was interested in foreign affairs. In 1941 I was seven years old. I do not think there was a special interest in foreign affairs as opposed to domestic affairs or art or any other kind of intellectual interests. I did not have any particular foreign affairs specialty in high school or a specialized interest in college. This does not mean I was not interested. I loved taking comparative government from Luigo Einaudi and a course in the presidency from Clinton Rossiter but It's like saying did you play sports? Yes, I played baseball, football, hockey and many others. Foreign affairs was like one more sport.

Q: How about your reading? What sort of things were you reading?

MERRILL: I started reading sea stories, and then opening the west stories. I still read mostly biography and history. Not just Captain Hornblower. I remember the characters but not most of the authors. Alsop stories. Altshuler. G.A. Henty. He was a wonderful writer.

Q: I cant remember the names but he wrote these wonderful stories about scouts.

MERRILL: Going through the forest and dealing with the Indians, and exploring the west. I would say it was a combination of adventure and biography and sea stories. It was a lot of reading, a lot of history. Then my father would take me over to the library. He would suggest things. The autobiography of Lincoln Steffens, the great muckraker, had a huge impact on me. I read every word of Grant's memoirs.

Then I started to move into other books that interested me. On the other hand, once one reached high school there is so much required reading and correspondingly less time for outside reading. The same is true of course in college. The books tend to be dominated by assigned reading.

I still always read an hour or two of non-business, non-essential reading before I retire. Mostly history and biography, occasionally an historical novel like I, Claudius or Guard of Honor. Anything by Zoe Oldenbourg, who writes about the middle ages, is worth reading. She brings them to life.

There was this great reading period of three or four years until I got to the last two years of high school. I used to keep a flashlight under the covers so I could read without my parents being able to spot the light.

Q: Where did you go to college?

MERRILL: I went to Cornell.

Q: Why?

MERRILL: There is a short form and a long form. The short form is that I took the state regent's exam and won a full scholarship to Cornell, to any university in the state. I chose Cornell, barely ever having been on a college campus, because it was a big name. They had to take me because I won the scholarship. I was admitted late. I remember taking the railroad up. There was a place for me in a rooming house off campus. I didn't even know where the campus was. I had no orientation, nothing like the kind of thing that takes place there now. So I was kind of alone there for awhile and made my way through the system.

Q: Did you have a major?

MERRILL: Government. Three different credit hours and it could have been history or philosophy. I could have majored in history. I got turned off on philosophy. I took a course in logic. I thought it would be helpful to learn something logical, and I found out there was no logic in a philosophy logic course. Then I took a course in ethics. Ethics is not such a bad thing to learn about. There was no ethics in the ethics course. So it kind of said something to me.

I must say it was a predictor of life. Stuart: you are a career Foreign Service officer so I'll pose this strictly rhetorically. How much merit is there in the merit system? Some, to be sure. There is about as much logic in a logic course as there is merit in the merit system, which is to say considerable but by no means complete.

Q: I think there is something to that. Generally the people I have great respect for thought for themselves and as they were coming along usually moved up the ladder.

MERRILL: Following your line of thought about majoring, several friends of mine in college were turned on intellectually about the time they became upperclassmen. I never did get turned on until I became managing editor of the Cornell Daily Sun. But it was the equivalent of being energized in some field.

I did have a series of excellent professors. Clinton Rossiter, Cushman on constitutional law, Konvitz on American ideals, people who I still think were first class intellects. The one that made the biggest impression on me was Rossiter, a well known conservative historian of the Presidency, who had a very simple philosophy.

He stood up there and said, "Look, I know something you don't know. At the end of this semester I am going to give you a test. You are going to tell me what I tell you. You are going to write it in essay form and check off a number of points. If you want to ask a question, that's fine with me. I have no objection to questions. But in the end, what I tell

you and what my assigned readings are is going to be on that test. It is a very simple thing here. I know more than you do. My job is to convey it to you."

I finally found a professor whose idea of teaching was not to listen to student baloney, but to tell you something. I started to look for more professors like that and found a few. We all select courses based on a combination of what you want to study, what you ought to study, what the college requires, what you are interested in, and who is the best professor. I think Cornell provided me with a first class education but as I said before only half of it stuck. There was no prospect of going to graduate school in the context of he time. This was 1955.

Q: Graduate school wasn't that big a deal in those days. It was not the prerequisite it became later on.

MERRILL: No. I think this is the advantage of hindsight. There were three factors at work. First, graduate school wasn't as big of a deal. Second, I came in just post GI Bill. I entered in '51 just as the great mass of veterans had left. Third, the education system was really newly formed. I didn't understand this at the time, but in 1939 only three percent of the college age population went to college and by 1950 over half were attending, including me. This was an enormous change.

The infrastructure of the system really wasn't up to it. But the important thing was that graduate school meant getting a scholarship, meant somebody paying for it. No such things existed. There were no student aid programs, or if there were I didn't know about them. Counselors other than a faculty advisor were non-existent.

There were a few of my friends, one or two, who knew they wanted to go to Harvard Law, a few who wanted to become doctors, engineers who knew they wanted to be engineers. The rest of them didn't have a clue. We all expected to go into the army anyway. You had a three way choice of army service: three years as an officer, two years as an enlisted man, six months and then five and a half years in the reserves. One could play it any way one wanted to but I never met anyone who even thought about not serving.

So the question of going to graduate school was not open to me. The money was not there; the expectation wasn't there. Only those who were driven to know exactly what they wanted to do even considered graduate school and that would have been after military service. Moreover, I had had enough of school by then and I doubt I would have wished to continue on anyway.

I did toy with the idea of a combination business school and undergraduate degree which Cornell offered. As a matter of fact, our oldest child, Doug, in fact took this program as an engineer. He received a B.S., an M.S. and an MBA in six years. But that required a decision as a junior. Being managing editor of The Cornell Sun, in itself a sixty to eighty hour a week job, made that impossible. So I just graduated.

I went to sea when I was 16, shipping out of a union hall in hell's kitchen, a rather tough area of New York. I'm still, believe it or not, a card carrying member of the National Maritime Union, with top seniority.

In later years the union was found to have been discriminatory under various provisions of the Taft-Hartley bill against so-called permit carders, meaning newer sailors like me. Anyone who went to sea before 1951 or during the Korean War was granted permanent senior rights, and could essentially pick one's ship and one's run. This notice I received years later in the mid-sixties when I was in the State Department. Somehow they tracked me down.

I had papers as a messman, wiper, and ordinary seaman. Mostly I shipped on deck. I remember my first voyage out of Newark, N.J. bound for Bremerhaven. To this day I can recall the first feel, the lift, of blue water off Ambrose light and the sense of adventure that came with that. Every time I sail down the Severn River and hit the swell of Chesapeake Bay I get that same feeling. It is step one, not to the eastern shore, but to Cape Horn or South Australia--to the unknown.

What I made going to sea paid for about a quarter of college. The scholarship was supposed to pay for all of it but inflation had eaten the grant away to the point where it covered at most another quarter. I made several thousand dollars running the Cornell Sun. If I had been less idealistic, I could have made more. My parents kicked in about a quarter, although even this was difficult because with the advent of television my father lost his radio job, and I had a sister starting at Wisconsin. The combination of the scholarship, going to sea, the Cornell Sun, and my parents was enough to get me through.

The day I graduated, there was no prospect of borrowing money. I've been a trustee of Cornell and of several other schools. It absolutely infuriates me that 80% of the students are on financial aid and that more than 50% graduate more than $10,000 in debt. I haven't a clue what to do about it. There are no simple answers. I suppose it is preferable to have the option of debt but surely our country can do better. My own foundations give many scholarships but it is barely a drop in the bucket.

Q: So in 1955 you graduated. What then?

MERRILL: I had a series of old cars. One cost $35. I kept them on the road. In time the rods would spring. If the car went faster than 35 mph, the oil pressure would drop, the car would throw a rod meaning a piston would freeze or break, and I would leave the car on the road somewhere.

In one of these old buckets I drove south. I do not remember graduating. I have absolutely no memory of that. I know I was there because I have a couple of pictures of myself and some friends. I stopped at every town with a newspaper looking for a job. To show my level of competence, I couldn't even drive in a straight direction. If you drive south from Ithaca, you cross Pennsylvania and eventually get to Virginia. I ended up in Plainfield, New Jersey.

I got a summer job as a reporter working nights on the Plainfield Courier News. Plainfield was a little town in the center of New Jersey. Late in the summer I walked into the Newark News, which was the statewide paper of New Jersey, and asked the city editor for a job. I told him I worked on the Cornell Sun. He asked me if I could write a lead sentence. I said sure I could. He said you're hired. I worked there for a year as, I quickly discovered, at 22 the youngest and undoubtedly most naive staff reporter.

I found out that my boss, who had been there 10 years, was making $75 a week, and I was making $65 a week. This did not strike me as a particularly promising path. So I quit and became a ski bum at Stowe, Vermont.

But I did get very good training from my compatriots at the Newark News. They were all the equivalent of AP reporters. They could sit down and write a story perfectly graph by graph right out of the typewriter straight into the paper on deadline. By the end of a year I could do that too. I could dictate a complete story by phone.

Being a newspaper publisher now it rather astonishes me that our people have difficulty doing this. I've got 55 editorial people in the newspaper company in Annapolis. I'll bet $100 not one of them can come back from a normal city council meeting and just write one, two, or three stories direct, much less dictate them. They fuddle around for hours. I can't understand it. I don't think I'm particularly competitive. There are better newspapermen than I am by a lot. But the pressure of having to produce quickly and accurately at a comparable level with my peers was extremely useful discipline for later life.

Q: Well it is the training.

MERRILL: Yes, it is. The ability to take a complex set of issues, compress them into the essential story, and summarize it all in descending order of importance is the single best intellectual training one can get. It is useful in business, in government, in every walk of life.

To get to the heart of the issue, to ask the right questions, to develop an instinct for what is omitted or obscured, and to write it down in simple declarative sentences is more rare than most realize. The government or large bureaucracies love the passive tense. It is believed that, rather than I think, or he said. Whether it is U.S. Grant or a working contemporary businessman, those who think clearly write clearly and vice versa.

In any case a year of newspapering is first class intellectual training. So was Rossiter's training, and then Mike Wallace's. I was looking around for another job and was offered one as Mike Wallace's first question writer on a then new program called Nightbeat, which became the first real in depth interview program and a smash hit of the day. It was Mike Wallace at his very beginning as an interviewer. But the job only paid $60 a week. I was making $65 plus $30 in expenses for a total of $95 some of which was tax free. So I made a big mistake. I turned the job down.

The Newark News' idea was that you put in a $30 expense account every week whether or not you had expenses. The second week I didn't have any expenses. My boss called me in and said, "Listen, you develop $28 or $29 worth of expenses now, because everybody else here is putting that in and you had better put it in. Invent it! This was kind of an interesting lesson on how companies were managed.

Q: This was part of your ethics training.

MERRILL: Yes. I suppose they avoided some indirect costs and employees received some tax free income. It was the way the system ran, ethical, legal or not. Anyway, I turned Wallace's job down, quit, and went up to Stowe as a ski bum. For $10 a week, a bunk, and a ski pass I made beds, served meals, skied several hours a day, and partied at night. I had a grand time but got bored with it in about six weeks.

Q: What about the military? Wasn't that hovering?

MERRILL: I had already decided. My college roommate was Dick Schaap, now a well-known TV sports-caster who has written a raft of books. He was the editor of the Cornell Sun, which meant he was responsible for the editorial page. I was the managing editor, and was responsible for day to day operation of the rest of the editorial side of the paper. We ran the thing together. He decided he was going in as an officer. I decided to do the two years or the six months as an enlisted man. I didn't know which. He went to OCS in the summer after graduation. For some reason I had to wait until they called me. I had no objection to going. This was long before rebellion.

Q: It was just something you did.

MERRILL: It was your obligation to your country. The United States was in the midst of doing a very big thing, and most people understood it. One didn't have to be wild about a military career to know conscription was something that had to be done.

The national reaction to Sputnik in 1957 was overwhelming. The idea that the Soviet Union had gotten ahead of us in space was simply unacceptable to most Americans. The sense of the time was that the country needed a draft, it needed a military, and it needed to compete, not only in space, but with the economy and around the world. Military service was not a debatable issue. You did it when they called you.

As much as I love to ski I decided I made a mistake with Mike Wallace. So from Stowe I called every day to producer Ted Yates' office or his secretary, Marlene Sanders, who later became a CBS newscaster. I said I made a mistake not taking this job. I'm still interested if something opens up. I called that office every single day, five days a week for three weeks. Finally, they said one of the people we hired didn't work out. Would you like the job? I said, "I sure would." They said," Be here in 24 hours." I quit on the spot, hopped into the car, and drove down to New York. I parked the car in a garage. It was three months before I had time to get it out.

I became Mike Wallace's first, or maybe second, question writer. There was a fellow named Al Ramrus, now a very well-known and successful Hollywood producer of documentaries, and myself. We would each do the research and script the questions for five of 10 guests, half an hour each, nightly. It took about 20 questions, linked together in series, plus an introduction and closing comments. Of course since the show was live one never knew exactly where it would go. It was called Nightbeat and was truly revolutionary in its time.

Mike Wallace, then about 35, had a Catholic mind. He knew something about everything. There was almost no question, no matter how personal, intimate, embarrassing, or relevant, that he wouldn't ask. And people would answer, pouring out their innermost thoughts. Now we know this is common. Then it was innovative and surprising.

I would script questions for a member of the President's cabinet, a movie actor such as Ben Gazzarra, or Elaine Stritch, or a current best-selling author. I did Hugh Hefner as he was promoting Playboy. I did a pawnbroker and the head of Tiffany's.

Each required a preliminary interview and immense research into their respective areas of expertise. I remember interviewing the leading ballet dancer of the time, Andrei Eglevsky, a Russian emigre and defector. Mike Wallace knew something about 13th century ballet, 14th century ballet, and so on. This was true for every area of human knowledge.

Thus to put together 20 questions for Mike and his crackerjack producer, Ted Yates, or even to conduct the preliminary interview with the guest, required immense research quickly, deeply, and broadly. I worked like hell. I used the public library in New York extensively. I used other research. I read their books or papers or interviews. I called professors and experts all over the United States and the world.

Mike would not accept second rate work. And I would do five of these a week. All I was doing was research and question writing. Everything I learned, he already knew something about It was very impressive, and extremely demanding. I had never quite met anybody like that. Today he says he remembers me as an ink-stained wretch. I remember him as a renaissance man. I learned from him how to link questions together to elicit the most information in the shortest time.

For several months I did this Nightbeat program, 16 hours a day, seven days a week. Do not think this assessment of time is exaggeration. If anything it is an understatement. Then, just as this revolutionary program, which had received massive publicity, was going network in prime time I received my draft notice.

Off I went to Ft. Dix. I was a rifleman in basic training. I was assigned to a Nike battalion later on. Probably the most important public service I've ever done was to be a private in the Eisenhower administration. He didn't know I was there, but I did. The army turned out to be not so bad. Limited responsibility. Clear direction. Many good friends.

I took the oath of office for the first of what turned out to be seven times, and with the advantage of hindsight, perhaps the most important time. To have been a soldier of the United States within the last 60 years is an honor and a privilege second to none.

Q: What did Mike Wallace do? I mean did you have to leave?

MERRILL: I had to leave, and he hired somebody else. The program flopped nationwide because it changed from a hard nosed, well-researched, no- holds-barred interview into more of an innocuous entertainment vehicle with a flabby quality that didn't quite make it. But I didn't understand that at the time because I was in the army and had my hands full.

Q: You served in the army in what, a Nike battalion?

MERRILL: Nike was the missile defense system we then used. It was outmoded because it could go only 600 mph and there were many faster weapons than that. Nevertheless we had Nike.

We have no missile defense whatever right now. I think it is incredible that at least two dozen countries, including numerous rogue ones, have or will shortly have the capacity to deliver chemical, biological, or nuclear weapons against this country. Most Americans simply do not realize that we have no air defense system. Friends and allies are already obviously vulnerable, including Europe. This is not to say that we need to defend against 10,000 massed missiles, which is not yet possible, but certainly we need to defend ourselves against limited, or accidental, or terrorist attack. It is a national disgrace that we can not do so.

Anyhow I went to a Nike battalion at Fort Wadsworth in the middle of Staten Island. I just happened to be assigned there. You could be sent anywhere. I am also grateful to basic training for one other thing --a total lack of responsibility. All I had to do was what I was told. It was the only time in my life I was able to sleep comfortably standing up in the back of a truck. I take that as a sign of mental ease. Somehow they found out that I had been the editor of a college paper. I do not remember what my MOS was.

Q: Military occupation specialty.

MERRILL: It was something normal. It might have said rifleman or something like United States infantry. They said, "Listen, we've got a base newspaper here. Would you like to work on it?" I said, "Sure." I'd rather do that than march around a Nike base. Actually the Nike base had several components. The headquarters was Fort Wadsworth, but there were squadrons scattered around Staten Island. Firing a Nike is not a very complicated deal. It's not like the Patriot. This thing was a quick cannon. You elevated it, tracked the target, which was the most difficult part, and fired.

They assigned me to a sergeant who had been 20 years or so in the military and was half

an alcoholic. Maybe a full alcoholic. It was his job to put out this newspaper. He didn't do it very well. I remember I had to line up all the pencils on the desk in order of sharpness, stuff like that.

This went on for two or three days, and I finally suggested a deal to him. You don't really want to edit this paper. I will do it for you perfectly. The commanding officer will be happy. The commanding general will be happy. The base will be happy. I will put every item and picture in. It will all be done well. If possible I will get us an award. You go over to the NCO club and leave me alone. I will take care of everything. Do you want to make a deal or don't you?

He looked at me like I was crazy. Then he said, "You really mean that?" I said, "Absolutely." He said, "You will be certain there are no practical jokes, nothing funny, no cute stuff, straight shot, 100%." We leaned over and shook hands. That was about the last I saw of him. So I produced this paper and indeed won us a commendation.

It bemuses me to note that I also refused my Pfc. stripe on the grounds that I did not want the responsibility, and it turned into one of the better management lessons I have ever had.

The first one stemmed from running the Cornell Sun where I had to learn to say please and thank you and to pay attention to the staff downward. It is basic management to set an objective and take the steps necessary to reach it; and to extract a promise and hold people to it. But this is a lot easier to do if you treat people with courtesy and dignity. Please and thank you are the three most important words in the English language for getting things done through other people. That was a terrific management lesson.

This was a different kind of lesson. In this lesson, the Army was promoting me to Pfc. I said, I'm only in for six months and only have a few months to go, why bother? Well you earned it. It is ahead of time and you have got to be a Pfc. before you leave. I said, "Look what I have to do. I must sew on eight stripes. Two winter uniforms, two summer uniforms. It costs two dollars for each stripe. That is 16 bucks. They pay me $17 a week."

At the time I had another of my old cars. It had a dead battery which I couldn’t replace for over a month. I was dating Ellie, now my wife, who worked and lived in midtown Manhattan. I would drive on the Staten Island ferry with this dead battery and very limited gas. The guy behind would have to push me off and give me a start. The ferry had three way alternating driveways. I was always terrified that some one with an MG or other small foreign car would merge in behind me and be unable to push. It never happened.

Still, I could only double park, and only on hills where I could get a downhill start. My idea of a date was a ten cent beer with all the free little salty things. For a big date a quarter for the newsreel theater in Grand Central Station was about the limit. Otherwise we explored New York.

Here they wanted me to spend 16 bucks I didn't have for these stripes. So I thanked them and said I really don't want the stripes. I don't need the responsibility. I'm not mad at anybody. It's just not worth it to me.

Next thing I know, I'm standing before a regular United States Army captain who says to me, "What's the matter with you, kid? You trying to screw up the unit here?" I said, "No, Sir." This was long before Vietnam mind you. This was the 1950s. "I just can't afford to sew an these eight stripes."

This went back and forth with the Captain trying to determine if I was a trouble maker. He said, "sixteen dollars? You don't have sixteen dollars? You don't want the responsibility?" " I'd just as soon leave my uniform alone and serve my time out," I said. "I really don't need to be a Pfc."

This puzzled look crossed his face. I remember it to this day. He said, "Come back and see me tomorrow. You sure you are not trying to do something screwy here?" I said, "Sir, I am telling you the truth. You can see how I have worked here. I will try and do everything I can to make you look good. I am not looking for trouble."

The next day he said, "Okay, here are four chits for 25 cents each." I said, "Eight chits for 25 cents each." So he combined the chits to get two for one. "You go down to the NCO club and get the stripes sewn on by the tailor there. Here is an order to get him to do that. Will you sew on the stripes?" I said, "Yes, Sir. Right away, Sir."

What was the lesson? The United States Army bent to me. That was the lesson. I say this in a nice way.

When I bought the first company, when I was trying to put the budget together for the Pentagon, the five year 1.5 trillion Reagan defense budget in 1981, I had no doubt that it was possible to make the company, or the entire Department of Defense, bend to me.

It doesn't have to bend completely; it just has to go in the general direction that I want to go. I think that this experience, minute though it seems, was very useful and when necessary applicable.

Q: After you got out of the army in 1957, then what?

MERRILL: This was the fall of 1957. I was discharged penniless on Staten Island.

Q: I was an enlisted man in the '50s, around 1954, and I was getting around $15 a week. There was no allowance for inflation.

MERRILL: They took taxes out of it. They provided meals at the base, but if you went off the base on Saturdays or Sundays, or evenings, it cost money.

Q: Yes, and there were haircut costs and cleaning costs. You weren't living high off any

hog.

MERRILL: I had to find a job. But first I received the largest raise of my life -- 300% to $45 a week by going on unemployment insurance. It was enough to rent a shared apartment on 75th St. In Manhattan and look for work.

I was extremely naive. I am conscious that other 22 year olds, including my own children, can be. I'm still naive in many ways. My view was that I wanted to go into the business side of things. I had had a look at the editorial side of newspapers and television and I sought business experience.

I was so naive that I thought real business was an advertising agency. That sounds a little silly now but those were the years of the grey flannel suit. Madison Avenue was riding high. Advertising agencies were big deals. They were getting the cream of the Harvard Business School. In fact one of my roommates shortly thereafter was Charlie Patrick, an engineer and HBS graduate who also worked at J. Walter Thompson where I quickly landed.

Q: Very much so. This was very sexy in those days.

MERRILL: The first opportunity was a television job offered by two guys named Goodson and Todman who were developing this quiz program. The idea was to have three people line up, tell a story, and a panel would choose which was truthful and which was fabricated. I was supposed to supply the people and develop the questions, akin perhaps tangentially to the Mike Wallace experience.

I listened to them and concluded that this was one of the craziest proposals I'd ever heard. Not with a ten foot pole would I touch it. Of course the program was To Tell the Truth and Goodson and Todman eventually owned a lot more newspapers than I do.

I soon caught on at J. Walter Thompson, then the world's largest advertising agency, to work on the Ford account, which was their largest client. I was a kind of junior marketing person copywriter. The job paid $100 a week.

Q: That wasn't bad.

MERRILL: Not bad? It was wonderful. $17 to $100 and climbing in less than a month. That's more than 500%, not that the money mattered. It really didn't and never has.

What was important was the superb sales and marketing training I received from Joe Stone, the chief creative and marketing person for Ford advertising. Advertising, which is simply salesmanship in print or other media, is no different than news.

The context may differ but the same principles of conveying information simply, of getting what is important up front quickly, such as a selling headline, of making clear statements, of conveying and telling the truth, of identifying product benefits that make a

difference to the consumer -- all of this has broad applicability. I am indebted to Joe Stone for an education as good or better than any business school marketing course.

After a few months I got a $1,000 a year raise, and then another, and another. Of course the business school types were still making far more than double or triple my salary. But I was satisfied. I was dating Ellie and having a generally good time in New York.

She had also worked at Thompson, and subsequently as a Broadway press agent and a public relations aide to the President of Time, Inc. Still I was getting restless in the job and felt I could never really compete with the special skills of the very highly paid jingle writers.

I never did quite understand what the heavily rewarded account people actually did. But Joe Stone's basics stuck. He saw something in me, although I really do not know what, but it was somehow something other than regular copywriting or account type work.

I took a six months leave with no guarantee of a job upon returning. I traveled through Europe, Turkey, the Middle East and North Africa. I worked a little doing small jobs for J. Walter Thompson in London and in Bonn which gave me access to people. I could have worked for them in London but after some indecision decided to return home. JWT took me back which they had no obligation to do.

I worked there another six months or so, at one point handling in some important ways the Ford dealer account. Also 1959 and 60 were very competitive years for Ford and its chief competitor, Chevrolet. Chevy had for the time chic and radically rakish and popular designs. Ford was introducing the Galaxie and the Falcon which amounted to new product lines. It was quite a battle. Interestingly I met McNamara and Iacocca in that context. Of course I had no idea they were anything other than simply senior Ford executives.

Q: You are speaking about Robert McNamara and Lee Iacocca.

MERRILL: Yes. In about a year Robert McNamara would be president of Ford Motor Company, albeit for a week before being named Secretary of Defense. He was from my lowly perspective a senior production person interested in how to make and market the product line.

Iacocca, who I remember much more vividly, was the chief salesman. His success was based on selling a '57 Ford for $57 a month. Not very complicated. But he sold far more cars in West Virginia with that slogan than anybody else did on a per state basis in the whole country. So he shot to the top. He was exactly the Iacocca you know. Arrogant, top heavy, cigar, etc. The classic American salesman. Willy Loman with a steam engine inside.

With hindsight these two folk figures balanced one another. The ultimate salesman and the ultimate numbers guru. Together they made sense. Each alone subsequently led to

different kinds of inadequacy.

Are you really interested in all of this?

Q: I want to capture some more of it.

MERRILL: Let me conclude this section. I was asked do some work on a product called Desenex, an athlete's foot powder. It was rather an interesting company in its own way. One third cost of production, one third marketing, and one third profit.

What I remember with absolute clarity was watching six middle aged people, all of them making more than $50,000 a year in 1960 dollars, intently discussing how to portray applying this stuff. This at a time when a cabinet secretary or a Governor made $10,000 a year. I said to myself there is one thing I know. I don't want to be like these people when I'm 40 years old. Whatever it takes I have got to get out of here.

I started to look for a job. I was getting married. Our first apartment was a sixth floor walk-up at 141 E. 26th St. One learns quickly not to forget things. Thompson was about to send me to Australia to be the number two man in their Australian office. They were promoting me up the chain. On our wedding day I declined that job and accepted instead an offer from NBC as associate producer of a prime time network debate program called The Nation's Future. In 1960 debates were in, and in a big way.

The net of the Thompson experience was that I received excellent lessons in sales and marketing but I knew there had to be something more in life than that world provided. I was treated very well and have nothing but good things to say about JWT or the people I worked with there except that they lacked what might be called size.

I've subsequently served on boards with the CEOs of both Thompson and Young & Rubicam. They are good people but their life was not for me. It is perhaps akin to being a GS 15 inside the government. There's more to life than being a mid level bureaucrat. I was 24. Somebody 40 was a mature person to me. My idea of maturity was somehow something more although of course I had no idea what.

I had taken some night business school courses at NYU, basics such as organization or finance. Very dimly I began to understand there was another side to business.

This debate program turned out to be NBC's prime time public service contribution for that year and was not renewed.

Looking for a job I was introduced in Washington somehow to Jim Thomson, who had been Chester Bowles assistant as a Congressman and was with him at the State Department, and also to Phil Stern, the heir to the Sears fortune and subsequently the author of several excellent books.

Stern was Assistant Secretary of State for Public Affairs. Anyhow, I was hired into the

State Department as a young aide to the Assistant Secretary for Public Affairs. This was in 1961 as Kennedy came in.

Q: Who was the Secretary?

MERRILL: The Secretary was Dean Rusk. What we would now call the Deputy Secretary , then The Under-Secretary, was Chet Bowles, who had been Governor of Connecticut, ambassador to India, WW II OPA Director, and a putative candidate for President.

I worked in this office for about a month, during which I had lunch a couple of times with Jim Thomson. I offered some suggestions about what Bowles should say in some speeches, and also some policy ideas for regional meetings he was having with our ambassadors overseas. I was asked to write these up, or outline them, which of course I did, to the complete distress of my immediate boss, a division chief in Public Affairs.

A classic bureaucrat in the pejorative sense of the word, he did not believe I should be doing anything other than working for him. Responding to the number two person in the entire Department of State was not in my job description. The attitude was inane. One would have thought this person, whose name I have long since forgotten, would have utilized the opportunity to give himself visibility. He didn't.

Within days I became a Special Assistant to the Deputy Secretary of State with an office on the 7th floor two doors down from Secretary Rusk.

With the advantage of hindsight perhaps I was up to it. But at the time I had the feeling that everyone I was working with or for knew more, had better training, and were inherently if not more able at least more able to be able. All I could do was work as hard as one human being possibly could and read everything that could be helpful by way of background. I felt as though I was hanging on by my fingernails intellectually. There was so much I needed to know.

Q: You came in in early '61. The Kennedy administration had come in. Were you caught up in that period, in the spirit of Kennedy? Can you talk a little about how you as a young person felt about what was happening in 1960-61?

MERRILL: It will be a combination of hyperbole, naivete, and corn. First, I had never met people of this calibre before.

Bowles' other assistants were the aforesaid Jim Thomson, a Ph.D. from Harvard and a protégé of the country's leading China scholar, John Fairbanks, whose history of China is to this day the definitive work on the subject.

There was Sam Lewis, a career Foreign Service officer, with an advanced degree from the Woodrow Wilson School at Princeton, and also one from John's Hopkins School of Advanced International Studies, where I am now a long time Board member. Sam, who

has been one of my closest friends since, lent me all his savings ($10,000) in 1968 when I bought the company. He subsequently became an Assistant Secretary of State, ambassador to Israel for seven years, and Director of the Policy Planning Council.

And there was me, rather like a bit player, without any demonstrated interest or experience in foreign affairs, and no real record of excellence in anything. I remember Phil Stern congratulating me for winning what he called "a spot on the Bowles team," and sincerely wishing me luck in holding it down.

I was determined to do so because somehow I recognized that it was a key turning point in life. There have, incidentally, been five such points; the first year or so respectively in college, in the State Department, buying the company, in the Department of Defense, and at NATO. Each demanded prodigious intellectual, managerial, or entrepreneurial stretch.

Bowles had an immense impact on me. He is still the single greatest man I ever met. I defer to no one on that. I have worked with several Secretaries of State and Defense, and many other senior officials in several Administrations. Most I know on a first name basis. I have also known and worked with a number of leading businessmen, Governors, and University Presidents.

Looking over my papers for this interview, for example, I came across an old resume of mine with references from Henry Kissinger, Dean Rusk, and Walt Rostow. I make this self important point only to underline the extent to which Bowles was in a league by himself. He had a phenomenal impact on my life.

Was I caught up in the spirit of the time? Yes, we all were. We were going to reinvigorate America and remake the world. Washington was an exciting place to be.

Perhaps the spirit is best reflected in two key phrases from Kennedy's inaugural address: the one relating to bear any burden, pay any price, to assure the survival and success of liberty; the other about welcoming the opportunity granted to only a few generations to defend freedom at an hour of maximum danger.

Those sentences can easily be interpreted today as overblown. Indeed in 1988 Sam Lewis and I had a rather vigorous discussion sailing up the Severn River on this very point. I said they were still valid. He thought they had become hyperbolic.

Considering that the Soviet Union collapsed completely the following year, whatever the answer we have certainly accomplished the primary mission of our generation. It is not unwarranted triumphalism to state that the victory of free market representative systems over communist centralized totalitarian ones is assuredly one of the great turning points of human history.

In 1961 the map of the world looked very different. Vast amounts of territory were colored red for Communist. A lot less was colored blue for democratic. For years on the wall in my office, both in and out of government, I kept a map showing Soviet tank

battalions in Eastern Europe compared with NATO tank battalions in Western Europe. There were more red ones by many multiples. Indeed right up to the end the Russians maintained 110 tank battalions along the border. These are, of course, purely offensive weapons. No one uses tanks for defense. The perception was that the Soviet Union had grabbed the lead, that somehow communism and totalitarianism were on the rise around the world. The Russians had the lead in space. They appeared to be winning. We were falling behind.

A similar thing was happening domestically. There was a desire, expressed in President Kennedy's campaign theme, to get the country moving again. So in foreign affairs, in space, and in domestic policy there arose an idealistic demand for purpose and vision.

We were out to save the free world. The inaugural address, entirely devoted to foreign policy, really did reflect the time. It is one of only two such documents I have framed on my home office wall, the other being the Declaration of Independence.

I have summaries of all the papers from Bowles to the Secretary and the President from 1961 to 1963. I was asked to go through these memoranda and extract the essence of them in two or three lines on an unclassified basis.

For example, there was a 1961 memorandum opposing the Bay of Pigs on the grounds that we had only had a one in three chance of winning, that should the Russians provide military assistance to Cuba, or place missiles there, we could always blockade the island and cut them off. Rather foresighted considering this was before the invasion.

There was a 1962 memorandum opposing the 18,000 military "advisors" in Vietnam saying we had to settle for neutralization or we would have 300,000 troops there in five years. It began with "Although I do not wish to play the role of Cassandra..." I worked on that paper. Opposed though we all were to further military involvement in Vietnam, even I thought it was hyperbolic at the time. Looking back the foresight is astonishing.

I also have memoranda to Sidney Hyman, the Presidential historian, from Sam, Jim, and me relating to the Administration's first two years in foreign affairs. These were 30 page papers he asked us to provide. Mine says at one point that there are many who suggest that Kennedy might go down as a Grover Cleveland type President but he isn't going to change the face of the world. It shows you what some contemporaries thought.

There was this feeling that after eight years the Eisenhower Administration had gotten tired but that we had been frustrated in moving the country forward by difficult Russians, intractable foreign affairs problems, stubborn Congressional committee chairmen, and our own inabilities.

One salient point I made to Hyman was that Bowles was never meant to be a number two. His idea of running something was to appoint good people and give them their head. Bowles, who originally hoped to be Secretary, had originally suggested Rusk for the no. 2 spot. So apparently had numerous others. Kennedy then offered Rusk the Secretary's

position, giving Bowles a choice of three cabinet spots dealing with domestic affairs or number two at State. Bowles chose number two.

This was a mistake. Rusk's system was to trust the system. He came in to the department without a single assistant. The foreign Service simply assigned one; my friend, Brandon Grove. Rusk had worked there before and trusted the Foreign Service to assign a capable officer, which they did.

Bowles believed in selecting people, inside or outside, as the situation or the job required. The executive that believes in systems belongs as number two; the one that believes in people belongs as number one.

I said that then before I went into business on my own and I repeat it now. I am totally a believer in people. Get the right people and everything else takes care of itself. Nothing is even close to the importance of picking good people. Good people will develop good systems. Put more graphically, hire Haldeman and Ehrlichman, as President Nixon did, and you see what results.

Q: I'd like to get this at the beginning of any assignment. You were with Bowles from when to when?

MERRILL: '61 to '63.

Q: How did he use you and the rest of his staff?

MERRILL: He used us as eyes and ears and to help with policy papers and speeches. He would also assign a task, such as reorganization of the bureau of public affairs, or whether to support the huge Volta river dam Averell Harriman wanted to build in Africa. We also screened the daily cable traffic.

He undertook a comprehensive review of the performance of all U.S. ambassadors after the first two years. There were innumerable policy papers. Several, for example, dealt with the importance of exploiting the potential for a Sino-Soviet split. This was unheard of in 1961-62, with the so-called China lobby still running strong. Indeed, the Bureau of Far Eastern Affairs was so hidebound that every reference in a speech or cable to China, even Red China, would come through the clearance process with red regime invariably substituted.

Bowles was frustrated in the number two job and did a lot of memo writing and policy papers. I helped out on many of these.

Government is full of bright young people who were alumni of his. Doug Bennet, former head of national Public Radio, Assistant Secretary of State for International Organizations, and now President of Waverly. Dick Celeste became Governor of Ohio. Tom Hughes headed the Carnegie Endowment. John Kenneth Galbraith, the economist, got his start as an aide to Bowles at OPA in WW II. The list goes on and on.

He would use us as sounding boards, as writers and editors, and also as a way of staying in touch with current thinking. It is the course of wisdom for people in their fifties and sixties to stay current with the thinking of the next generation.

We were each assigned a continent, which except for Jim Thomson with his expertise on China and the Far East, we would switch from time to time. Each morning I would screen the cables for my area and highlight, summarize, or when appropriate, pass on. There were hundreds of them. I soon learned that one could only have time to look over those marked Secret or higher into the code words. Eyes only would still come through me. One developed a feeling quite quickly about what a senior executive needed to know each day from around the world. There is so much going on and yet it is graspable.

I would frequently sit in for him at the Secretary's staff meetings. I'd sit in the back of the room, but I went to the Secretary of State's staff meetings. After he got fired as Undersecretary he became the President's Representative for Asia, Africa, and Latin America with offices in the White House and the State Department. I used EOB office 383 at the White House half the time and, since the NSC was not quite as formal as it is now, I would frequently represented Bowles at NSC staff meetings.

It was the first time I understood that there really was such a thing as a great man. There are some great men now. Zbigniew Brzezinski is a great man. I attend Brzezinski's current affairs lunch every other Tuesday. He is a great man. This doesn't mean that I agree with him on everything. I'm simply saying there are people of size who transcend their time. They have the capacity to pull together people, ideas, and policy.

Brzezinski is an academic genius. He goes unerringly and consistently straight to the heart of every issue we discuss. Bowles had a different kind of genius. Somehow he possessed this immense capacity for inspiration. I never left his office, no matter how bad the situation or how difficult the issue, without feeling that I could lick the world and whip my weight in wildcats.

Howie Schaeffer, who wrote a biography of Bowles, sums it up well in his concluding paragraph:

"Bowles greatest legacy to governance...was

the inspiration he gave to generations of talented

young people to play a role in public life. He offered

them a vision of what needed to be accomplished

and gave them remarkable opportunities for making

their mark....He played the role of mentor well before

that term came into popular use. Many of those he

imbued with his unique sense of idealism and mission

hold prominent positions today. They, and the country,

owe a great debt to him for the way he helped mold

them and for what he helped them to aspire and attain."

That unique sense of idealism and mission captures Chet, as we all called him, perfectly. I am indebted to exposure to Chet for everything I have done in my life more by far than to any other single person or combination of persons. I know that Sam Lewis feels the same way.

I learned three great lessons from Chet that ultimately changed the course of my life:

First, I learned what one man can do.

Second, I learned what it means to stand for something.

Third, I learned what the United States is about in a fundamental moral sense.

I concede it is a metaphysical kind of relationship, but I believe that everything I have done in life is directly connected to those three lessons. This is not the place to elucidate or pontificate on them. If the reader does not understand what I mean I feel sorry for him or her.

In the end, or at least so far, I have done perhaps more than I could have, but also less than I should have, or am capable of, to advance the cause of freedom and to promote equal opportunity.

Were I a third of a Chet Bowles I would be very proud indeed. As it is I have tried to pattern my life on his where possible, however imperfectly, and allowing for different time and circumstance. I have tried to combine those special traits of idealism, mission, opportunity, optimism, and inspiration in both public and private life.

So you see the impact was extraordinary.

Q: There is nothing like bright young people working as staff assistants to somebody to figure out what the relationship is between the principals. What did you make of the relationship between Rusk and Bowles from your perspective at that time.

MERRILL: I dealt with this in the memorandum to Sydney Hyman referenced earlier. It can be summed up by saying Bowles was a born number one and Rusk was a born

number two.

It was very simple. Bowles was frustrated. Sometimes he would send Rusk a 50 page paper and get it back marked very good D.R. Rusk is a Buddha. He sits there and says nothing. He was wrong on the central issue of our time which was Vietnam. But he was right on a lot of other things. He never gave up being wrong because he would never change his mind on Vietnam.

I think it stemmed out of the fact that he was head of the China Burma India theater during W.W.II and thought he knew the territory. Otherwise he would have had a more realistic appreciation of it. It rather reminds me of the Churchill story about the British Empire being built by never ever listening to the man on the spot.

Anyway, the two were different types. The cool, laconic, play it close to your chest bureaucratic expert, which Rusk excelled at, was really not Bowles style. Still they were civil and friendly and genuinely liked one another. Had it not been for the uproar over the leak of Bowles opposition to the Bay of Pigs, and Bobby Kennedy's subsequent savagery, it might have worked if not perfectly at least adequately. It was the White House, not Rusk, that in the end Bowles failed with. He was perhaps a new dealer amid the professors trying to be hard-boiled soldiers on the New Frontier.

Bowles was also handicapped by inadequate staff. He brought a lot of very talented top management and excellent policy people into high positions in the Department both from within the Foreign Service and without.

But with hindsight he really needed a few experienced bureaucratic infighters in his immediate office to counteract and interact in the inter-agency battles that characterize Washington. In this respect we were all too young and too naive and inexperienced to be really helpful and such infighting was never his strong suit anyway. I certainly include myself in this.

Q: There was a real problem with people who had that W.W.II experience. I worked a little bit for Roger Hillsman who didn't get over his Burma experience and thought you could do wonderful things with small groups of trained guerrillas and covert action operations.

MERRILL: I understand. All that covert action stuff rarely if ever worked, perhaps it's most successful example being Malaysia. I have come to believe that such actions, while a necessary part of our arsenal, are best handled inside the Defense Department rather than by CIA paramilitary organizations.

Three or four things explain why Bowles and Rusk failed to form an effective partnership. First, Rusk trusted the system where Bowles did not. Bowles wanted to change the system; Rusk wanted to reinforce it. Such a partnership was inherently difficult. You can hardly have a Secretary with a deputy who is supposed to be an alter ego one of whom wants to change the system and one of whom doesn't. So the

relationship was distant.

Rusk had been President of the Rockefeller Foundation and a senior army staff officer of great ability. Indeed, he had been offered a regular army commission after W.W.II. He had also been Assistant Secretary for Far Eastern Affairs during the Korean War. He was a creature of the State Department and the bureaucracy in almost the same manner as a career Foreign Service officer.

Bowles was a very different kind of person, much more used to being his own boss and setting his own agenda. He had founded a great business, been head of OPA, Governor of Connecticut, ambassador to India, the author of several books, and a national political figure who had been the 1960 Democratic party platform chairman at a time when people really fought over platform issues.

Under Rusk were also two other Governors with what might be called independent standing. I refer to former Michigan Governor G. Mennen (Soapy) Williams, who had Africa, and of course Averell Harriman, with a long record of public service including wartime ambassador to Moscow and Governor of New York.

All were appointed with political considerations in mind. All were independently wealthy, with political power bases, and extensive experience at making things happen. So Rusk had his hands full just controlling his assistant secretaries. You don't tell Averell Harriman what to do. He just turns off his hearing aid and goes and does it. I saw him do that more than once.

Q: Governor Williams said he was going to save Africa.

MERRILL: He did a pretty good job in Katanga and the Congo. But you are absolutely right. He was going to save Africa. Bowles was going to remake the Foreign Service, and break up the CIA by taking the covert operations away from it in the wake of the Bay of Pigs. He was going to appoint all these ambassadors, and indeed got a great number installed, and also succeeded in appointing a great many other senior Department officers. He brought in Phillips Talbot for the Near East and South Asia, acronym NESA, but took nine frustrating months to move out Walter McConnaghey, a Dulles holdover, from Far Eastern affairs, and get Harriman moved from roving ambassador into that slot.

But he found himself again and again representing positions that were drafted by people whose policies and persona he did not concur with.

Just on the simple question of China. If you mentioned Red China in a paper, it would come back via the clearance process from the Bureau of Far Eastern Affairs with Communist China crossed out and red regime invariably marked in. We could only refer to Communist China as the Red Regime. China, according to FE, was reserved for Chiang's government in Taiwan.

Q: But I think this comes right from the White House. The Kennedy Administration was

determined that this was one thing they were not going to get into a fight over. At least I've heard that they were very cautious on China because they didn't want to get involved with that particular buzz saw.

MERRILL: The issue really was never the China lobby buzzsaw, not that there wasn't one. The issue was did we anticipate a day when there could or would be a split between the Russians and the Chinese? However strongly anti-communists felt, through lobbies or otherwise, everyone knew the U.S. had an interest in seeing that the groundwork was laid for such a future split.

No one knew how long the so-called monolithic Communist world, particularly between those two nations, would last. This was particularly true after Stalin's death in l953 amid intimations of significant border arguments. After all, the Russians did not maintain 51 divisions along the Chinese border for the fun of it. We do not maintain divisions on the Canadian border.

By current analogy, our interest in the world is in seeing that Russia and China are both integrated into the community of civilized nations. There is much disagreement over how best to do it.

Should we expand NATO? (For the record, I am against it). How to deal with North Korea or Taiwan, surprisingly transformed into a representative society?

How in general to maintain a balance of power in Asia that incorporates the Chinese but doesn't surrender freer societies to their hegemony? The Sino-Soviet split was on the horizon but not yet ripe for initiative or exploitation.

You are quite right about the caution at the White House, however. And it was not only with respect to China. There was John F. Kennedy with this immensely inspirational rhetoric, characterized as I said earlier by the inaugural address. There was also the caution and conservatism of several Republican appointments, such as Douglas Dillon, and the consciousness that the election victory was razor thin.

There was the difficulty of getting even a tax cut through. There was Judge Smith in the House blocking up even the most modest civil rights legislation. And of course there was the disastrous meeting with Khrushchev in Vienna, where Kennedy realized that he had been taken for a shallow dilettante. So, yes, the White House was pretty cautious politically and with considerable justification.

But at the same time there was this vicious, McCarthyite, little runt brother who was more responsible for getting us into Vietnam than any other single human being and never admitted it. So perhaps there are different kinds of caution. We are talking of course about Bobby Kennedy, who was savage with people, including, but not limited to, Bowles, and who would do anything from wiretap Martin Luther King to personally attack people in White House meetings knowing they couldn't fight back because he was the President's brother.

You can blame the President for allowing this to happen. On the other hand, the President had this inspirational capacity which touched the country and the world right down to the most remote huts and villages in an amazingly direct and personal way. Not since FDR or Lincoln had a President so connected directly to real people.

I haven't any good explanation for why the President allowed Bobby Kennedy to operate in such an uncivilized, unprofessional, and extremely arrogant manner. I'll just leave it as a mystery. In a way it is fictional--the little runt brother that represents the bar sinestra.

But the arrogance wasn't limited to Bobby Kennedy. It applied to Bill Bundy, and others, too. For example, there was a meeting one day in Bowles' office over Laos. Bowles and Harriman absolutely agreed on neutralizing Laos. We were fighting a secret war there. There were many thousands of troops in Laos, although not wearing American uniforms. I'm sitting there as a note taker, not even close to being a policy player.

All of a sudden Bowles turns to me, without warning, and asks what I think about maintaining all these troops in Laos and not telling the American people about it I was stunned. I was not expecting the question, and certainly wasn't expecting to say anything.

I responded, believe me reluctantly, by observing that you can lie to the American people once and get away with it, you might even lie twice and get away with it, but if we, the government, keep lying to the America people about what we are doing in Laos and elsewhere in the area they are going to hand us our heads and come down on us like a ton of bricks. In a representative society extensive use of American troops requires popular support.

Bill Bundy turns to me and said, in free form translation, because I was so shocked I don't remember the exact words, that he had been working this problem for many years, that I didn't know anything about it, which of course was essentially correct, and that I had no business offering an opinion, which in my view was also correct, given the level of talent in that room. Remember I didn't volunteer; I was directly asked.

He went on to say that the U.S. had to undertake this operation, that it had to do it secretly, and that he did not want to see anyone not supporting the Laos policy publicly or privately. I said, "Yes sir." Of course he was making a point to others in the room and using me to do it.

But I never forgot the attitude. And the attitude is the same one that Graham Martin had when he was ambassador to Vietnam. It was the same attitude that McClintock had with the criminal military government in Argentina, which didn't have anything to do with Vietnam. It was the same attitude Bobby Kennedy had. The attitude was we know the truth. We're doing what we want to do. We are saving the free world and we don't care what the American people think about it. In the end it led to the Vietnam debacle.

Q: The thing that is missing here as you talk about how Bowles operated is the

connection with the professional Foreign Service. I'm not talking about this because I happen to be a retired Foreign Service officer, but because I'm interested in how things worked. I mean here you are, coming out of the advertising and journalistic world. Bowles has been Governor of Connecticut. Bundy is not coming out of the professional diplomatic service. Certainly Bobby Kennedy is not. You do have the regular Foreign Service, which is looking at the situation in Laos, in Africa, and elsewhere. How did Bowles tap in to this, or did he?

MERRILL: Very much. He had considerable faith in the technical and analytical capacity of members of the Foreign Service but he still wanted to choose individually among them. His focus was always on the person, not the system.

I was on an extremely rapid learning curve at that point. I was working 16 hours a day seven days a week, not just for Bowles directly, but to catch up and understand so much in so many areas I didn't know enough about. Some of the Mike Wallace techniques for getting a quick education came in handy. I needed all the information and background I could get to operate on the same level as my better informed, better educated, and more experienced colleagues.

Here I was writing policy papers and speeches for the Under-Secretary and occasionally even the Secretary of State and I felt acutely a shortage of breadth and depth I knew I needed to function more effectively. I made certain that I read Professor Neustadt's book on the Presidency which was a kind of Kennedy Administration guidebook. I read numerous other books and articles including John Fairbanks on China, and Bailey on diplomatic history and a host of others.

I was busy reading. I was busy researching. I was working as hard as I could. Every minute of every day counted. I just couldn't absorb information fast enough. I knew in my bones that I was hanging on by my fingernails and also that my life would change forever if I could somehow survive in this job.

To quote Shakespeare: "There is a tide in the affairs for men which, taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries. On such a tide we are now afloat. We must take the current when it serves or lose our ventures." This was the flood, and I did everything I could to catch it.

My wife, Ellie, had naturally come to Washington with me. She soon became Senator Ken Keating's (R-NY) press secretary. Ellie had been a Broadway press agent in NY and had worked for David Merrick and other producers on such shows as Gypsy and Sound of Music.

She had also been an assistant to the president of Time Inc. and had worked at J. Walter Thompson. So she quickly caught on as assistant press secretary and was soon promoted when her boss left. In a way we received a Washington education together.

Some people thought the leak over the Cuban Missile Crisis was me to Ellie. We don't

talk about it to this day since we disagree on exactly when the Administration knew for certain that missile sites had been constructed there.

Now a bit more on how Bowles dealt with the Foreign Service. He had a very good idea of the kind of people he wanted to choose. He had a relatively free hand with ambassadorial appointments subject naturally to the White House.

As I recall we appointed about 70% of them and also did a thorough inter-agency review of all of them after the first two years, which Sam Lewis headed.

This seventy percent number has two meanings. First it means the State Department, with Bowles the principal most involved directly, appointed about 70% of all ambassadors or decided to keep them in place. The second meaning is that about 70% of all ambassadors are career Foreign Service officers with the remainder being political appointments. It is worth noting that for all Administrations since, and to this day, the number of career ambassadors has never fallen below 70% or exceeded 73%.

There are good and bad career ambassadors and good and bad political ones. The political ones of course occasionally hit the extremes of both excellence and inanity. Career ones are rarely if ever bad in the sense of incompetence or stupidity or public embarrassment but they can be just as wrong in policy judgements. Most are really very good. But look, for example, at Graham Martin's disastrous tour in Vietnam or Joe Kennedy as FDR's ambassador to London.

There couldn't have been less perceptive or more wrong-headed and stubborn choices. Graham couldn't believe we were losing the Vietnam war. Kennedy was sure that Great Britain would make peace or lose to Hitler.

Bowles took appointing these ambassadors very seriously. He tried to pick people who were consistent with the new Democratic administration's way of thinking. The Administration sought a kind of tough mindedness, combined with a sense that we had to cope with the initiation of Soviet power projection in the third world.

There were 51 embassies in 1959; now there are 162. I can't remember exactly how many there were in 1961, but there were a lot of new embassies in Africa and Asia to fill, and we wanted people who's ideas were consistent with the Administration.

By this we meant an intellectual construct that recognized that our objective was to help these new countries maintain their independence, and avoid getting swallowed up by new foreign masters from behind the Iron Curtain. There were plenty of such good people inside the Foreign Service. So his idea was to tap the best inside and, if necessary or appropriate, seek the best outside. Not very complicated in theory at least but of course more difficult in practice.

It is worth noting that one study we commissioned very persuasively listed 109 top policy making jobs in the State Department of which maybe 12 or 15 were ambassadors. So

when I reference the competence of the Foreign Service I am not only talking about ambassadors but all of these other jobs as well that are below the assistant secretary level overseas and in the various Bureaus.

A good example of going outside was the commercial attache in New Delhi, where Bowles had been ambassador, and where he felt strongly that the kind of person who could effectively loosen up India's excessively rigid socialist trading and investment system needed to come from outside the service. He called the Chairman of Sears, asked for, and got, a first class international trade executive for New Delhi. It got down to that level. There were many such examples.

So in dealing with the Foreign Service he trusted the vast majority of Foreign Service officers he knew, and he knew quite a few of them. Those he didn't know he sought to find out more about. Those that were wedded totally to the world in Europe he tended to leave alone or distrust. But the instinct was generally to find good people and appoint them whether they were inside or outside.

Rusk's instinct was let the system select them. Don't worry about it; the system will take care of it. It is the difference between a good navy captain and an entrepreneur. When a navy captain gets command of a ship, he calls up personnel and says I need a new gunnery officer. They give him a choice of five. He has a real command, and it is real responsibility, but of a different nature.

When I buy or run a company and seek a controller or a sales manager, I haven't got central personnel to call up. I have to go out and get one. It's a different kind of command. Bowles' sense of command is go find the best people. Rusk's sense of command is the system will supply them.

t reminds me of what happened to poor John Poindexter in the Reagan Administration. Poindexter got all the way through the system where merit counted, and was in fact slated for command of the Sixth fleet. But he was promoted by the system into the National Security Council job because he was a good military aide. Nobody around President Reagan focused on his ability for this particular position.

A strait-laced highly disciplined nuclear officer. In fact he was unable to cope with the intellectual and very political trade-offs among Congress, the press, public opinion and the general messiness of democracy at the intersection of elective office and administrative requirement. Yet this is precisely what the White House is all about. Bowles' attitude was find good people and appoint them. A lot were inside the Foreign Service, and certainly capable and trustworthy.

One further point: With the rise of so many new countries and new embassies, and the advent of phone, instant cable, and now fax and e-mail, the role of an ambassador has changed dramatically. Rarely if ever does an ambassador to a country engage in significant negotiations. Those are usually, allowing for some exceptions, handled by Washington or a special envoy.

The real job of most ambassadors is to understand the culture and politics of the country they are in, to manage a diverse country team composed of multiple representatives from numerous U.S. Agencies from the Treasury Department to the Peace Corps, and especially to explain and justify U.S. policies to the host government and body politic. This is still an interesting and significant job but it is not quite the stature to which most Americans ascribe the title of ambassador. And it is not often policy-making as we have come to understand the term.

Finally, one of Bowles most significant achievements as Under-Secretary was to draft the Presidential order giving ambassadors for the first time complete administrative control over the members of the country team. Of this more later.

Q: Well what about you? Here you are learning and reading. You say there is a wealth of experience you need to know. You are dealing with Africa and other continents. You can reach down and talk to people. Were you getting direction on any of this or were you pretty much running on your reading and personal instinct?

MERRILL: I absolutely relied on the system to supply the information. I had no problem with it and neither did Bowles have a problem with the quality of the Foreign Service. The problem was in translating that into actions that were consistent with what we were trying to do.

I know this is going to sound like sour grapes in hindsight, but if a vote in the State Department had ever been taken about deepening involvement in Southeast Asia it would have been overwhelmingly negative. And perhaps close to unanimous among those who knew anything about the area.

The French couldn't do it. Eisenhower wanted to stay out of it. The last thing almost anyone in State wanted was to get involved in a ground war in Southeast Asia. We had no business inserting troops there, and the consensus on this was overwhelming.

Meanwhile here are the Bundys and Bobby Kennedy and Walt Rostow and Dean Rusk and a small minority with their hands on the levers of power interpreting Southeast Asia in a world-wide anti-communist manner when matters of nationalism, colonialism and civil conflict complicated the issue far more, shall we say, than in Korea.

The issue was framed in terms of testing our manhood by proving that we can support the South Vietnamese against the North Vietnamese. At virtually all levels except the top the State Department did not believe such a policy would work.

Q: The politics of this also intrude. The White House was not going to lose Vietnam. The Democrats had already lost China according to popular myth, so this testing the manhood is a very good analogy. This was political.

MERRILL: Particularly in the wake of the disastrous Khrushchev-Kennedy meeting in

Vienna. The first thing up on the plate was this Vietnam business. Keep in mind that we were secretly supplying the Chinese with intelligence information about the Russians. We were trying to encourage a split.

In the context of that time the U.S. operated on several levels, as virtually all countries do. We didn't want to lose Vietnam, but neither did we want to Americanize the war.

What we wanted was for the South Vietnamese to be able to defend themselves. And we had to get rid of Diem, who simply wasn't up to it. So you are left with an open question for history. If Kennedy had lived on as President would he have listened to the so-called hard boiled realists and expanded the American role in the war or would he have returned to the theme of some Senate speeches he delivered on the floor before running for President.

The central ideas there revolved around providing military assistance, a lot of such assistance, plenty of training, and perhaps some sea power for added security. But the idea was to avoid having the U.S. with thousands of troops Americanize the conflict.

This became an issue of how many advisors. A few hundred was entirely acceptable. 18,000 became a giant step upward, and this took place on Kennedy's watch because the South Vietnamese could not get their act together sufficiently to stand up to the North on their own.

Even after the 18,000 it wasn't until Lyndon Johnson's watch that the really big increases in American forces came up. But we will never know if Kennedy had not been assassinated whether we would have taken the withdrawal which we obviously settled for several years and hundreds of thousands of casualties later. No more than in Korea could the South have done it alone. As you know I opposed the escalation from the beginning but I certainly derive no pleasure whatever in having been right.

Q: Can you talk about how the Bay of Pigs was perceived in Bowles' office? How did you all feel about it?

MERRILL: Although the three or four aides in the office all worked together there were certain things that some knew and others didn't. It wasn't that everybody knew everything. So I would want to defer to Jim and Sam's perspective which might be different than mine.

What happened was the Secretary was away. As Acting Secretary, Bowles found out about the details and the sheer extent of the operation. Of course everybody knew there was some non-covert covert operation in the works. It was probably the worst kept secret undertaking in history what with all these Cuban exiles in various countries yakking away plus our own soon to be evident ineptitude.

Bowles had been kept out of the loop about the actual date and details. I think it was April 17, 1961. He found out about it only the day before. He wrote a memorandum to

the President, which I referred to earlier, strongly opposing the operation on the grounds that the Bourbons, once expelled, had never in history returned to power and also that the chances for military success were less than one in three.

If Castro became a real military problem, the memo said, such as an island aircraft carrier, with significant Russian military there, and particularly if Soviet missiles were ever installed, we could always blockade the island and bring it to a stop.

This mission was doomed to failure, the memo argued, because it didn't reflect any real understanding of how wars work, what revolutions are about, or the difference between a covert military operation and what it takes to stimulate a counter-revolution. In short, the memo argued that the mission was fatally flawed and stemmed out of a false sense of hard boiled realism.

The exercise then takes place and of course is the disaster Bowles predicted. Nobody in Bowles' office leaked that memo. But Bobby Kennedy decided that since Bowles had opposed the invasion, and that Bowles had been right, that everybody who said the invasion was a mistake was an emissary of Bowles or an extension of Bowles in some way. He savaged Bowles over this memorandum.

Q: Were you aware of the savaging at the time?

MERRILL: Well, I wasn't unaware. My memory is selective.

Q: I understand but go ahead with the story.

MERRILL: In a Time magazine article on the Bay of Pigs there appeared a footnote that said Bowles had opposed the invasion. That sent Bobby Kennedy through the roof. The idea was that everybody should have supported it because it was a losing operation and loyalty required that nobody appear to have opposed it. Bowles tried to get Time to say the source was not his office and that he had nothing to do with the leak. Of course Time wouldn’t do that. Indeed, Time has never to this day published an apology for anything.

I am a publisher and we print apologies or retractions in almost every issue as do most newspapers including the Washington Post. I have never had any journalistic respect for Time because a certain percentage, at least one percent, of everything published is wrong and another 10% is badly fouled up. It is the nature of publishing under deadline. No matter now well-intentioned, a certain percentage of what is printed is wrong. That applies, I might add, to all business.

The thing to do is apologize right up front and take the sting out of it. Regret clarification, correction--there are plenty of euphemisms. That has never been Time’s way.

The President was furious over what the CIA had done to him. He felt, with justice, that he had been blind sided. Former NBC news correspondent Elie Abel's book on this is as good a recounting as exists unless you include the recently published heretofore secret

tapes of the ExCom meetings.

The reason the president felt so strongly was that the agency leaders had counted on the landing to force the President to commit really significant American air power and of course we all know the President decided not to do so. The agency had foreseen that such a decision would be required under pressure but had not made it clear to the President. He had every justification for anger.

Bowles was stuck defending the Administration, which he tried desperately to do, while he obviously had a memo there the day before arguing against the invasion. It didn't make him popular with Bobby, and Bobby set out to get him. When the president's brother, who is also attorney-general, is on your back it is not a winning situation. So Bowles was doomed from that point on.

There was another broader and more sophisticated issue at play. This was the division between those who put Europe first and also wanted to fight it out on every third world front as we came to grips with Soviet power projection there.

Eisenhower interestingly made the point repeatedly when he was organizing NATO that dealing with the third world would require a more subtle and extended and skillful set of policies. He differentiated between defending Europe, and also uniting it militarily, from attempting identical policies elsewhere. The object was the same; the means would have to suit the circumstance.

The hard boiled realists either wanted to use military force or to be tough as hell on every confrontation point around the world, as in Korea. There was no disagreement over Europe. Here we were all in accord that Europe and NATO was the first line of defense.

In the third world the issue was not so clear. There were a hundred or more new countries of every stripe and description. They did not throw off the colonial yoke to install a Soviet yoke, although obviously many did. The map of the world was overwhelmingly red, especially when one included China with a fourth of the world's population.

The problem was how to get these newly sovereign nations to work in their own best interest, which Bowles thought was simply maintaining their independence, however governed.

Some we would win or convert, some of course would go red, but overall we could use the tools of money, technical assistance, economic and military assistance, and Western training and education, to make progress toward representative governments. With that attitude we would have avoided Vietnam, as we avoided Tibet.

But the initial rhetoric of the Kennedy Administration, which I fully supported, led to a division between the hard-boiled realists who saw everything in military terms and people like Bowles who saw it, more like Eisenhower, as a very long term policy undertaking.

The line was clear in Europe. It was muddier in the third world. Bobby Kennedy had no sense or construct for this whatever and it added to the picture of Bowles being not hard-nosed enough. The situation in Europe, no matter how daunting, was infinitely more clear. We knew what we had to do.

Q: We know we had the Soviet Army there. That was not an issue.

MERRILL: Not unless you consider 175 divisions against 40 to be an issue. And the forty included only four American divisions and a number of Italian, Portuguese and Greek divisions that were of dubious value. There were also between 110 and 175 Soviet tank battalions exercising regularly along the Iron Curtain.

Tank battalions are all offensive. There is no such thing as a defensive tank battalion. Other anti-tank weapons are more effective if they can be deployed. The question was how to defend with forty divisions against 175 divisions. We came up with this 10 days to ship 10 divisions from the U.S. to Europe and a policy of forward presence.

And, of course, in theory and in plans there was battlefield nuclear deterrence. But I did not believe then, and do not believe now, that there would ever be a time when the U.S. would use nuclear weapons first. This is a separate and with the passage of time canonical and arcane issue that needs no further exploration here. Let me just add that I have always believed arms control to be brain dead. The issue in Europe was the Soviet military threat pure and simple.

But the issue that was being raised in the beginning of the 1960s was coping in a range of places that started with Vietnam but included keeping Japan on our side, how to deal with Taiwan, how to deal with the Middle East, how to deal with the oil supply. We haven't even gotten to Nicaragua or Latin America yet.

The issue, I repeat, was how to cope with Soviet power projection in the third world. The realists said militarily. Bowles said what we've got to do is understand that these are newly independent nations. Our interest is in having them stand up for their own independence. We can help them militarily where military assistance is relevant. We can help them economically where economic assistance is relevant. We help them morally where moral assistance is relevant. But our objective is to have them keep their independence, whether we agree with them or not.

The super hard boiled side said we've got to cope with Khrushchev over Berlin and fighting in South Vietnam in the same manner. These hard-boiled realists have been proven by the record of history to be wrong. That's what the argument was about. Bowles was saying pay attention to India. Settle for a neutralization in Southeast Asia. We don't care who is neutral. Let them figure it out for themselves. What we want them to be is independent.

They will not be Soviet satellites because after 400 years of colonial domination from

London, Paris, and Rome, anybody who thinks a hundred new countries are about to be dominated by Moscow has little feel for history. What's our object? Keep them independent. That is a very different way than the Bundys or Bobby Kennedy thought.

Q: What about The Congo during this '61 to '63 period? How did you all see the Congo at that particular time?

MERRILL: This had become a very complicated business in Katanga. Even though I worked on it, this is now faded in my memory. We viewed it as a successful operation. That is we kept the Congo together despite all the previous Belgian mismanagement. The Russians did not in fact get control of it. We viewed it as a successful operation for the UN. I haven't paid any attention to Africa since then.

Q: I don't want to get into Tshombe versus Lumumba versus Kasavubu. The main thing I would like to get is the set of mind of Bowles. I include you in that Bowles' office. Did you all see a Soviet threat there? You know this is one of those things that keeps coming up. We had big red arrows pointed toward the Congo. We got involved there partially because we thought the Soviets were trying to do something. Was Bowles seeing this as a Soviet influence that we could do something about?

MERRILL: The answer depends on the perspective. Yes, we saw the attempt by the Soviets to exert influence in Africa, Asia, and Latin America. Yes, we wanted to counter it. The hard boiled realist school said the Russians are our enemies. They're going in there. We're going to counter it. Our object is to throw the Russians out.

Bowles' argument was essentially to figure out the best way to throw the Russians out. The front line is still Europe. Now we've got a second front line on the third world. On this front line there are more than 100 new countries we've got to deal with. We cannot win every one.

How do we win? We win by designing programs that help them maintain their own independence. That's designing if you will a separate program for each country, because each country is a little bit different.

With AID and USIA, and the other instruments of U.S. power and diplomacy, we developed a capacity to cope with Soviet power projection in the third world. In that battle, the instruments are not solely military and cannot be measured solely on how the Kremlin reacts. The measurement is in how effective we are in providing a developing country with the ways and means to take care of itself.

Some of them are going to take help from both sides. If they do, it is an indication perhaps of some administrative skill. It is not necessarily a catastrophe. The hard boiled realist side says if they take Russian aid, we aren't going to give them any American aid. That is not the way Bowles would think about it.

Let me carry your question forward in a later and different context to make the point

about each such third world situation being different.

When I came into the Pentagon in 1981, I would have sunk every Russian or Eastern European ship going into Nicaragua, using of course non-U.S. locals or other mercenaries. I saw no reason whatever for the United States to sit by while the Russians sent in a billion dollars worth of military equipment to arm 125,000 Nicaraguan communists and scare the daylights out of every surrounding country in Central America. I thought we should have sunk them all. That's because they were way inside the Western Hemisphere at the end of an indefensible pipeline and the amounts of military equipment imported were excessive by any standard. We wouldn't have had to sink very many ships before they would stop sending them.

That was not the policy the Reagan administration chose. We still won with a lesser policy. The Sandinistas in time collapsed. Still, it was important to distinguish hard boiled military confrontation in circumstances where there was centralized Russian control with Soviet influence being the primary factor and an independent state being brought under Moscow's control, from those situations where the issues were less clear and more subject to outside influence.

Not every revolution or coup, even if supported by the Soviets, was necessarily rooted in a local desire for control from Moscow. Put more simply, if Nicaragua wanted a communist government that is their problem. If they get it because the Soviets send in hundreds of Bulgarian assassins and billions in military assistance then it becomes our problem.

Q: One of the complaints I've had, and again there are others who disagree, was that the people who were the Middle East or the African hands too often did not view these third world conflicts as an East West confrontation. The Soviets are messing around. They are taking advantage. But on the political level it didn't often get translated that way. Kissinger was the most pronounced at that.

MERRILL: It goes back to this same question of containing the Soviets on three fronts I.e. Europe, preventing them from interfering or interrupting our oil supply from the Middle East, and coping with their power projection in the third world. After all, they did have 120 missile firing submarines at one point in their Pacific fleet alone when the entire U.S. missile submarine fleet only numbered 90.

This issue of how to confront them in the third world was a continuous fault line for the entire Cold War. The roots go back before Bowles, Rusk, and Kennedy into the Eisenhower and Truman Administrations. Were the conflicts, such as Korea, manifestations of a world wide Communist monolithic threat or were they in part, and how much part, manifestations of local circumstance, desire for independence, and such considerations as civil war and ethnic, tribal, and linguistic conflict.

I can only say that each situation was different. In Korea I believe we were right. To believe that North Korea could have launched such a massive military attack without the

training and equipment of the Soviets is bizarre. In Vietnam we had a flawed assessment, which gave insufficient weight to the long history of Vietnamese struggles to free themselves from colonial domination and the ability of equally nasty communist forces to take advantage of that situation.

There is no definitive answer that covers all situations. There have been more than 150 wars since the end of WWII and no comprehensive idea covers all of them. In the end, we did more things right than wrong and the values of Western Civilization and representative government have won over the ideas of the top down totalitarian state, Communist or otherwise.

One interesting sidelight on both Cuba and Vietnam came from Dean Rusk about 15 years ago which leaves me speechless to this day. I was returning from some event at the Woodrow Wilson center in a car with Dean Rusk, Tom Hughes, then President of the Carnegie Endowment and a former Bowles aide as well as Director of Intelligence and Research at State. We were talking about the big mistakes of the Kennedy Administration's early years.

Rusk said the biggest single mistake was that the new Administration never had any kind of formal setting of goals, nor a complete appraisal of all ongoing operations and policies, not even a staff meeting. He went on to say that by the time he, Rusk, was appointed the President had already confirmed the continuation in office of Allen Dulles and Dick Bissell at CIA, and J. Edgar Hoover at the FBI.

Rusk said he assumed that everything they were doing was with the blessing and consent of the Administration and was effectively a continuation of the policies of Eisenhower and even Truman. He said he never checked on the whole agenda and that it was his worst mistake as Secretary of State. He said it couldn't be explained to anybody. The covert operations were integrated in a military sense and the State Department didn't really play sufficiently in revisiting the goals and objectives.

So it wasn't just Bowles who was left out of the loop. So was Rusk. Now undoubtedly he got caught up a bit quicker than Bowles did. But the basic issue of ongoing bureaucratic forces in play and working, with everyone thinking someone else had thoroughly re-examined the switch from Republican to Democratic Administrations, simply did not apply to such operations as the Bay of Pigs. I thought this was a fascinating little slice of history.

Q: It is. Rusk had the reputation of being focused on Asia. What about Africa and Latin America and the Middle East? Did Bowles seem to have a freer hand there?

MERRILL: Yes, Bowles had a very free hand especially with regard to appointments including ambassadors and senior Department staff. Rusk was focused on Asia because he had served there as Chief of Staff in WWII and had been Assistant Secretary for Far Eastern Affairs. But the system, the State Department, the free world was focused on the confrontation in Europe.

I've learned sitting in these staff meetings, whether it is State or Defense, just how fast moving the world can be and how hard it is to keep focused on long term or even year long objectives.

Usually there is a daily five man quick pre-meeting, then all assistant secretaries and other agency heads. Then a quick after-meeting. For quite a while I was sitting in all of them in the back. The fast balls come out of the press, out of other countries or embassies, out of intelligence, out of Congress or the White House, out of inter-agency combat, out of personnel problems, out of military movements or any of a hundred things, most of which have little or nothing to do with either our enemies or our objectives.

Many of these need immediate this day action. These fast balls are coming by at Bob Feller speed and only a few of them can be stopped. Meanwhile why you are there and what is important can easily get lost or one can focus on the wrong thing.

A good example was the so-called nuclear MLF. Here are the western nations of the world scared to death of all this nuclear power. The last thing they want, Spanish, Germans, Danes, Greeks, Portuguese etc. in Europe is to have a bunch of nuclear weapons under their own control. What do we do? We run around the world trying to get them to share control. Remember the MLF had Skybolt and various nuclear equipped multi-national ships.

Q: Multi National Force. MLF. There is a wonderful song about one of the hands on the trigger being German. It is from Tom Lehrer.

MERRILL: Yes, we still play Tom Lehrer. We cruise under sail a lot on Chesapeake Bay with Jim and Sue Woolsey. And every once in a while, rafted up under the stars in some cove, we sing along with Lehrer. Words about counting backwards in Chinese. The missiles go up who knows where they come down. That's not my department says Werner von Braun.

Q: As long as you can get them to go up.

MERRILL: Yes. Where they come down is somebody else's responsibility. The point is there was this focus on Europe and on the Russian front there. The focus on the Far East, particularly Vietnam, we have already touched on. There was very little focus on the Middle East, except for Israel.

Nor was there any focus on the oil factor. Nobody was paying attention, except for a couple of brilliant memoranda from Bowles predicting an oil cartel. These were ignored. There was a pledge to the alliance for progress, which was mostly talk. Giving it force and effectiveness was something else. There was no interest whatever in Africa, except for Soviet involvement in some areas.

Q: Did you have the feeling that Soapy Williams would say that from Bowles' perspective he could set policy in Africa.

MERRILL: Sure. He had the same general idea as Bowles. Promote independence. They were on the same wavelength. Both were friends and former Governors.

I would like to add a word about the change in communication. People communicated in a different way. We communicate now with faxes, E-mail, memoranda and phone calls.

The way one communicated then was by speeches. Adlai Stephenson, Hubert Humphrey, Soapy Williams, Chester Bowles, and many, many others would write out speeches and use a mimeograph machine to send out copies.

This was left over from the 19th century. The technological equivalent of the Internet was the mimeograph. The mimeograph gave you the ability not only to give the speech, but to distribute it by mail to what amounted to the country's intellectual elite.

This legacy ran right into the 1960s until the xerox came in to the State Department in 1962. The xerox changed the system, just as the Internet is altering the communication system now and multi-channel cable networks and VCRs altered it a few years ago.

Q: How did the xerox change the system?

MERRILL: It revolutionized communications by making it possible to distribute multiple copies simultaneously.

Until the middle of 1962, the maximum number of copies of any memoranda was six. These were made from six carbon copies by the typist plus a barely legible one for the file. That meant that only six people could have the first iteration. Anything more had to be mimeographed. There was no way to mimeograph anything in less than three or four hours, most often six to eight hours. It had this blue ink and was produced by a centralized office somewhere in the bowels of the building.

Then the xerox arrived. One day it showed up in a little alcove halfway down one of the corridors that runs across the building from the Secretary and Deputy Secretary of State's offices. Within two months there were 50 copies of every piece of paper. Everybody had instant knowledge.

From that day on the government became uncontrollable. There were at that point five assistant secretaries of state. Now there are more than 20 plus half a dozen under-secretaries. The xerox explosion is in significant measure responsible for this. It is a technical revolution with immense bureaucratic overtones.

When once only half a dozen people were in on the action now the number became unlimited. With the xerox leaks are almost unstoppable. Even if the final iteration is highly classified and successfully kept secret, inevitably various earlier drafts find their

way into the press and other departments and agencies

In a large bureaucracy the xeroxes make control of information impossible. In a way this, together with the fax and e-mail, helped bring down the Soviet Union. It also changed the way the U.S. Government did business. Now people wrote memos as quickly as possible with multiple copies instantly distributed instead of mimeographing speeches and sending them around to be read three of four days later.

Meetings became bigger. One had to assume that anything written would one way or another be leaked so writing became a careful art form which, for anyone with common sense, reduced itself to what would appear sensible on page one of the newspaper or in some other bureaucratic office. That may not be the clearest and best way to reflect or make policy.

Most people know that I am a talkative, extroverted person, to put it mildly. But when I am in government, I never, ever open my mouth in a meeting that has more than five or six people in it, unless somebody asks me a direct question which can not be evaded or delayed such as where is the men's room. When you have a great many people, it's hard to decide anything. And anything worth saying is better said afterward or in some smaller context to or with those who count.

So the ability to have easily centralized and relatively quick decision making was a consequence of the pre-xerox age. Would the xerox have helped prevent the Bay of Pigs? Probably. So wider involvement and more complex decision making has its pros and cons.

When my wife, Ellie, was Senator Keating's press secretary he had the largest staff on Capital Hill with a total of 30. Most Congressmen had three or less including a secretary. Now there are more than 25,000 Hill staff and growing, and they are matched by staff-hungry bureaucracies in the great government departments. The xerox, I firmly believe, is as much responsible for all this bureaucratic constipation as any other single or combination of factors.

Q: When did you leave Bowles' office?

MERRILL: He returned to India as ambassador again in 1963, after a year as Under-secretary of State and a year as the President's Special Representative for Asia, Africa, and Latin America. Several people offered me a variety of interesting and relatively high ranking jobs in Government. One of them was Wilbur Cohen, the then legendary head of Social Security, and there were others inside State and the foreign affairs agencies.

I went to Bill Crockett, then what we now call the Under Secretary for Administration, for advice and he asked me what I really wanted to do. I said I really didn't want one of these jobs. What I would like is for you to send me to Harvard Business School's middle management program, technically called the Program for Management Development. Crockett said he would be delighted to arrange it if I would come back and work a year or

two for him afterward. I can't imagine that I was smart enough to ask for this.

I now realize that when a senior government executive leaves he or she is often surrounded by what appear to be talented aides and the problem for the bureaucracy in the good sense of the word is how to deal with them fairly and quickly. In general, the system is to provide one shot at anything that makes sense or whatever opening can be arranged.

Q: Yes. You are tainted with that person. You become a creature of that person whether you want to or not. They have got to reconstitute you.

MERRILL: I worked for a few months in the Executive Secretariat, which is the little but very powerful office that processes all the paperflow to the Secretary and Deputy Secretary. That in itself was excellent experience, particularly since I had previously been on the receiving end. And then I left for this five month Harvard program to which one had to be sent by your company or government agency.

There I learned all the right business buzz words, and came in contact with some crackerjack Harvard professors. Walt Rostow, then the National Security Adviser, wrote a recommendation about me to Henry Kissinger, then the Director of Harvard's Center for International Affairs, and he made me a senior fellow there.

So I worked both sides of the Charles River and got myself a smattering at least of the kind of education I needed before I went to work for Bowles. I call the B-School part my cram MBA. The Center part, which I might note the B-school never really understood, gave me access to the very best academic minds of the time in small, informal, 10 or 15 person discussion groups. I got a lot out of all of it, more than I even realized at the time.

I believe that within reason what takes most people, or any group of people because of the nature of large bureaucratic institutions, two years to learn, I can get the essence out of in six months or less if I really work at it. I think others can, too. I'm not saying that I'm somehow special. It is the difference between the group tour and the personalized visit.

Then I came back to the State Department for a year or two, working as promised for Crockett about which more later. Then Ellie and I went out to India for a year in 1965, had a grand time, and came back to Washington as the Senior Intelligence Analyst for South Asia in the Bureau of Intelligence and Research (INR) which sounds more impressive than it really was, although again I learned an immense amount and certainly found the experience valuable.

I declined, with honor and gratitude, an opportunity from Crockett to integrate at a very high rank into the Foreign Service but could not find a job outside. So, after a year at the University of Chicago as a Stevenson Fellow, with an office in Frank Lloyd Wright's famous Robie House there, and a borrowed office in Washington at the Johns Hopkins School of Advanced International Studies, I blew my way out by finding a company to

buy. With $10,000 borrowed dollars and over 3 million in debt I bought the first company essentially because nobody in business would hire me. So here I am, half entrepreneur and half public servant. God Bless America.

Q: Did you and Bowles feel akin having both come out of public relations?

MERRILL: We both felt the same. Despite being a graduate of Yale's Sheffield School Bowles also felt he never had a completely proper education. It was similar, if you will, to the way I feel about my cram MBA. Like Mike Wallace the catholicity of his knowledge was immense, but mostly came, he believed, from self education.

Far from being akin, each of us felt that we did not wish to be presented as representative of that world. Bowles, after all, had founded one of the world's great advertising agencies. Yet he, and Benton too, left voluntarily in the late 1930s for other fields. Bowles entered public service. Benton subsequently bought Musak and the Encyclopedia Britannica, both in bankruptcy or close to it, and made $150 million dollars in 1950 values.

Bowles served as wartime OPA director, Governor of Connecticut, Congressman, twice ambassador to India, Under-Secretary of State and was the author of several books and was a minor, if unsuccessful, candidate for President. No, he did not wish to present himself as an advertising man. He simply ignored it. I believe he buried it mentally.

I don't want to be represented by that world either. I have served in six administrations. I am a successful entrepreneur and investor. We own the Washingtonian. I am the second largest newspaper publisher in Maryland. I run a very large investment company. I have nothing but good things to say about J. Walter Thompson, which treated me very well, and as I indicated earlier from which I learned a lot. But I worked there for two and a half years, and similar to Bowles prefer to be known as a publisher and public servant.

Without arrogance or condescension I think it fair to say we both considered that milieu to be very useful experience for the key art of persuasion in any form -- but somehow relatively shallow. In any event, I do not ever recall Chet mentioning, even in an entirely casual moment, anything about Benton and Bowles or his experiences there.

By contrast, Robert McNamara, whom I've obviously known longer, but far less well, has time and again used as corroboration for a management related point the fact that he had been President of Ford Motor Co., even though he never says it was only for a week before taking the Secretary of Defense job. He is very proud of it.

I do not believe Bowles was ever proud of founding Benton and Bowles. I think he and Benton did it and left as soon as they reasonably could provide follow-on leadership. Indeed I know this because I edited Bowles own oral history.

Q: That was your background.

MERRILL: Again, I don't want to belittle the initial training, but I would rather be known as a private entrepreneur, a professional publisher, and a public servant, one who has tried the best I can to advance the cause of freedom and promote equal opportunity. I suppose in the end Bowles and I had a very similar reaction. Good experience but not the defining moment of life.

Q: For the record, Bowles was the second part of Benton and Bowles who along with Thompson were the two biggest advertising agencies of the era. You came out of Harvard training back to Washington. What you were doing there. This would be 1964.

MERRILL: I went to work for Bill Crockett who was Undersecretary for Administration under a slightly different title at the time.

Q: You were one of what was known as Crockett's rockets weren't you?

MERRILL: You remember that.

Q: Well one of my colleagues in the Foreign Service, Tom Stern, also does oral histories and has interviewed Bill Crockett. Could you tell me about William Crockett and how you saw him and how he operated within the department within this '64 to '65 period?

MERRILL: I am a very great admirer of Bill Crockett. I thought he was as good an administrator, as solid a person, and as decent a human being as I have ever met. He subsequently became a very senior administrator at IBM. He did not have the intellectual caliber, or breadth and depth and substance, of Bowles. He was more of a standard administrator in the best sense of the word. He tried to get his arms around the State Department administratively. A lot of people have tried that including a couple of my very good friends and all have failed.

I am the largest individual stockholder of a company called American Management Systems, a large computer service company headquartered here in Washington. It's Chairman, Charles Rossotti, was recently named head of the Internal Revenue Service. Ivan Selin, former chairman of the nuclear power commission, was one of the five founders of the company and its original long-time Chairman. When I went to NATO in 1990, Ivan, a long time friend, took the job as Undersecretary for Management, the same job Crockett had.

Ivan was the only person in the United States who believed that one could make a difference in the State Department in terms of personnel, organization, administrative skills, budget control, and what in general we would call modern administration.

He had a program of six major objectives related to the above that he was determined to accomplish. He came to the State Department with every element of force and energy that the best American businessman can bring and he didn't make a scratch.

Moreover, he had had previous government experience as an assistant secretary of

defense for program analysis and evaluation under MacNamara. It wasn't even Teflon. Bouncing off a stone wall would be progress. There would be a mark on you. In the case of Ivan, there was no mark anywhere. Nothing happened with all that effort.

With respect to Crockett, who was trying to do something similar, the difficulties did not seem so insuperable. For one thing Bowles had drafted an executive order for President Kennedy which, for the first time ever, gave the ambassador control of the country team. In other words, in country, the ambassador was the boss.

Now this may seem normal but up to that point each field office of each agency reported back directly to its headquarters in Washington and the ambassador was only at best a coordinator and at worst a coordinator.

All these different agencies - Defense, Peace Corps, Internal Revenue Service, Social Security, FBI, CIA, Agriculture, Commerce, USIA, Treasury, FAA, etc. - every element of the U.S. Government had its own people and its own budget cycle and its own international program. None of these did a U.S. ambassador control and much of them he often didn't even know about.

There were more parts to an embassy, indeed an overwhelming majority, than simply the career Foreign Service and consular officials. They all reported to different headquarters at home but not to the ambassador. So all kinds of things were going on inside a country, some of which were known to the ambassador and some of which weren't. Some he would oppose but could not control.

What Bill Crockett tried to do was to use a parallel to McNamara's PPBS at the Pentagon. He sought to give the ambassador, who after President Kennedy's 1961 order, now had executive power, the informational tools to provide a means of control. It was a tall but not unreasonable order.

PPBS means Planning, Programming, Budgeting System. It is the system that McNamara put into the Defense Department when he got there. There are a lot of critics of McNamara. He is a friend of mine. Here I do not wish to consider him in any political context or with regard to any policy issues or anything that has to do with the Vietnam war, which as you know I opposed from the very beginning of our involvement.

But as a manager, nobody has replaced the system that McNamara put in to the Defense Department. I don't know that anybody plans to replace it. This despite the fact that there are any number of people from any political walk of life or any military service from all sides of all issues who absolutely fulminate about McNamara and about McNamara's whiz kids, of which Ivan Selin was one.

Q: You are saying nobody has been able to replace the system.

MERRILL: Yes. The reason for that is simply common sense. You set objectives. You develop a written plan. You then execute a program meaning a five year rolling look at

how you are going to get there. You follow that through with a one year look at what we are going to do right now. Then you execute what you said you were going to do. Whether the system is there formally or not, that's what managers really do. Formalizing it only records or orchestrates what people are doing anyway.

So McNamara's five year rolling PPBS did bring a semblance of order out of the Pentagon. It might not have been the perfect order. It might not have been the order various constituencies in the services would have preferred. It might not have had the right trade offs or efficiencies but at least the system formalized what had been totally separate and uncoordinated service programs.

The original 9 program packages have been modified with time, as they should be. But they are still there and the four services do in fact compete for the resources to carry out the program objectives. So McNamara's managerial initiatives have survived the passage of time.

To return to Crockett, in l964 he was in a way following up an initiative from Bowles. Bowles had gathered ambassadors in the world's principal regions together in an attempt to provide strategic direction from the Kennedy Administration in line with the executive order.

Here in general, Bowles would say, is what we are trying to do. Here are our principal objectives. And then there would be a general discussion about how to implement, with, of course, considerable disagreement depending on the country and the ambassador's attitude. But one has to give Bowles credit for trying. What Crockett was trying to do, three years later, was provide tools for implementation.

The general idea was to use the country and area papers the Department had for every country, insure that they were continually up to date, get them formally blessed by the Secretary, and then take that policy and execute it through the country team using the ambassador as the point of administration, since he now had formal control.

Crockett tried to develop the management tools to give this authority a mechanism to operate. Crockett's thrust was to borrow what McNamara had done at the Pentagon and apply some of the principles but not the exact system to the State Department. It did not work, but I spent a very interesting year in the process learning why.

The principal reason Crockett's rockets, as you call them, failed, was because the people initiating the system were classic management analysts. They simply did not understand the very substance of foreign policy and even worse were not particularly interested.

Their ideas on asking the embassy people in Mexico or Argentina or Italy or India what they were working on, who they were trying to influence, and what they were trying to accomplish over a five year period had a kind of bureaucratic irrelevance to it. The State Department is not a shoe manufacturer or a utility.

We experimented with several countries and found that the amounts of money being spent came from wildly varying departments and agencies and that the people in the field had difficulty understanding this new so-called country programming system because the forms and associated paperwork were too cumbersome. There were major organizational problems in Washington as well.

In general the idea was to state the principal goals, the agencies involved, and then record the means of execution and the amount of time and money that would be required. Then the idea was to see if this matched up with what real people in real embassies were doing, and of course, to institute a feedback loop for continuous correction. Thus to get control of the Department by getting control of the basic operating unit, the embassy.

I don't think I've ever seen a more spectacular failure. It competes with the Edsel.

Q: Edsel was a Ford car that came out with a lot of hoopla and didn't go anywhere. It was a spectacular flop.

MERRILL: Unlike the Edsel where there might have been something basically wrong with the idea, there was nothing wrong with the idea here. There was really something wrong with the people who were executing it, not Crockett. There was something wrong with their inability to understand the difference between an application of time and an application of money.

Although I'm not sure I completely understood this in 1964, but having worked there later, I surely grasp that the Defense Department is dominated by the great rolling budget. It is the largest discretionary fund in the world. As we speak it is over $250 billion a year. At the height in the 1980s it was $300 billion a year. Over five years that is a trillion and a half dollars to consider conceptually.

The argument in the Defense Department is who gets the money and for what purposes. The core of the argument is what falls between section four and section five of what is called the Defense Guidance, the department’s principal operating directive. It is what I worked on in 1981-2-3.

The first four sections are planning and programming; in a general sense what you want to spend the money for. Section five and on is the actual execution; which specific weapons systems are you going to modernize or buy. The transition between section four and five is where major bureaucratic conflict occurs over the difference between general executive direction and so-called micro-managing.

If, for example, there is a program package or general policy direction to develop defenses against missile attack, a smart Army programmer could easily transform every ground launched missile, or even a tank, somehow into a defensive technology.

Equally, a smart Navy programmer transforms every shipboard anti-aircraft missile into a missile defense, which is not quite the same thing.

In this particular issue the real question is can the services develop defenses based on assets in space without violating the ABM treaty, a treaty I personally deplore.

But as a conceptual example of the iteration between general direction and specific execution it is a good way to focus on the distinction between general management by civilians representing the Secretary of Defense, and warfighting execution which should be the province of the military. Where they clash, and where the services clash with each other, is over sections four and five, that is, from the general to the specific.

In 1964 analogous discussions were taking place in the State Department. Crockett saw the problem as how to translate the general direction of an academic oriented policy paper into specific execution and also how to get feedback.

Of course I did not have the perspective then I have now. Crockett hired a bunch of very bright people who were kind of a combination of management analysts and early computer nerds. I would call them Booz-Allen or McKinsey types but not quite that good.

Their idea was that they could go around the world and ask every Foreign Service officer, everybody in the embassy, what they were doing.

They sought to divide the tasks into such categories as influence, promote, persuade, educate, etc. It had some strengths. One section of an embassy may be promoting U.S. wheat sales while another is training the locals to grow their own. One section may be promoting the sale of surplus U.S. goods while another is enforcing anti-dumping legislation against the country involved. Sometimes it would be the same people. On policy and political or economic issues similar divisions would be made using forms derived from reading the basic country policy papers.

With the advantage of hindsight, I think that Crockett used me and one or two others to try and bring some realism into these exercises.

I spent six weeks in Mexico, for example, with a team visiting every consulate as well as the embassy. I personally visited every post in Mexico, including Merida in the Yucatan, Guadalajara, Vera Cruz and every one of the posts along the U.S. Mexican border. I did a similar thing in Argentina. Other people did a couple of other countries.

Q: So you were analyzing the operations of U.S. embassies. What did you learn?

MERRILL: Principally that the system these management analysts had devised was way too cumbersome. Also that we really had some terrific Foreign Service officers. And the ambassadors loved the idea because it gave them knowledge and tools and indications of internal contradictions that were very helpful.

On the other hand the Foreign Service officers, not solely in the technical sense of the

FSO, but the people working in the embassy from all agencies, found the system way too bureaucratic.

They had a bunch of green sheets, bureaucratic forms, and were asked to figure out on five different levels of generality how much time one spent on political matters, economic matters, influencing opinion leaders, and on what kinds of issues. What were you trying to do with this time? What was the purpose of your effort? The idea was to aggregate all this, computerize it, and there would be a record of what the Mission was actually doing.

After about four or five months I came to the conclusion that the system would not work unless it was drastically, very drastically, simplified. The execution was too detailed.

The people I talked to in the embassies did not take it seriously because they thought it was too detailed, too precise. They fill out too many forms anyway. To add another level in great detail met with justified resistance.

You can't ask a political officer in Argentina how much time do you spend on exerting influence on this or that subject the way you can ask an army officer for program costs on one artillery or weapons system compared with another. Somehow the management analysis ran across the grain of the system, rather than with it.

In any case the time spent in the Defense Department by people on something is a simple derivative, really quite a simple derivative, of the great rolling budget as a whole.

Whereas in the State Department, where time is everything, there is no program budget, and thus it is more like analyzing a University or a Court system. There are of course program budgets in AID and in USIA, but even those are largely people rather than procurement.

AID particularly had program funds, but some of those presented special problems our system couldn’t handle.

PL480, that was grain shipments, were accounted for at market price. It was the national policy. At one point, India owed us more than their entire gross national product, more rupees than they had in circulation or in their banks.

We were charging off the grain we were giving them at fair market prices. Of course we couldn't sell the grain anywhere. If we had, it would have drastically depressed the price. This system couldn't adjust for these kinds of issues. Eventually by the way the U.S. simply wrote the grain off.

Perhaps something useful could have been done with a much more simple system, four or five general propositions. It would have been a great improvement. But that's not the way the people who were running this program wanted to do it. They wanted every last detail and man hour computerized, aggregated, and justified, and nothing less would do.

Q: I know I was at the other end. I was in Belgrade and at one point they wanted to make me the PPBS officer. My DCM said this is a new thing which could lead somewhere. Just my gut instincts said thanks but I'd rather not.

MERRILL: I certainly learned a lot At the time we were spending $500,000,000 a year in Mexico and more than that in Argentina. Astonishing! A half a billion or more in each country in l964 dollars. I had never grasped how much Mexican produce was imported into the United States. Mexico was and is a huge exporter to us of food and vegetables. We want to make sure that the food is edible, and that it comes from fields not contaminated by night soil. The Department of Agriculture spends a lot of time and money on that.

Then there are a lot of retired Americans living in Mexico. They get social security, pay U.S. Income taxes, and get veterans benefits. They expect support from the U.S. If they get into trouble, legal or illegal, with Mexican authorities, or need help because of theft or assault So there are social security and IRS offices and so on. There are big time oil and power and communications interests, including the extent of nuclear power. Even The American Battle Monuments Commission has cemeteries to maintain in Mexico.

Politically, the Mexican influence on other Caribbean countries, especially with regard to Cuba, was intense and extensive and often difficult. Much time was spent in Mexico in 1964 trying to influence Mexicans on how to deal with Cuba, and Guatemala, and the OAS.

Hemp, from which rope was once made, was the principal economic base of the Yucatan, and it was being replaced by artificial fibers. The Yucatan was totally collapsing with immense implications for the political stability of the country.

Also our border posts were pre-occupied with young Americans from Texas wanting to marry Mexican prostitutes, who apparently were pretty persuasive, because there were endless constituent complaints to Congressmen asking for help in preventing young Johnny from bringing these women back home. Most of them were officially registered with the Mexican government and it all demanded time for those in the border posts. This was a terrible job for a young Foreign Service officer, hardly what they signed on to do.

In short, we had a very large budget, with a wide variety of interests, some of which the ambassador didn't even know about. The Ambassador’s name was Freeman and he was really a good person. He was just fascinated by this information and thought it was terrific.

He started to discover how much money we were spending and who was spending it and who they were reporting to and how often they were at cross purposes with one another. One agency would seek to keep Mexican exports out of the United States. Another agency would try to promote them. A third would try and regulate them.

I also learned that it was simply not possible in Washington to relate a country team paper, which is the product of an intellectual, academic environment, to the programmatic system of each agency and its separate Congressional funding process.

By the time a paper is circulated for 20 clearances, and gets the country team approval, ambassadors change, appropriations are altered, and even the Congress changes. It was tough to make the Pentagon budget work with its 18-month lead time to meet the regular appropriation cycle. To make this program work in the State Department in terms of people and influence and money was very difficult.

I still believe that the relationship of the country paper to what the ambassador and his country team does is a relatively simple thing to execute. Here is our policy. Here are the general things we want to work on. Here is a list of 10 priorities. Here is where we are putting the money. That could be provided on a systematic basis for most countries from the top down with annual input from the country team.

Q: I think that makes sense. One of the things that you can see by looking at Mexico is that it stays kind of the same. But what do you do in Saudi Arabia when you have a Gulf War or things heat up? The military has actions that are combat, or short of combat, but the great majority of time for both Defense and State is essentially down time.

MERRILL: That is why the Secretary of State and the Department's principal officers will always be concerned with one crisis or another and will never spend the time to run a program like this. Quite rightly they are forced to manage by exception.

The Argentine experience was equally interesting for different reasons. There I got another great lesson in American bureaucracy. I spent a month in Argentina doing the same kind of thing as in Mexico.

For example, The Atomic Energy Commission was in Argentina. There was a very complex set of issues regarding the nuclear proliferation treaty and whether we were better off to help the Argentines, even with their nasty military government, develop peaceful nuclear power or allow them to get it elsewhere, without our input, and perhaps become extremely dangerous. Thus we had a large CIA component there.

Argentina was the only advanced country in the world that literally had a downward rate of growth after WWII. They could never organize themselves politically. Perhaps the mixture of half Italian and half Spanish origin with about three percent English was just too combustible, like red and orange.

Outside the State Department I had been given introductions to three people. One was Jacobo Timmerman, subsequently a famed human rights activist, who made public the horrible Argentine torture and other human rights violations in several sensational books that had a world wide impact.

The other two were Argentine businessmen one of whom had recently been appointed

Undersecretary of the Argentine Air Force. I called on all three in a social context.

My wife had been working at the National Committee for an Effective Congress, a Capital Hill lobbying office and think tank. Her boss, Maurice Rosenblatt, invited us to dinner one night and in a small world fashion the former publisher of the Havana Times provided these introductions so I would get some local flavor if I had time. Did I ever get flavor!

I had a lunch or dinner with each, liked them, and was invited back for dinner again to meet a few friends. Thinking nothing of it I accepted and there are a dozen or so people around the table. They understood I was doing some kind of a study on Argentina, used to work in the White House, and asked me to pass on a couple of messages. The core of these messages was that they were planning a coup. The Argentine word for it in Spanish is golpe, and they wanted U.S. support.

These were all senior Argentine business, military, and political people. Of course I was stunned. I'm down there to do this low priority, very quiet, inside the State Department, experiment and knew virtually nothing about Argentine politics or policy. So I listened as best I could, although I was in way over my head.

Then I came back to the embassy, found the Station Chief and reported as best I could what they had said. I was then asked to brief several of his associates, and also the ambassador. I then go back to doing my job. Of course they sent a flurry of cables back to Washington.

The next thing I know I get an absolutely blistering communication from my boss asking what the devil I was doing messing around in Argentine politics and ordering me to cease doing so immediately if not sooner.

Of course he was absolutely right to be furious given our task. On the other hand, there I am and the senior embassy executives whose support and assistance I am seeking are asking me to continue contact with these plotters. I said I have a job to do here. I'm willing to talk to Timmerman and this Undersecretary one more time if absolutely necessary but I can't be further involved with this business, or I will be in real trouble at home. You've got a whole embassy. I have got to live with my boss. Get me out of this.

There is no point in repeating what I said earlier about all these different kinds of programs because the principle established in Mexico applied equally to Argentina. There too, the ambassador found even the limited data of real interest and of course I was helped in personal terms by having provided very useful, if accidentally gathered, other information.

I wanted to spend a day or two skiing on the way back. The Argentines offered free transportation to their top resort and a free stay at their best lodge. I wouldn't go near it. At my own expense, I took a plane over to Chile, spent two days skiing Portillo, and came home. Even though I had a round trip government ticket which provided multiple

stopovers I paid personally for the ticket from Argentina to Chile. it never occurred to me to do otherwise.

The whole set of standards seems to me have changed totally in the last 30 years. That is just not the way we think any more. Here is Bob Dole, former majority leader of the Senate and Presidential nominee, registering as a foreign agent for Taiwan. I have difficulty with that.

Q: I think things have tightened up a great deal. There is a little more leeway on the Congressional side.

MERRILL: . In any case it never occurred to me that acceptance of such favors was legitimate.

Q: And rightly so.

MERRILL: I can remember two or three dinners vividly at the homes of Foreign Service officers whom I had been interviewing. They invited me for dinner. These were good people who had spent their life in the Foreign Service as mid grade officers who were competent at what they did but weren't going anywhere in a major career sense. The next post would be some other country. It was rather sad. They kind of hoped that a little political contact in Washington, perhaps through me, would bring them back somehow into the system, with some visibility.

It left me with a strong feeling that the merit system in the Foreign Service that says we take care of everybody based on how they work in the field was not perceived as really working equitably. I'm not sure it can work equitably. There is such a thing as visibility. If you are at General Electric, where my son, Doug, works, I suspect you get treated differently if you catch the eye of the president or one of the executive vice presidents than does a capable field engineer in a far flung corner of General Electric's empire.

Q: Assignments are terribly important. People who became ambassadors very frequently were staff assistants to someone fairly high up in the State Department hierarchy.

MERRILL: I notice that some of my closest friends in the Department, such as Sam Lewis, Brandon Grove, and Nick Veliotes, all became ambassadors and Assistant Secretaries. They formed in a way the very core of the Foreign Service. All served in some kind of staff assistant post on the 7th floor.

Were they assigned to the 7th floor because they were so good, or were they assigned to the 7th floor by accident? Sam Lewis and I have been friends for more than 35 years. He served somewhere in Italy and was then assigned to Undersecretary Bowles' staff. In picking Sam for that position the Foreign Service personnel system selected a first class officer. But I do not know whether this was chance or choice or a combination of the two.

Q: Probably a combination of the two. It's like life. Some people have a brain tumor and

some don't. Some people catch the eye of somebody and some don't. You have to demonstrate at a certain point that you are pretty capable, otherwise it doesn't work.

MERRILL: The Foreign Service is full of capable people and that's the lesson that really stuck with me. You could be a very able Foreign Service officer assigned as a political or economic counselor and still be buried invisibly in the system.

Q: In the Foreign Service it is really no different than business. There are capable people buried all over the place.

MERRILL: In 1964 I was just 30. I didn't understand all that the same way I do now.

Q: No. Because you see yourself in a particular situation at that time. It is a little hard to have perspective. It's what am I going to do now?

MERRILL: I looked at the good people working in these jobs and concluded that a decade hence I didn't want to be at the end of a cable trying to figure out how to escape.

But I developed a very favorable impression of the sheer competence of most of the Foreign Service. If there was an institutional problem, it was a surplus of capable people in jobs for which they were overqualified. Often, we had better people than the mundane tasks to which they were assigned.

I do not say that everything that happens then or now in Argentina or Mexico or any other country is mundane. I do say that many of these jobs have a relatively narrow focus. The minds of able people may be larger than just the politics of a single country. Three or four years each in three or four posts is perhaps less than these people are capable of. The more we have phone and fax and Internet and instant communications, the more real work is done in Washington. Correspondingly less is delegated to our representatives in country.

When it took three months to get there on a sailing ship diplomats had to operate on their own. The communications revolution and the airplane in part devalue or alter these jobs by transforming them into USIA type functions that are concerned more with representing effectively what the United States is thinking and doing than actually negotiating or reporting or policy making. This was all showing up in 1964.

Q: I'd like to get at something while you were doing this job for William Crockett. Both in the department and at the post, how did you find you were treated? One had the feeling, and I've gotten it in subsequent interviews, that you were a bunch of very bright young guys running around getting a lot of those senior people annoyed as staff aides do in any organization.

MERRILL: That is very perceptive. Many people in the State Department see me, to be generous, as kind of a diamond in the rough. Even my children laugh when someone refers to me as a professional diplomat. "Him, a professional diplomat? Ha. Ha. Ha."

When I am at my most restrained, people still say that I am too outspoken. Nevertheless, making that kind of allowance, I was treated personally very well because I had two distinct advantages.

First, I had significant policy experience from the first couple of years on the 7th floor. I had learned something about making foreign policy, and thus was able to interact intelligently.

Second, I genuinely like the people in the Foreign Service. This is not a small factor. People sense when you genuinely respect them and their profession in contrast to the condescension and arrogance that can accompany a view, shall we say, of people as so many cogs in a machine.

Because I had respect for what they were doing I was treated very well by Bill Crockett and by the people in the Department and at post, as you put it, but rather shabbily by the people for whom I was working directly.

Q: You said you were treated shabbily by whom?

MERRILL: By the people I was working for. Crockett had set up this team of management analysts under a couple of directors whose names I have mercifully forgotten. The problem with the people I was directly reporting to was that they didn't understand the first thing about the foreign policy of the United States, or what we were trying to do in the world.

As I went around interviewing people and trying to test the effectiveness of this new management system the perspective that I had gotten on the 7th floor was both helpful and necessary.

Working for Bowles, working with Rusk, working in the White House, working on Asia, Africa, and Latin America had given me some sense of our national and regional objectives. Sometimes, but far from always, even more sense than many career Foreign Service officers who had been boxed into one or two countries.

I believe I was treated well by those I interviewed, many of whom confided in me their reservations and suggestions for improvement. They essentially told me the system was far too complex. They gave me a lot of suggestions on how to simplify it, many of which made sense. Since this was an experimental program I brought those suggestions back and found a negative reaction from my bosses. They thought their system was being undermined.

Q: That you weren't on the team.

MERRILL: That I wasn't 100% on the team. Bill Crockett thought I was doing exactly what he sent me to Harvard Business School to do. Every so often Crockett would call

me in for a private chat, which they really did not like. There was an administrative situation with several analysts running around the Department of State.

A couple of them, including me, had a direct pipeline to Crockett, who is the kind of person who will not accept any interference or constraint on information. He will talk with anyone he wants to. I understand this. I am the same kind of person. No executive working for me now is going to prevent direct communication with anybody on the line at any level anywhere in our organization. You can call it management by walking around or any of a hundred similar phrases. Nobody keeps information from me.

When Eisenhower was talking to the troops before D-Day the movie pictures show him asking how are you, buddy? Are you from Kansas? So am I. But there were lots of other conversations. Does this rifle work? What do you think about the training you got? Are you scared going on the ship? Have you been aboard an LST?

These minor chats provide a flavor of what real people are saying. Nobody was going to tell General Eisenhower that I'm captain so and so you can't talk to my troops without me. My bosses didn't have that attitude. They could easily have turned my pipeline to their advantage by using it to get a feel for Crockett's concerns and for what he was hearing from other people.

I have always felt that a key ingredient for a successful management consulting or analysis arrangement is to be certain the analysts know something about the business. My daughter, Cathy, now works for Mercer Management and they are certainly bright there. One hopes they are able to combine first class intellects with substantive knowledge. My sense is they do. The leaders of Crockett's team were short in the substance department, unwilling to absorb and react to unfavorable field comment, too caught up in their own expertise, and thus in the end unsuccessful.

Q: It disturbs me that lately the Department of State has bought in to management is all. Although I came out of the management side essentially you want somebody to say what's China going to do if we do such and so. Essentially you want people who know the country and how to deal with it and not just a well managed embassy which is nice but not of the essence.

MERRILL: You are absolutely right. What we want out of the Foreign Service and the State Department is judgement. In this respect the State Department is not really different from a hospital or a university. One certainly wants a hospital to be well administered, but what you really want is for the doctors to know what they are doing. The quality of a university, aside from being inversely proportional to the winning record of its football team, is really in direct proportion to the quality of its faculty and the ability of its students to learn.

Q: I have heard that some of these young assistants to Crockett were calling in very senior people in the State Department itself, and sort of quizzing them, using the access as a power ploy. Did you see any of that?

MERRILL: Yes I did. I was extremely disconcerted by it. I always had a policy myself no matter where I have been at any level to go see people where they work. You learn something just from what's on the walls, the table, the carpet, the blackboard, the display tripod and so on. Every office has its own atmosphere.

You want to see people where they live. You want to look at missile defense? Go see a Patriot battalion in the field as I have done. When I was working on the war in Central America I flew to El Salvador and went out on patrol with a platoon of the 3rd Salvadoran Brigade, which certainly reflected its limitations. The commander weighed 300 pounds.

In the Pentagon, in the State Department, in my own company, it is wise to see people where they are, not where you are. It is just good management practice. I always did that when I worked for Crockett. I always went to where they worked. Never once did I ask anyone to come to my office in the first floor complex where we worked.

Your point is well taken. The two or three people who were running this thing had an arrogance to them that I found personally disconcerting, and I imagine others did too. So what happened is after a year of this I decided that this program was not going to work. We agreed that they would do their thing, and I would find something else.

Bill Crockett could have not have been personally nicer to me and gave me several choices of different jobs even though I wasn't a career Foreign Service officer. Indeed, he offered me an integration into the Foreign Service, an honor which as you know I declined. He subsequently became general counsel of IBM or executive vice president there, perhaps both. I know that he concluded they had hired the wrong people to carry out this mission.

On the other hand I got another wonderful education in how the State Department operates. I had an education at the top in the Bowles era, and then I had an opportunity to go through several countries and see every part of the system in detail with in depth conversations with every kind of political, economic, or administrative officer, as well as the representatives of other agencies, many of whom I didn't even know existed. I'm very grateful for having an opportunity to do it. Maybe I did some good, although the eventual failure of this particular experiment was probably a public service.

Q: Looking back it did change the thought process. Crockett's legacy is not just one of not making a dent. It was the first time the department started to think systematically about what we were doing and how things are allocated. It did change thinking.

MERRILL: I'm glad you say that because it does not seem to me that anybody since Crockett has had the same kind of impact.

Q: Well let me give you an example. In the 1970s they developed something called the consular packet which was essentially how do you spend your time? What is your

workload? We have measurable things, such as how many people applied, how much money do you take in, what do you predict future caseloads will be?

In Washington for the first time they were saying how many people does it take to issue a visa? For the first time the Bureau of Consular Affairs was able to go to Congress and present a chart saying this is what is required. More people were traveling, more needed visas, more hardship problems were occurring. But you could now quantify it. Resources were provided which made the rest of the State Department uncomfortable. They didn't have the same type of facts. Yet their workloads were also increasing.

MERRILL: It is important to distinguish what can be quantified from what can not. Everything can be reduced to either numbers or paragraphs but they must be used with judgement. These people had many sound ideas. But their perception of going to a university professor, in this case a political officer, and have him fill out a bunch of forms delineating the amount of time on a percentage basis spent per day influencing this or that issue did not reflect reality.

A lawyer does this every day by 10 minute intervals. He or she can bill time to a specific case. And the State Department is full of lawyers, perhaps because they can go back and forth relatively easily into the private sector.

I never heard any of them suggest that breaking their day into 10 minute segments would help them, or their division, or the Secretary organize the place better. What was wrong with the people Crockett hired was not the general objective, which was laudable, but their failure to develop the right kind of tools to help give the ambassador control of the country team and to help policy makers in Washington operate more effectively. It was just too cumbersome.

Q: The quantifiers often make this mistake. Well, you then left in what, '65?

MERRILL: Yes, we spent 1965 in India. Ellie had been Senator Ken Keating's press secretary and he was defeated by Bobby Kennedy in l964. It is worth noting that Keating ran a million votes ahead of Barry Goldwater in New York State and Kennedy ran a million votes ahead of Keating.

She went to work for the National Committee for an Effective Congress, a public interest and also very effective private lobbying operation on Capital Hill run out of a town house at 421 New Jersey Avenue.

The principal, Maurice Rosenblatt, can not be easily captured in words. Every pretty girl or attractive woman in Washington seemed to have worked for him at one time or another. He had not only immense personal charm but perhaps the best political insight of any person I have ever met. He knew everyone on Capital Hill. The house was always full of Senators. We have remained permanent personal friends.

Ellie and I were trying to have a child and not succeeding. Essentially the idea of going to

India for a year or two appealed to us. There was an adventurous context to it. I did not want to work for Bowles again, but an offer had surfaced from the new AID director there, John P. Lewis, to work for him. We decided to accept for the sheer fun of it. It turned out to be a fascinating experience which we have never regretted.

I ought to insert here that just before the Crockett period I was asked to develop an answer for the State Department to a thoroughly vicious book called "None Dare Call It Treason" by right wing activist Phyllis Schlafly.

The book was a totally unfounded McCarthy type assault on the patriotism and integrity of the entire Department with the general idea that we were all traitors helping the Communists advance around the world.

It was easy enough to demolish. I simply took it apart charge by charge and replaced each one with the facts. I got some help from James Greenfield, subsequently the managing editor of the New York Times, who was then Assistant Secretary for Public Affairs, and the result was quite satisfactory.

Mrs. Schlafly was a right wing kook then and I suppose she hasn't changed much since. I found particularly interesting the demagogic basis which provided her book with credibility.

What she did was cite as factual evidence every kind of crazy charge made by anyone in the Congressional Record, but in such a way that it appeared to be demonstrated proof by a Congressional committee. Of course anyone can testify before Congress, and Congressmen themselves insert all kinds of material into the record simply as favors to supporters. The technique still occasionally works.

We spent a month traveling in Asia on the way out to India. I learned to surf in Hawaii and we stopped in Vietnam which was just heating up. We traveled by land, that is, riding the local buses across Cambodia. We visited Angkor Wat, the 13th century Khmer civilization ruins that are one of the great wonders of the world. We crossed the Thai border at Aranyaprathet, subsequently the site of so much bloodshed, and took the train to Bangkok.

We thought Cambodia was a perfectly peaceful place where the bananas and the breadfruit hung from trees and most people were happy and well-fed. The kind of sheer terror and genocide that eventually developed there never crossed our minds as even a remote possibility.

I remember at one point literally counting 21 people and innumerable baskets of fish in a Volkswagen micro-van. Two of the 21 were us.

We stopped in Burma, which even then was a closed society, and got a good briefing from the ambassador, who had plenty of time to spare. He spent most of it putting together and taking apart a Rolls-Royce in his front yard.

The Burmese had simply turned completely inward. After World War II Burma was the most advanced of the British east Asian colonies. Who would have thought that war torn Malaysia, with its ethnic rivalries, would have prospered as a free society while Burma simply went back in time as a socialist one.

Anyway, we traveled on through Bangladesh and entered India via the extremely colorful road in to Calcutta from Dum-Dum airport. And we stopped for a day in Chittagong, still the end of the earth, because I liked the sound of the name and got off the plane when it landed there.

The year in India was dominated by the fact of the Indian-Pakistani war of 1965. We loved living in India and traveled the length and breadth of it, sometimes on business, sometimes by Volkswagen, visiting game parks, fording rivers, and seeing the country.

We became close friends with Ken and Gloria Bailey, then the U.S. Army attache, and took a trip with them into the Himalayas above the Kulu Valley in North Central India. The four of us, on horseback, were turned back by Chinese border guards at 13,000 feet. The only reason I am doing this history is because these border guards evidently didn't want anything to do with the United States in 1965. Otherwise we would all still be in a Chinese prison.

I also flew for a while. I used to be a private pilot and the Royal Indian Air Force let me fly with one of their training squadrons in Tiger Moths. That was kind of fun because it is an open cockpit biplane, and you can hang upside down Red Baron style.

India was still part of the British Empire then and we used to toast the Queen in the Officers Mess after flights. I still think To the Queen is the only proper toast. The AID job did not really work out as well as I had hoped for a number of reasons, the principal one being the change in atmosphere due to the war.

Q: This was in India?

MERRILL: AID had a staff of several hundred people. It was literally larger than the entire rest of the embassy. It even had its own building. I thought the staff should be orders of magnitude smaller. I recall exactly that there were 89 professional technical people on the payroll to supervise various contracts. These were government employees in various engineering disciplines.

All of this should have been contracted out to Bechtel or Halliburton, with perhaps two or three coordinators or checkers on the Mission staff.

The government has no business hiring directly experts on building dams. It is a waste of money. They do not get the best engineers. There are not enough of them to supervise or build anything, and their cost ought to be carried by the Indians themselves.

If the host country is not willing to pay for the technical assistance part, that is for the people, then the assistance will be close to worthless, because they will not place a high value on it. I don't want to take that to incorporate the very poorest basket cases in the world where there may be issues of charity.

Q: Bangladesh or something like that.

MERRILL: My cousin is currently ambassador in Bangladesh and I had been there before. There are 120 million people in Bangladesh, and they are more capable than many realize. For example, the Soviet Union, which at one point was the largest producer of ball bearings in the world, mostly for the military, bought for their most advanced systems bearings from Bangladesh. The quality was better. I was really thinking more of the Central African countries. Bangladesh is more like India. Too many people but a great deal of talent.

Q: Essentially what was your job at AID? Were you considered sort of a management expert having gone through this Crockett period?

MERRILL: I was considered a bright young guy who could help get control of the AID program. In the context of the time, the war took precedence over everything else. AID got put on the back burner.

I recall spending a fascinating week in Calcutta with Robert Nathan, then a very well respected world class economist, who headed his own consulting firm and who, like John Lewis, was a development expert. The idea was to help the Indians create a modern development program for Calcutta. Some things just can not be done.

Calcutta was not subject to the influence of modern American foreign assistance. It needed everything. That does not mean the Indians could not do something for Calcutta. I am an optimist, not a pessimist.

But when you have tens of thousands of people sleeping on the streets, the management tools of a Western civilized society, no matter how well intentioned, are not particularly relevant. We can not even deal with our homeless here in our own country, not that they stem from the same reasons.

In any case I did some AID type work. I did some military analysis work. At the end of a year the situation on the ground had changed.

Q: This is foreign policy. Whatever you are doing some of these programs don't work, because what you plan is changed by events. I mean all these developing countries are difficult places.

MERRILL: I agree but with a slight nuance of difference. We still have long term interests, such as helping representative government thrive in India.

Q: We don't have permanent friends but we have permanent interests.

MERRILL: That was said by Lord Palmerston about British policy. We do have ongoing interests in most countries in most areas of the world, although there can be radical shifts.

There is going to be a radical shift after the unification of North and South Korea, particularly if Korea maintains itself as a nuclear power. The current thinking in the State Department is they won't. Personally I do not believe that. And with a unified South Korea with nuclear capacity the relationships among China, Russia, and Japan are sure to be very different.

Look at our relationship to Germany and Japan between 1941 and 1951. Who in 1941 would have believed that 10 years later both would be allies and NATO would be two years old?

The skill of a good Foreign Service officer is in taking what is central out of a complex situation and expressing it in terms that can be implemented.

So I came back from India after a year. The war had ended and the AID program was in a different mode. I could spend another year because it was a two year contract. Or I could look on it as a wonderful year, but a second would have been repetitive and very bureaucratic. John Lewis also left.

Of course I took advantage of Chet's position as ambassador there and talked it over with him. We had the same view of the AID program as being necessary and desirable but excessively top heavy in administration, and not subject to easy change. So I arranged to come back to the State Department proper in INR, the Bureau of Intelligence and Research.

Then I a wonderful conversation with some bureaucrat six levels down in the administrative section who insisted that I had signed a contract to stay for two years and couldn't go, regardless of what made sense. I suggested he look at the thirteenth amendment to the Constitution.

Q: Involuntary servitude.

MERRILL: Exactly. He refused to sign off on the last piece of paper. I pointed to all the paperwork that was already completed. I told him that Ellie and I had had an extraordinarily happy year in India and I would not let him spoil it. I said I had a plane ticket back to the United States, and another job.

Somebody else was already moving into our house there and I was leaving on a date certain. If you don't want me to leave, you can call the FBI, send the United States Marines, send the Indian National Guard, or don't approve the ticket. I'll pay for it myself. You worry about the paperwork. Of course they ended up paying for the ticket.

We spent a great month en route home traveling through Afghanistan, where everybody carried a rifle, and through the Southern republics of what was then the Soviet Union, including stops in Tashkent and Samarkand which I had always wanted to visit. We also stopped in other parts of Russia, including Moscow and St. Petersburg, and then visited a number of the satellites behind the Iron Curtain.

I particularly remember New Year's eve in a private home in Budapest. We were taken out on the town to a night club. There were a number of Russian officers also present. The management brought out an old 48 star American flag, placed it on our table, and the band kept playing the Star Spangled Banner. There were, needless to say, no Russian flags presented.

I came back as what was then called, the actual title, Senior Intelligence Analyst for South Asia. This meant that I was not quite the senior intelligence analyst for south Asia, but the second in INR handling the area.

My boss was an extremely bright person named Tom Thornton, a first class academic intellect, who had a position in the civil service and thus was not subject to transfer. He was the Near East and South Asia director in INR, reflecting the Department's organization which combined for administrative purposes the Near East and South Asia under one Assistant Secretary.

Fortunately for me Tom's academic expertise was on South Asia, not the Middle East, although he was responsible for both. I say fortunately because it was helpful to have an immediate superior with academic depth where I had only practical experience.

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Q: I want to go back to India, not in detail. You had gone through the Foreign Service looking at Argentina, Mexico and other countries. You had been around and here you were essentially in an AID environment. Did you note anything different about the way AID management or the AID bureaucracy was different from what you'd observed in other parts of the Foreign Service?

MERRILL: What a wonderful question. It was not different but exaggerated. The size of the program was so large in India, so much greater than the programs in Mexico and Argentina and most other countries, that it had a character of its own

Other programs were smaller and more narrowly political or humanitarian. The program in India was the largest part of a worldwide effort to counter Soviet power projection in the third world, and to develop a competitor to China.

It was the largest AID program we had in the world. With the advantage of hindsight, it was the most successful one, meaning India, with all its strengths and weaknesses, is still a democratic country. Indeed, it is the only other country in the world besides the United States that has 200,000,000 middle class people living in the first world; this despite 700

million living in the 7th century.

Given the frozen attitude towards China, the fact that Japan had dropped as kind of an unanticipated WW II bonus baby onto our side of the seemingly monolithic Communist world, and the adverse circumstances developing in Indonesia, there was a significance to the AID program in India that transcended all others.

One thought not only in terms of doing good through standard economic development assistance. One thought in terms of a world wide challenge which the totalitarian states appeared to be winning.

They were even or ahead of us in space and Khrushchev really thought they were going to beat us in the ability to deliver real services to real people. This was the spirit of that age. The AID program in India was thus the largest and most representative of the ideological battle for Asia, Africa, and Latin America -- all part of the same ongoing competition in the Toynbee sense of challenge and response.

At the time I was somewhere between appalled and disappointed. I think Chet expected me, even though I wasn't working directly for him, to be able to do more than I could. I referred earlier to the 89 full time engineers. There were also a bunch of program officers. There was an immense amount of paperwork. All the program officers were bureaucrats in the sense that they wanted to make sure that all the and "t's" were properly crossed.

What they met were comrades in arms in India. Here was the legacy of the British civil service. They both loved paperwork. They both wanted to make certain the forms were filled out exactly right.

Let me provide some flavor for Indian paper work. You could stand by an Indian Airlines plane with a capacity of 100 people. There could be two people on board. You had a valid ticket. The plane would take off without you, because the manifest said it was full. I am not joking. This has actually happened to Ellie and me.

Why did the plane take off? Because the clerk standing there with the manifest is a minor civil servant. He has a career. He loses that job and he is a dead man. He literally starves. Does he care whether the plane is full? No! He cares what's on the manifest. If the manifest says the plane is full, the plane is full.

What is the risk to the clerk of changing the manifest or letting people go aboard who are not on the manifest? The risk to him is his whole life. He's not going to take that risk. This is a country in which a whole village will celebrate because one of its youths was accepted into the Army. It is a country where job seekers have cards that say high school fail which means they had some high school but failed. Now when this culture and AID's huge bureaucratic culture met, it was a take.

Q: A love match.

MERRILL: So the rigidity of the bureaucracy was extremely troublesome. I do not want to sit behind a desk filling out forms. Time behind a desk is wasted time. The AID culture is to make certain all the forms are exactly right. It's what happens when you keep picking at and beating up on a bureaucracy. What is eventually left is a kind of a sludge.

But the worst part was that the fundamental thing they were doing was off target. There was too much government to government assistance and not enough government to private industry assistance. We are in the business of developing free institutions, private enterprises, free markets. That's what we were trying to make work in India. In fact we-- actually they-- succeeded. The fact that American policy over several decades helped India to maintain independence, territorial integrity, and democracy is among our great Cold War victories. That doesn't alter, however, the issue of AID bureaucracy.

The electrical engineer on the AID payroll had the self-protective interest of filling out the paperwork, living well in India with a bunch of servants, and above all not screwing up. If a particular project is finished he gets a share of the credit. If not it is the fault of what the British used to call the bloody wogs. Does he report to someone whose job it is to get this dam built, to get this electric system operating, to get this bunch of wells completed? No!

Q: I think this is a tendency to transpose the large bureaucracy which exists to countries rather than to be more project oriented.

MERRILL: The whole AID mission way of operating was wrong. But we still had a wonderful year in India, made even more interesting because of the war. We bought a Volkswagen and drove the length and breadth of India. We forded rivers. We visited the Kulu Valley in North central India. We were up in Kashmir.

Ellie and I followed the Ganges to its headwaters camping out all the way on beaches in the canyons with a 22 for protection. What that would have done in what is classic tiger country I hate to think about. The Ganges starts at a little town called Devraprayag at about 10,000 feet in a small vale. It's like following the Colorado to the headwaters. We went to Indian game parks. We explored the width, length and breadth of India visiting ruins and temples, great game parks, and marvelous ancient carved cities such as Kajaharo. It was a marvelous year.

Q: You came back to INR in 1966 to work on South Asia. That's India, Pakistan, Afghanistan, Bangladesh, Ceylon, and Nepal. Did you deal with the Near East also?

MERRILL: Principally South Asia. However, INR and the State Department was then organized in the five geographic areas of Europe, Near East and South Asia, Asia, Africa, and Latin America.

So my expertise and responsibility was in South Asia, but we stood overnight watch. A representative of each of the five geographic areas would come in early one morning, a

week at a time, and brief the Secretary on what happened overnight.

Thus when I had the watch, which was every fourth week, my responsibility included not just South Asia, but also the Near East. This is more commonly referred to now as the Middle East, or sometimes Southwest Asia.

In any case it included the entire Arab-Israeli set of issues as well as some of the world's most extremist and dangerous countries. So I had to get up to speed on all those critical issues in the Middle East, including of course oil. Surprisingly, it was not as complicated as I thought it was going to be, not that it was easy. There was a steep learning curve and of course I had to stay abreast of developments even during those weeks when I didn't have the watch.

Q: What were the particular problems during this '66-'67 period in South Asia?

MERRILL: The issues that most interested the State Department revolved around the residue of the Indo-Chinese war of 1962 and whatever moves were taking place along that border.

Then there was the continuing issue of Kashmir and the consequence of the Indo-Pak War of 1965 particularly with regard to movement of troops or other military developments.

There was the ongoing issue of military supplies by the Chinese to Pakistan and the Russians to India.

And of course there was the Indian role in relaying to us their very real concerns about the attitudes of North Vietnam which was using India quietly as a conduit to the U.S. Stupidly we payed insufficient attention and kept escalating the war.

Also there were any number of internal problems in each of these countries and, in the context of the time, India's role as a putative leader of the so-called non-aligned third world movement.

But far and away the single most important development of the time was the capacity of India suddenly to feed itself, and indeed to export a surplus. This is one of the great developments of history and one about which I am sorry to note that the State Department and the government in general was monumentally uninterested.

This was a result of Rockefeller Foundation research which led to what has been called the green revolution. This is based on four principles: new heartier seed; the availability of water through multiple local tube wells, fertilizer, and credit. In short, seed, water, fertilizer, credit.

With those four items integrated and applied, within those two years India moved from importing tens of millions of tons of food to exporting the same amount, mostly wheat.

One Indian state, such as the Punjab, became capable of feeding all of India and exporting food to other countries as well.

At the time there was a couple named Paddock who had published several Malthusian type books about how the world was unable to feed itself and would shortly starve to death, Pl 480 to the contrary notwithstanding. There are still people who feel that way.

But the fact is that after 1967 it became clear, because of what happened in India, that the world can easily feed itself a dozen times over. The real issues are distribution, pricing, education, housing, medical care, and income. It is not capacity to produce sufficient food. Indeed with less than l% of our population the United States feeds itself completely, has vast exports, and still pays out billions to farmers to limit production.

Anyway the green revolution was the biggest thing that happened in South Asia, but not in the direct context of my job, which dealt far more with current intelligence issues -- even the research part of it

The Indians had what should have been a very helpful relationship with North Vietnam. The Indians warned us time and again of North Vietnamese willingness and ability to escalate.

They represented faithfully the North Vietnamese attitudes, warnings, and perceptions, but the Bundys, Walt Rostow, and the NSC complex would not take any of these reports seriously. There were many exchanges on this. They went nowhere because with regard to Vietnam our government was set on a disastrously different course from a different perspective

In a more general sense, almost every morning I would come in and find a report on my desk that said Chinese tanks were spotted at 15,000 feet on the Indian border, or that Pak forces were moving in some direction, and so forth. You need a flavor, a mosaic in intelligence, a feel for what makes sense. Most intelligence is open reports with no classification. It has to be put in context. A tank just doesn't show up someplace. It's got to get there by road and it has to be supported. It's got to have gasoline.

Q: It's got to go somewhere, too.

MERRILL: Yes, purpose. One had to screen out the clutter and decide what was important so you could provide hand typed quick summaries or single sentence fact notifications. There were other times when a one pager or one paragraph were required.

These would be on a regular piece of paper direct to the Secretary. Last night so and so was reported. It makes sense. It makes no sense. These were mixtures of military and non-military items, many of which were political, people saying one thing publicly and another privately. And there were longer policy papers that would relate to upcoming state visits or other negotiations written from as dispassionate a point of view as humanly possible.

With respect to the Near East, I happened to be the person who was on watch when the jump off of the 1967 war took place.

Q: June of '67, wasn't it?

MERRILL: There was an office in the corner of the State Department, where all the electronic intelligence came in. It is bemusing that even today I am reluctant to call it by name.

Q: Oh, yes. Intercept intelligence. Where we were eavesdropping.

MERRILL: Intercept intelligence. ELINT. Signal intelligence. SIGINT. The very words were classified. They are not anymore, but I wouldn't use them now if they were not common knowledge everywhere and if you hadn't opened them up first. Other code words were even more compartmented.

I checked this one morning and a certain word we were looking for, let's just call it Gerinomo, came in at 5:00 A.M. This was the jump-off word and there was some limited associated material with it. So I've got this little piece of paper with this decrypted material.

Meanwhile, McNamara, Mac Bundy, Dean Rusk and about 12 other people are meeting in the Secretary's conference room, and I have this intercept revealing exactly where and when the Israelis are about to go.

We've talked about the bureaucratic process before. I was required by the Department's executive secretary to call each of them out separately, because there were people in the room who were not fully cleared.

Now who is going to be meeting with the Secretary of Defense and the Secretary of State and the National Security Advisor who is a security risk. I got stuck just like those bureaucrats in India. I violate the rules I lose my job and probably get charged with all kinds of security offenses.

I arrive with this paper and am told not to enter the meeting even though it centers on my information. You simply cannot give intercept intelligence to people who are not cleared specifically for each level of intelligence. So we called out about half the room sequentially. I was kind of amused at the whole exercise. It rather tickles my fancy. But it is an indication for the record of history, how tightly held much of this was.

And for those who don't think intelligence counts, we're now dealing with weapons of mass destruction and terrorism, and there are only two ways of having a basis for action in that regard. One is to listen to people. Let me call it significant electronic eavesdropping. The other is to have agents inside these very nasty organizations who are doing evil things, perhaps killing innocent people including Americans.

Q: Countering terrorists.

MERRILL: At least a coordinated policy of counter-terrorism. That means having good working relationships with the intelligence and police organizations of the vast majority of countries so we can deal effectively with the half dozen or so real crazies in the third world.

There is a difference between the criminal process of law enforcement, which means catching and convicting bad people, and intelligence which means watching and listening to them so that preventive action can be taken when it really counts.

The best example of this is the British use of the Ultra intercepts during World War II which helped destroy the U-Boat threat and deceive the German high command on the D-Day invasion. But at a cost, for example, of allowing thousands of civilians to be killed in the bombing of such cities as Coventry rather than let the Germans know their code had been broken.

In this case I thought the secrecy was a little amusing because it was excessively bureaucratic. Nevertheless, I followed the rules and did just fine.

Direct exposure to the issues that involved Israel, Jordan, The West Bank, Syria, Saudi Arabia, and Iran was very educational indeed. The two critical issues of course revolve around the Arab-Israeli confrontation and the requirement for oil. My colleagues in INR had excellent insight on these areas and helped me be certain that I knew enough to deal with an overnight emergency or surprise.

By the way there is plenty of oil in the world- - proven reserves sufficient for 500 years with new discoveries coming every year. The real issue is cost. The stuff bubbles up on the surface in Saudia Arabia at $I per barrel and just about everywhere else the cost of drilling is about $15 per barrel. This gives the Saudis the ability to break the world market at any time.

All of these intelligence issues made the job fascinating. But I thought at the time that the green revolution was of extraordinarily significance. It was without doubt the most important thing that happened on my watch.

Q: It is very interesting to point that out. There was a whole bureaucracy that had been built up to supply food. All of a sudden we come up with the solution. There are obviously American farmers who would not react positively, But I was thinking of the AID bureaucracy. All of a sudden they found themselves out of business.

MERRILL: Not quite. In this respect A.I.D. actually did a pretty good job. People often believe, for example, that you can develop an electric car but those who make gas don't want you to have it. I am not a subscriber to almost any conspiracy theory.

Q: No. But I'm just saying that when it happens, the bureaucracy doesn't adjust to its success.

MERRILL: Not easily because basic change can happen very rapidly. Just look at the fax, e-mail, and personal computer evolutions of the last decade. The impact of such changes is initially often rejected by large organizations but in time they have no alternative but to recognize and incorporate them. Look at what Microsoft did to IBM.

I wrote a couple of pretty good policy papers inside the State Department on the green revolution but was frustrated by their lack of impact.

These issues weren't even classified. They were totally open. But the State Department and its A.I.D. arm were focused on big projects with large capital assistance. Perhaps it was a residue from the great dam building efforts of the 1920s and 30s such as TVA and Hoover.

This was a quieter, lower key, far more technically assistance oriented revolution. I just don't think people understood the significance of the new seed. They particularly didn't understand the integration factor of, I repeat, the seed, the water, the fertilizer and the credit all together that made it work.

This revolution was more than just spreading some new seed on the ground. One Senator who did understand, and who was very helpful, was George McGovern who at that time was the Senate's point man on Food for Peace, and PL 480 etc. This of course was before he got involved in Presidential politics.

I grew up next to a small farm in Connecticut, a six or seven acre farm, but our neighbors made a living at it. Farmers are the most conservative people in the world. They are at the mercy of wind and water and rain. They are subject to the natural elements. The nature of what they do is essentially isolated. It is plowing a straight furrow down Jefferson County, Harry Truman style. If the crop fails, they lose everything.

The dependence of the Indian farmer on the monsoon and the traditional methods is a matter of life and death. It is certainly not a venue of experimentation. This is not a corporate farm. If one doesn't work out, we buy the food someplace else. ADM or Cargill bought a little cocoa from the wrong supplier.

This is each individual betting his life. They have to be absolutely certain that this stuff will work. It means they have to go borrow the money; they have to dig the well. They have to get the seed. The seed has to be planted in the right way. Fertilizer has to be made available in terms they can afford. It has to be the right fertilizer for what they are growing. So the reservations come from people on the ground who are very conservative about change.

Nevertheless, this revolution did take place, and it took place in a period of just a couple of years because it worked. It worked to produce immense yields and provided an

assurance these farmers never had before.

They didn't have to depend totally on the rain coming down from the top. They got it from the bottom. And it worked because you had the right seed at the right time for the tube well. That was the most important thing that happened in South Asia on my watch. It may be one of the most important things that happened in the world.

At this point I left the State Department to write on this subject. The University of Chicago gave me an appointment as a Stephenson Fellow, at the time a very well regarded position, on their faculty. Bob Osgood, who had headed The Policy Planning Council at State and was the then Dean of the Johns Hopkins Schools of Advanced International Studies (SAIS), lent me an office. I've since been on the SAIS Board for 25 years. So I went back and forth between my office at Robie House, a marvelous Frank Lloyd Wright house on the Chicago campus, and SAIS.

This was all funded by several hundred thousand dollars from the Ford Foundation and a couple of other places, but largely the Ford Foundation. Chicago gave me a $25,000 annual stipend for which I was very, very grateful. My view was that in return for helping them raise all this money they gave me an office, a chance to write, administrative help, a salary, and I was absolutely delighted.

By the way I went first to the Council on Foreign Relations, where I am now a member, and wanted to do this for the Council. They had a couple of meetings, dithered back and forth, and were uncertain as to whether this green revolution stuff was for real or not.

I did not come without good references. I found my old resume. There is Walt Rostow, Henry Kissinger, Dean Rusk. But talk about conservative. The Council was more conservative than the Indian farmers. Anyway between SAIS and Chicago I got this book 98% written and then went and bought the company in Annapolis. So I finished it off as a monograph, but could not actually complete it as a regular book.

Q: You had an INR story you wanted to tell.

MERRILL: We had grant money to provide research assistance. At the close of one fiscal government year, September 30, I had $150,000 left over. Even though I had some good friends doing basic research in some fine institutions, including Harvard and Cornell, I didn't really see the need for any additional academic research on South Asia at that time. I'm not an academic, but was surrounded by a lot of them. Indeed I had more research on my desk by far than I had time to absorb. There was no special focus in mind, so I gave the $150,000 back.

The next thing I know, a very decent man named Herbert Lebesny, a long time professional bureaucrat who was Deputy Director of INR, calls me in and asks how it is possible for a grown man to have worked several years in the State Department and still be terminally stupid.

He then explained that money not used returns to the Treasury general fund. Not only will INR not get it next year, but we will have to explain why we asked for funds we didn't need this year. Moreover, maybe someone else in INR could use it. In short, there are 100 different ways to reprogram this money but the one way not to deal with it is to tell the Congress we don't need what they appropriated after several levels of scrubbing.

At any level of government, the object is to get the largest budget and the most people. This applies to the fire department or the state department.

The difference between that and private business is that in private business the object is to produce the most with the least, thus improving the bottom line. But most government functions do not and can not in their nature have a bottom line. Government takes on the tasks of society that private businesses usually can not do. There is no bottom line to the education system. There is no bottom line on how to deal with India, and accordingly no benefit accrues to anyone in the State department by saving money on research.

Herbert Lebesny was a very cultured, civilized, originally European person whose language was usually precise, accurate and incisive. So this kind of charge coming from him had double force. I am grateful to him for the lesson, which I retain to this day.

If one serves in government do not redecorate your office, do not use a credit card excessively, do not put your relatives on the payroll, but above all else do not give any appropriations committee anywhere any money back.

Q: Let us move on to India and Vietnam. India was a conduit, wasn't it?

MERRILL: Yes it was, both with respect to North and South Vietnam. Earlier we discussed the opposition to the Vietnam war beginning in 1961. This came from Chet Bowles' office as well as from others in the State Department There was overwhelming opposition to escalation inside the Department, but at mostly lower or operational levels.

My guess then and now was that 85% of the Department would have been against Americanizing or escalating the war. This did not, of course, include Bill Bundy, Dean Rusk, much less Bobby Kennedy, the greatest hawk of all, or Mac Bundy, then the National Security Advisor, or Walt Rostow. But it would have included Averell Harriman, Soapy Williams, and George Ball.

The grounds for concern were not that the North Vietnamese were good or even decent people. They were classic totalitarian communists. But they were also genuine nationalists. The net was essentially that this undertaking was half way to Tibet-- the wrong war, in the wrong place, at the wrong time in behalf of a failed French colonial policy.

Help the South Vietnamese, yes. Take over the war for them, no. The problem was that no one, hawks or doves, believed that a policy of military support without direct U.S. Military involvement would in fact succeed.

The French couldn't do it. Neither could we. Thus escalation should have deferred to neutralization. Averell Harriman felt particularly strongly on this point having handled the neutralization, so to speak, of Laos. The issue was the wisdom, not the morality, of undertaking to defend South Vietnam set against the domestic U.S. political considerations of losing it.

These points had been made by President Kennedy in varying speeches when he was in the Senate and before entering the campaign. But his remarks were somewhat ambiguous because Algeria was also an issue at the time and of course the domino theory was rampant so other countries were also referenced.

Eisenhower once had a discussion on this when he was clicking golf balls on the White House putting green. He asked how to explain to widows and mothers of enlisted men why they died in Vietnam to bail the French out of a colonial empire? The context of the time was withdrawal of empire and creation of hundreds of new nations. There were 51 nations in the world when the United Nations was founded. Now there are at least 161 members of the UN, plus a number of nations like Switzerland that are not members, plus a number of non-state actors such as the PLO. Still Eisenhower had warned Kennedy that Vietnam and Berlin were the two toughest issues on the foreign policy agenda.

Q: Things have certainly changed since.

MERRILL: All of these relatively new de-colonialized nations have embassies in Washington and at the U.N. The spiritual, intellectual, self-appointed moral leader of all this was India, with a particularly nasty person named Krishna Menon as foreign minister.

Krishna Menon was a pain in the butt. The only thing that surprised anyone about Krishna Menon is that he wasn't French instead of Indian. He had all of the characteristics of your classic friendly French foreign policy elite without any of the Gallic charm.

India saw itself as the leader of a non-aligned movement and saw all this attention to Asia in terms of colonial maintenance and not in terms of an East-West, free world versus Communist, struggle. Krishna Menon at this point was no longer in power, but one does not have to say that everyone who felt that way was a Mennonite. Only that it was the general culture, attitude, and belief of the non-aligned nations of which India was the largest and most influential.

Q: And also of the English socialist, left-wingish group whom Menon had come from.

MERRILL: Exactly. In any case there was a regular relationship between India and the North Vietnamese and India and the South Vietnamese, all of which came funneling back here sometimes directly but far more often through various back channels including INR. This can be put in very complex and sophisticated diplomatic language. I prefer eight

simple words. The U.S. does not have a winning hand.

To their credit the Indian government could not have been more clear about it. They warned us exactly what was likely to happen. We just would not listen. In any case, I spent a lot of time on all this, obviously to no useful avail.

I should inject here the biggest criticism I've ever gotten on a repeated basis inside the Department of State, and also later on in Defense. For any piece of paper with which the recipient disagrees the complaint is that it is too journalistic. That means one can understand it. That means it has a beginning, a middle, and an end. It even means that it has a clear policy recommendation. Too journalistic in my view is high praise, but it is often meant as criticism. This often applies to the entire academic community today as well.

Q: Oh, absolutely.

MERRILL: There is an excellent book by Michael Dobbs called The Fall of the Russian Empire. It is real history expressed as journalism. He was the Washington Post correspondent in Moscow from 1980-1990. But the point here in this oral history is that there was a regular pipeline from Indian diplomats back into the State Department. As there should be, there were pipelines from other countries as well. But the Indian pipeline made sense, and our policy did not. Never at any point did the U.S. have a winning hand.

I do not wish to refight the Vietnam war. In my view everybody is right. Those who fought it, certainly. Those who advocated it may have been mistaken in their judgement but not morally wrong in their objective. They were practically wrong in the sense that Vietnam was not an appropriate place to draw the line. The opponents, among whom I include myself, were also right but there is no pleasure in it. The North Vietnamese were, despite their nationalist credentials, every bit as evil as Castro, Kim Il Sung, or Brezhnev.

Having captured the power of nationalism, there was never a point, going back to 1954, and Eisenhower's non-involvement in Dien Bien Phu, where Western conventional military power could contain a genuine revolution. We supported the French in Vietnam only because it was necessary to keep them associated with NATO. Indeed, we funded most of their effort.

Had Dean Rusk not been chief of the China-Burma-India theater during World War II, and considered himself an expert on the area, he might well have had a more dispassionate view of the situation and very likely a less assertive one.

By late 1966, certainly by the beginning of 1967, the Vietnam War was dominating the landscape, including my role in INR and the Indian-Vietnam relationship.

The New Hampshire Presidential primary was in February of '68. I left the State Department just about that time. My idea of protest was to send Gene McCarthy $200 sometime in December of 1967 on State Department Bureau of Intelligence and Research

stationery and wishing him well in the primary.

I wrote that what he was doing in New Hampshire was the right thing for our country, and whether the State Department likes it or not, here is $200 together with my personal support.

It is unprofessional and perhaps illegal to send a political candidate a contribution on State Department letterhead when he is campaigning against the President of the United States.

But Senator McCarthy had a lot more guts than Bobby Kennedy, whose support for the war was instrumental in keeping Lyndon Johnson escalating. Kennedy had neither the courage nor conviction to campaign against the war himself, but jumped in entirely hypocritically after Gene McCarthy did the dirty work and heavy lifting in New Hampshire. Kennedy's anti-war platform was entirely unjustified by his record of prior support.

I'm not embarrassed about sending the letter. The only thing I regret is that I did not go up to New Hampshire personally. So many books have been written on Vietnam that there is no point in going into it again except to restate my consistent opposition to our involvement.

By 1967 concern with the war had risen to a point that I did not feel comfortable working in INR any more. Part of it was the issue of being drawn into quasi support by the tone one had to give to these reports that were coming out of India. It was a question of draftsmanship.

Intelligent intelligence is more than simply reporting what an Indian diplomat or military officer heard from X, Y, or Z in Vietnam and whether the same person is saying the same or different things elsewhere. There is a certain art to it. Some items are totally dispassionate.

Others require an attitude and a tone that carry a coherent and integrated point of view.

Part of what most Americans don't understand about the intelligence process is the mosaic of putting everything together requires a construct to make the mosaic make sense. If the construct is wrong, the intelligence is wrong. That is why there are so many surprises through deception and guile in warfare.

Pearl Harbor, or the Nazi invasion of Russia, or our surprise at the Russian missiles in Cuba, or the choice of Normandy for D-Day are all examples of how the thought pattern was so constructed that it was not relevant to people making the policy choices either with us or against us or somewhere else.

Q: You then left the Department of State.

MERRILL: For several reasons. I had a Foreign Service reserve appointment which was only valid for five years at a time, and time was running out. Even renewing it could not be a permanent process, particularly since I had declined to join the regular Foreign Service at Bill Crockett's invitation. This was an extremely flattering offer but I honestly did not think I could conform to the normal requirements of a bureaucracy. They would say, go here, and I would say I want to go there.

Still, the offer was to integrate at the FSO 2 level, which would have made me the youngest officer at that level by far. As you know ranks run from 1 to 8 so this would have been just two steps below career minister or ambassador. It was not an offer to be taken lightly but I honestly did not think it was either deserved or justified.

Q: Well it is at the general officer level of the military service.

MERRILL: Yes. Flag officer rank. It is not false self-awareness, then or now, to say that it was clear that any large bureaucracy, especially one that transfers you regularly from place to place, is not for me.

On the other hand, had the State Department given me a permanent civil service appointment in the Bureau of Intelligence and Research, I might very well have stayed there happily forever, although I doubt it. The point is that I do not really belong in the career Foreign Service.

You can not stay in the Army if you decline a regular commission. Nor can you stay with General Electric or any large company without subjecting yourself willingly to the discipline of such service.

Still, I have nothing but good things to say about Bill Crockett and the State Department with all its problems and difficulties. So having said no, I knew I had to go. The only question was when and where. Having gotten wound up on the green revolution, I took the opportunity of the Stevenson Fellowship at Chicago, with an office at SAIS, to exit.

Q: How old were you when you left the State Department?

MERRILL: It was at the start of 1968, so I would have been 33. In my spare time I had been looking around at several small companies, especially different newspapers, using the public telephone to do my business. I would go downstairs and use the pay phones on either side of the cafeteria so that I wasn't doing private business on State Department telephones, which now sounds archaic, or even quaint. I don't really think people do that any more.

I kept looking around for companies to buy, and also for a job. Nobody would hire me. After all, I wasn't the Secretary of State or the ranking expert on oil. There didn't seem to be an easy route to a job in business.

I negotiated for a few companies, including some publishing firms as well as some other

kinds of companies. There was a newspaper in Quakertown and also in Doylestown, Pennsylvania, and one in Athol, Massachusetts. You had better not lisp if you live there. I had sailed into Annapolis on an old wooden Nova Scotia schooner we owned with another couple and Ellie remembers me looking at the old rundown newspaper plant there and saying that I intended to own that paper some day.

It belonged to an absentee owner in Baltimore, Talbot Speer, then Chairman of Baltimore Business Forms. I had gone to see him, negotiated on and off for a couple of years, and eventually bought it. The research was done in the Arlington county public library and the short form is that the company had been losing share of market for a number of years and was in danger of being overrun by the Baltimore Sun and the Washington Post. It was actually not from the State Department but from SAIS and the University of Chicago that I bought the company and moved to Annapolis. The deal went through on Christmas Eve of 1968.

Q: You've been with the government almost your entire career except for a few little stints elsewhere. You say you bought a newspaper. May I ask where the hell the money came from.

MERRILL: Sure you can ask. The explanation is rather complicated. Are you sure you want to hear it all?

Q: Absolutely. All of it. And I imagine your children might be interested as well.

MERRILL: The money came from loans from four banks made on the same day with the same financial statement and with all of them knowing exactly the truth -- that is, that I was also borrowing elsewhere but didn't want to show the debt on my personal balance sheet since it would have made the banks look bad with the regulators. They made character loans to me, which I shall explain later, or as one of them put it, they shot a little crap, meaning the loans were not justified by the collateral or by the real strength of my financial statement.

The money also came from several personal loans from friends, and from the liquidation of some small pieces of real estate, mostly private houses, we had acquired through maximum leverage. This whole story is about maximum leverage.

The facts are as follows: First, the Company cost $2.8 million plus $400,000 it had in debt on its presses for a total of $3.2 million. The required down payment was 25% of the $2.8 million or about $715,000.

I received 38% of the company stock by putting down $200,000 in cash and getting 15% of the company through what was called an original issue discount meaning essentially a promoter's cut, or a finders fee, for finding and putting the entire deal together, plus being willing to move to Annapolis and run it. This is standard business practice.

The $200,000 had to be raised in two or three days for three reasons: because of a

litigation filed against the seller by the management of the company claiming, incorrectly it subsequently developed, that they had a right of first refusal; because my own lawyers tried to steal majority control as we hastened to close the contract; and because another offer had come to the seller for a million dollars more thus forcing us to get what the lawyers called specific performance, that is, completion of the purchase contract before the deal was blocked one way or another by litigation.

The money came first from the liquidation of four private houses we owned with an average equity value of $10,000 each for a total of $40,000. I also owned a small 20 or 30 unit pre-war apartment building on Rte. 50 in North Arlington just west of what is now Clarendon and half of an old apartment complex on the land now under Arlington's Courthouse Square. The latter I owned together with a local realtor named Bob Arledge. The land is now worth millions. The two of them together provided another $25,000. So $75,000 came from real estate.

Sam Lewis, my friend and colleague in Bowles office, lent me his only $10,000, an immense vote of confidence. So did my college classmate and partner in the old schooner, Gordon White. Vera Glaser, Ellie's predecessor as Ken Keating's press secretary lent me $5,000 as did Bob McMillan, Keating's former administrative assistant and also President Nixon's personal legal assistant when they were both at the Nixon, Mudge, Rose law firm in New York.

A cousin then working for USIA lent me $10,000 as did my parents, who were particularly nervous about it because they were living on very limited retirement money. This all came to another $50,000, some of which I collected on street corners under the pressure of time.

Another $10,000 came from my investment in American Research and Development through a $40 a month investment plan at Merrill Lynch. At Harvard Business School I had been extremely impressed by Professor George Doriot, who had founded the company, and I invested through Merrill's MIP plan basically in him. The stock went from 6 to 196 in less than three years.

The remaining $65,000 came from four banks. Nearly half from Russ Bolton at National Savings and Trust, with the remainder divided among American Security, the Clarendon Trust Co. In Arlington, and a small bank in Chicago where Bill Polk, the director of the Stevenson Institute at the University of Chicago arranged for a $10,000 loan as a going away present, a hope that I would complete the work on the green revolution, and a thank you for having raised so much for the Institute on the basis of my presentations. It was a very decent thing for him to do. He had served on the Policy Planning Council as the Middle East expert when I had worked for Bowles so he knew me well and was a personal friend.

Thus the $200,000. A simpler way to express the concept of maximum leverage is simply to note that at 8% the entire $200,000 would cost $16,000 in annual interest. At the then current tax rate of about 50% on a $40,000 a year salary, which is what I was paid as

President at the beginning, the true cost to me is $8,000. Living cheaply, using a company car, and limiting all unnecessary expenses to 5 or 10 dollars a week, we could live on that. We did live on that.

We could meet the interest and even some small down payments on principal. And of course once the company started to make money one could pay it back which is what I eventually did. The key is shifting the loans around from bank to bank so that one only paid the interest, and was out of each bank for at least one quarter of the year.

The essential conceptual point of leverage is that $8,000 in after tax interest payments borrows $200,000 which can be a 20% down payment on a million dollars worth of anything -- real estate, a private company, public stock etc. The ticket is to make whatever has been bought sufficiently profitable so that the leverage works on the entire million. It can not be expressed simpler than the obvious observation that whatever you buy had better be profitable because in reverse you lose everything.

Thus the ticket to financial success was to make the company profitable. Since it had only made $57,000 and $52,000 pre-tax in the previous two years this turned out to be a tall order. I did it but not without a lot of pain, a lot of mistakes, a lot of work, a lot of grief, and a lot of knives in my back whose scars still hurt. Just to make the interest payments on the company I had to more than double its earnings the first year.

I might note that the concept of floating the debt, the basis of maximum leverage, comes from a liberal not a business education. In 1789 Hamilton and Jefferson had a furious dispute over honoring the country"s credit.

Jefferson thought that all the continental dollars issued to fight the revolutionary war, which had been deeply discounted and mostly held by speculators for a fraction of their face value, should either be repudiated or bought at a discount.

Hamilton believed that the country needed investment to prosper and that future credit depended on honoring the debt. His idea was to pay the interest only and just do it continually until sufficient growth gave the government the money to pay it back or refinance.

Hamilton carried the day and was at least in part responsible for an immense growth in the nation's productive capacity and wealth. If Hamilton could float the national debt permanently in 1789, I could float the Merrill debt in 1968. The principle is the same and I so understood it at the time.

This all sounds rather sophisticated. We were really very naive. When Ellie was Ken Keating's press secretary and I was working for Bowles, we bought a small house in North Arlington with a 41/2 percent GI mortgage on it which was occupied by a couple with a year's remaining lease. The down payment was less than $2,000. By the time the year was up the house was worth $29,000 and we really couldn't afford to move into it.

We kept it rented and let the equity value accumulate. I then met a local Washington businessman named Henry Nichols, still in business here, who showed me how to establish credit. I am grateful to him to this day. He introduced me to Russ Bolton at National Savings and Trust, now Crestar, from whom I borrowed $5,000 for 90 days based on dual salaries and the house we owned. The interest rate was 8% and I paid it back in 6 weeks. Total cost $50 pre-tax, $25 after tax.

Then I went across the street and did the same thing at American Security. Then I did exactly the same thing at the $10,000 level. Now I had credit at two of Washington's major banks, and could use one to pay off the other.

Then I found a small bank called the Clarendon Trust in North Arlington, whose President thought it was a sound loan to provide money to pay off another bank. Personally I think its crazy but the big New York banks do it all the time and the little fellows suck along believing somehow that the bigger banks know what they are doing.

This fellow would only make a loan, however, if your wife sat there and personally confirmed what you were doing with the money. He figured most wives won't lie, and he was and is absolutely right I never hire a key manager without talking to their wives and children or having them in my house where they talk to my wife and children.

By the time they get to me they are already competent people. They are technically competent. I want to know what kind of character they have, how they think. Are they manipulative? How do they deal with people? Good managers are good people. This was a lesson I learned the hard way through failing to do it on one of my first big hires about which more later.

So among the three banks I could borrow enough to acquire the houses and apartments paying off each bank at least once a year so that it didn't show up on their books as permanent financing, which bank regulators dislike. It was, in short, all legal and honorable, and the investments were sound. The rents carried the financing and paid the interest and the properties increased in value. It sounds more complicated than it is.

There is a considerable difference between buying a company and running it. The truth is I didn't have any idea how to run this newspaper company and so I had to learn, often the hard way. The first year was particularly difficult and for the record I am going to include some of the details here.

To sum up the problems, my partners were trying to take the company away from me.

The seller was trying to renege on the deal so he could sell it for more money to another buyer.

The management -- a father and two spoiled brat sons -- were suing the former owner and joining us claiming a right of first purchase refusal had been denied. So the general manager, the editor, and the advertising director were trying to oust me while they were

working for me.

The earnings were entirely insufficient to carry the $125,000 in interest the company owed on the purchase debt.

The payroll came in longhand not even in alphabetical order.

The composing room was entirely ancient linotype machines setting type at 7 lines a minute circa 1930.

Some days the press started at noon and some days at 3 p.m. because the pressmen had never been properly trained.

The bad debts had never been written off.

In a community 30% black, whites received free obituaries and blacks were charged for death notices.

Of The Capital's then 13,000 (It is now 50,000) circulation some 5,000 was totally in the hands of one sub-contractor who wasn't even on the payroll.

The accounting system was in such disrepair that among some 15 principal recommendations from a Price-Waterhouse audit appeared the sentence that it would be a good idea to separate accounts receivable and accounts payable.

The community was a deeply southern town not enchanted by what appeared to be a representative of the Kennedy Administration.

The newspaper had been losing share of market in a growing community and was in danger of being overrun by the Washington Post and the Baltimore Sun both of which had purchased land in the area.

There was, I am sorry to say, a deeply anti-Semitic atmosphere which was exploited by the company managers in an attempt to get me to give up and sell.

It was the era of Marvin Mandel and Spiro Agnew meaning the state was unbelievably corrupt and tried to stop the newspaper from covering such mundane events as zoning hearings on the grounds they were quasi-judicial proceedings and should be secret.

There was also extensive extortion --$7,000 per floor for a high rise, 5% kickback on any consulting or architectural contract, and differential taxation for political supporters. All of this the paper highlighted to the consternation of large elements of the political and business community. Both Ellie and I learned in Maryland, not in Washington, how to vote dead people.

This list doesn't mention some 200 normal if still difficult operating problems I

eventually identified and checked off one by one over the years as they were brought under control. The point is I had my hands full.

Against all this I had one big advantage. I was alone. I was not part of a committee. And I could and did act.

I also had the support of Ray Lang, my personal CPA, the company CPA, who accompanied me that first day, and who has been my closest friend and most trusted advisor for 35 years.

At the time of the sale, Ellie was six months pregnant with our second child, Cathy, so I moved into the Maryland Inn for three months. After the birth of Cathy, March 20, we rented a small house for $250 a month -- all we could afford -- in April.

The original deal was supposed to close on Jan. 15, 1969, but because of the various litigations it was completed early on Christmas Eve, 1968, and I showed up on Dec. 26 to find Pinkerton guards blocking my entrance.

I had to borrow a car from Gordon White because our ancient Volkswagen, with all its dings, didn't seem appropriate for the new owner. Ellie drove the Volkswagen for 2 more years because all of our money beyond a few dollars per week went to pay interest and we could not afford another car. The advanced closing, however, meant that I had to raise the money very quickly and led to a basic disagreement with my partners and lawyers, with significant long term consequences.

The seller, Talbot Speer, was represented by the leading Washington law firm of Covington and Burling. I went to David Ginsburg, who had been Chet Bowles' personal lawyer, of Ginsburg, Feldman, and Abell, also at the time a leading Washington firm.

Tyler Abell, a relative of the family that owned The Baltimore Sun, had been Chief of Protocol when I was in the State Department and was a friendly acquaintance. His connection to Maryland I thought might also be useful. Bess Abell was White House Social Secretary at the time and perhaps I thought the connections might be helpful in raising the capital I needed. I did not know Feldman, who had been President Kennedy's White House counsel. Little did I know!

Through Ginsburg, Feldman had offered to invest a substantial amount which I had accepted and I expected to raise the remainder from others. I found myself suddenly confronted with a document that showed Feldman owning 55% of the company, me with 38%, and, of all things, columnist Jack Anderson with the remaining 7%, the money being loaned to him by Feldman. In other words, the company was being stolen out from under me by my own law firm.

When I tried to raise extra money elsewhere, I found that no person I knew would touch anything involving Feldman with a 10 foot pole. Leonard Marks, the former chairman of the FCC and Lyndon Johnson's personal lawyer, felt very strongly about Feldman, as did

John Mason, the controlling stockholder of National Savings and Trust. Others had similar strong reservations. All warned me against him. In short, as long as Feldman was involved I couldn't interest anyone who knew him or even of him and that amounted to just about everyone in Washington. But I had only two days to raise my portion and the other equity capital as well.

The net result after considerable argument with Feldman was that Ginsburg came in for roughly 12% and so did Abell, the latter with a promise from me to buy his stock back at twice the price after a year if he so demanded. It turned out that Abell hated Feldman. So I was a lamb among the Washington legal wolves.

The one thing I knew was that either this purchase closed on December 24 or it was never going to happen. So knowing that all three of these snakes were untrustworthy I went forward anyway. Jack Anderson, by the way, stayed in for $10,000 worth. He said he owned the doorknobs on the place. It was Feldman's way of buying protection against the country's leading investigative columnist at the time. So Washington works.

Feldman and I had about the same percentage so that with Abell I had control. I also had a vaguely worded document that said I had control. This Ginsburg had agreed to draft when I originally went to him but which of course was drafted by associates in the firm with loopholes for the principals. Ethics was hardly their strong suit and their representation of me was subordinated to their own interests.

So we went forward in an atmosphere of mutual distrust but also knowing that there had been an offer from Downe Communications of a million dollars more than we paid. Thus in a certain financial sense it was a no lose situation, at least for them.

It was with maximum leverage and the knowledge that I did not think Annapolis would be the only state capital in the country without a daily newspaper that we executed the purchase. I sold most of the real estate to brokers for cash at steep discounts if they would pay now and settle later. I also borrowed more than necessary so I could have enough to pay down, or appear to be paying down, some of my personal debt.

There was one amusing incident involving Dun and Bradstreet, which apparently had been hired by Covington and Burling to check my financial bona fides. Someone from there called my home and got Ellie, who parried every request for information with a question. Did they mean the commercial or rental properties? Did they mean the apartments or the land? Did they mean in Virginia, Maryland, or elsewhere? And so on. It was very quick-witted. She never told a falsehood. I later learned their report showed me to be more or less a financial powerhouse, or at least very sound. So much for D&B and kudos for Ellie. Years later I told this story when I spoke to the Covington partners at one of their lunches. To their credit they too thought it was pretty funny.

It should also be kept in mind that this was 1968, long before the rise of the great media empires, other than the television ones. Most newspapers were private. Gannett and The Washington Post were not yet public, or perhaps were just going public, and newspaper

companies were viewed as rather standard family owned companies in danger of being outmoded by electronic competition or by giant metropolitan papers. Indeed, Talbot Speer's decision to sell was motivated in large part by his fear that the paper would be overrun by the Post and the Sun, as has happened, for example, in Alexandria, and Arlington, Virginia.

That first year, 1969, was pretty intense. Under the pressure of needing to make a profit, replace management, learn the business, fight a time-consuming lawsuit, and transform the production system every minute counted. And I made a couple of very big mistakes but also did one big thing right.

The mistakes involved hiring the wrong editor and the wrong business manager, both of whom had to be replaced. The editor was a young assistant managing editor on the Baltimore Sun who went on to managing disaster after disaster after I replaced him. There is a club of half a dozen of us who have had the same bad experience due to all of us failing to call the most immediate past employer. He is indicative of the most dangerous kind of manager, meaning an intelligent, articulate, charming, persuasive person with weak character and bad judgement.

He was manipulative as a manager and did not in fact understand local news. I thought because he was from Baltimore, i.e. Maryland, that local was local. But local news is a state of mind, not a state of the nation. It means understanding the difference between metropolitan newspapering, which tends toward large sweeping stories, and basic local newspapering which means covering every accident and traffic light and focusing on zoning, schools, education, high school sports and all of the other issues that involve names and people on a local basis. Our reporters write 3 or 4 stories a day.

Ed Casey, who has been our executive editor for all but that first year, understands local news perfectly as does the team of people we have assembled. Local, local, local is the name of the game. It is why The Capital, with paid circulation in 9 out of 10 Annapolis area homes is tops in the country in market penetration. The paper has 50,000 circulation in and around a city with only 13,000 households. People want to read about themselves, at least in their local newspaper.

The other big mistake was with the business manager, where I hired a Harvard Business School graduate, who had been advertising manager of the Washington Post and promotion manager of the Louisville Courier-Journal. How could one go wrong? Easily. This fellow simply could not go up and down the local streets making 15 calls a day. He was just fine for dealing with J. Walter Thompson or persuading a large retailer to advertise more on payroll days, But I needed advertising revenue immediately.

He was shortly replaced by George Cruze, who I found at Pioneer Press near Chicago, and who had previously worked in Burlington, Vermont. I've learned more from George about specific analysis of sales problems, and about how to sell, than from any other person I ever met. To this day our ethic, in all the newspapers and at Washingtonian Magazine, is 15 sales calls a day every day for every salesperson, just as our editorial

ethic is attention to local detail. We do what the metropolitan paper or national magazine can not do -- local detail.

After flying George in from Chicago, and taking him home for lunch and an extensive chat, I knew I wanted to hire him but I could not initially persuade him to accept. He had moved to Chicago from Burlington, however, because of an autistic child who they felt could receive better treatment there. I had one of our reporters check out Maryland's system for dealing with autistic children and found, what with Johns Hopkins and NIH, that we had one of the nation's best treatment centers. Armed with that, and all the persuasiveness I could muster, I successfully recruited George. Although he is near 80 and long retired, he is still on the company payroll and I shall be forever in his debt.

Finding and keeping good people is what it is all about. The difference between a big bureaucracy, like the navy, where you call up personnel and ask for five good gunnery officers and then pick one, and a small private entrepreneurial company, is in the requirement to find your own good people. They do not hang like fruit on the tree. There is no real personnel office. You have to go and get them. That is what I did by finding the best production, sales, and editorial publishers in the business and asking them for help in finding people, and in training myself.

Interestingly, George's Harvard Business School predecessor went on to a successful career as promotion manager of the New York Times. After accidentally running in to him years later, I called to apologize for the rough way I had treated him. I had to let him go after 6 months with only a couple of weeks of severance because the company needed every cent. I told him I had felt guilty about this for many years and I wanted to apologize because it was all my fault.

His name was Warren Abrams and to my astonishment he refused to accept any apology on the grounds that it was all his fault. In his view I had been a young and inexperienced publisher and needed, not a metropolitan newspaperman, but an entirely different kind of executive who could provide the kind of help I eventually found.

He insisted he was responsible because he never, never should have accepted the job. After some back and forth with mutual apologies we agreed it was 50-50 on fault. But I only said that to avoid argument. When someone doesn't work out in a job it is always - 100% - management's fault for hiring the wrong person. So it was my fault.

The big right thing was buying a $40,000 computerized photo-typesetter called a Photon which, together with an IBM 1130, turned out to be the correct system. But in order to make the decision on what to buy I had to personally work my way through the entire technological revolution in offset printing then taking place. Had I bought the wrong system, or had the one we bought not worked, we never would have cleared the creatively accounted for $9,000 profit we made that year after interest payments, just sufficient to keep the company under the contract with the seller.

In this respect I was aided immensely by Richie Moorcock, who was inside the company

when I bought it, and who has been operations director, production manager, and informal general manager to this day. Of course the linotypes are long gone, and so is the composing room itself, in favor of computerized photo-typesetters that operate at the speed of light or thousands of words per minute, faster by far than any combination of people can write.

To avoid further detail suffice it to say that I replaced existing management by going outside for some and finding others inside. The initial lawsuit in which we had been joined, and which took so much of my time, was settled without fault to the seller. He had been right.

Two other actions may be indicative. I called by phone the President of Lee Enterprises, a New York stock exchange midwestern newspaper company with a reputation for excellence in production. I told him I was a new publisher with insufficient knowledge. Actually I said I didn't know how to run the company or anything about production and needed help. He told me to get on a plane, come out to Davenport, Iowa, and he would provide a two day crash course in newspaper production. I did and he did. Suffice it to say that I am now one of the largest stockholders in that company. No one ever turns down an honest request for help and advice. To this day neither do I.

I had the pressroom clock synchronized precisely with my watch and all the other clocks in the building. For most of a year, wherever I was in the world, every day without exception at precisely noon I would call the pressroom to see whether we had started on time and if not, why not.

Bit by bit, day by day, month by month, we backed up deadlines right down to stories per page. One day I remember we were only 20 seconds late but we still went through the entire drill of where the seconds came from in each place along the line. We parsed into the smallest units the entire production process so that accountability could be provided at every step. Eventually the system worked on its own.

To this day, 30 years later, I guarantee you the press will start at noon or, on the rare occasion that it doesn't, there is a clear and unambiguous reason why. And of course we combined the process with regular training from competent professionals for our pressmen.

Although it hardly expresses what was involved I raised revenue by increasing sales and raising rates, cut expenses by reducing or eliminating everything that didn't contribute directly to profit, and simultaneously invested in modernization. That is a very dry way of dealing with the 200 soft spots I referenced earlier. But in the end one raises revenue and cuts expenses. In the longer run, investing in quality really counts. But all I could do in 1969 was lay the basis for the longer run.

The company turned around in the fifth quarter, that is in the first quarter of l970. I had done, just barely, more things right than wrong. With the help of John Luetkemeyer, then President of Equitable Trust in Baltimore, who had become our banker, I refinanced the

debt on much longer terms through Mass Mutual Insurance Company and negotiated a large discount with the original seller for paying off his debt entirely.

Mass Mutual's rate was what seemed a very high ll% but it was an exceedingly good deal for everyone concerned. The company was making money, the debt was very long-term and thus easily serviceable, and I could also start paying down my own personal debts which I did very rapidly.

Shortly thereafter the New York Times offered us $13 million for the company and of course my partners wanted to sell. I did not.

The issue of control was complicated by the fact that Tyler Abell, a genuinely stupid if well-connected person, had insisted at the end of 1969 that I fulfill my promise to buy him out at twice the price because he wanted to invest in a spare rib franchise company.

I tried to tell him it was not a wise idea, and that this company was about to turn in a big way. He wouldn't listen and of course I didn't have the money. So a very decent person named Harold Kramer, a long time Washington investor, bought his stock. It came with an option for me to buy it back at four times the price within 5 years, but this I voluntarily gave up when Harold backed me in the subsequent litigation.

Tyler, however, insisted that it be done secretly because he was at that moment also splitting up with Ginsburg and Feldman and taking his name off the firm. I didn't like it but he threatened to sell the stock to Feldman if he had to and there would go the company. The consequences of originally entering this deal with mutual distrust were becoming significant, because the issue of who controlled the company determined whether or not it would be sold.

Selling would have meant more than $4 million in cash or stock to me plus a five year employment contract at several hundred thousand dollars a year and performance options in Times stock. That was a lot of money in l970.

It is interesting what greed does to some people. I could afford, by stretching everything and betting the whole company again, to pay them about $16 for every dollar they had put up. In my view 16 for l in less than three years is a pretty decent return. I can not imagine any investor not being satisfied with that. But an offer for an entire company is always worth more than an offer for part of it. I was relying on the company earnings to finance the 6 or 7 million dollars involved. The New York Times, with its deep pockets, could offer what amounted to $20 per share.

These partners sued me for the difference between the 16 and 20 dollars per share in a three year litigation at the end of which I was more than half a million dollars in personal debt. They could and did look me in the eye and say they were lawyers, they could sue forever, and the fees for litigation were personal to me and they would and could break me. Feldman used those exact words time and again.

So this was a very difficult period in my life. Kramer stood with me but the issue of who had majority control was fuzzed by the original dishonorable lawyering. The real point was that I was never going to sell and they wouldn't believe it. I had found this company, I had bought it, and there was no way at any time, then or now, under any circumstance, for any amount of money, that anyone would have gotten my signature on a sale of the stock.

It may not sound rational or reasonable but I would have blown the whole place up first, not that it would have made any difference since the value of a newspaper, like a TV station, is in the accustomed habit of those who receive it and not in plant or equipment which can always be replaced.

I simply did not want ever again to work for anybody else. Government or public service on a temporary basis is one thing. Working in a private business for anybody except myself is something I could not then, and will not now, ever even consider.

In short, there was no way that I was interested in working for the New York Times or anybody else. What I sought was independence, not wealth.

I believe in the Joshua Chamberlain theory of history, as demonstrated at Little Round Top in 1863. When all else is lost, fix bayonets and charge. So I retained Paul Connolly of Williams and Connolly and we fought it out. I would never have surrendered, meaning agree to sell.

Control of the company also rested in a unique way with Sam Lewis. Sam's $10,000 loan came with an informal understanding that if and when practical it would be converted into stock. When Connolly learned of this he insisted, even though there was nothing in writing, that Sam sign a document clarifying the loan status. This was to insure that this interest could not be challenged by opposing counsel as equity because that would have given them majority control. That is how close this battle was.

At the time Sam was serving as DCM, Deputy Chief of Mission, in Afghanistan. Connolly insisted that a lawyer talk to him and explain clearly the opportunity he had to claim equity and sell out to Feldman. Sam agreed to meet us in a conference room at the airport in Frankfurt. I was accompanied by Steve Umin, a then young lawyer at Williams and Connolly. When we got to Frankfurt Sam's plane had been canceled because of snow.

In Frankfurt, I found an Afghan Airways flight that was literally a week late. This was a two plane airline. Steve and I bought seats and headed for Kabul. At 3 a.m. this flight, which was loaded with Muslim pilgrims all in native garb, stopped in Istanbul while a group of welders right outside our window spent two hours fixing the holes in the wing. Then it dropped us in Kandahar, an old airfield several hundred miles southwest of Kabul, and on the wrong side of the Hindu Kush, as the highest Himalaya mountains are called. This was on a freezing day in January.

Wandering through the airport a well-dressed Afghan gentleman saw some kind of pin in my lapel and asked whether I was also a member of Rotary. I was not but of course said I was. Anything to get information. I asked him how to get to Kabul. He said the only route was 14 hours or more in a school bus through the mountains. He also said a friend of his had a plane, which might be available to a fellow Rotarian. We walked outside, found this old Cessna 172 on the flightline, and for $1,000 dollars cash chartered it on the spot.

On a gray day, under lowering clouds, winding through the valleys and over the passes at 300 to 500 feet of altitude, Steve and I dropped in, just at dusk, in light snow, onto the airstrip in Kabul. At least I was a pilot. Steve was an inexperienced flyer who had white knuckles perhaps permanently thereafter. Those are very big mountains and this was a very small plane on a barely passable day.

Sam and Sally were more than hospitable and Sam signed all the affidavits and paperwork. He of course received what all the stockholders got when the refinancing took place but at the time he didn't know that would happen. So it was quite a vote of character and conscience, and I am forever in his debt.

Interestingly this paid off for Sam in ways one could never have anticipated. Some time later Winston Lord, then head of the State Department Policy Planning Council, and subsequently ambassador to China and Chairman of the Council on Foreign Relations, was choosing between two career Foreign Service officers of apparent equal technical competence, neither of whom he knew, for the slot as his deputy.

Coincidentally Winston and Steve Umin had been Yale classmates. Over a dinner Sam's name came up as one of the two choices. Steve volunteered that Sam's character was simply outstanding. Winston gave him the job. From there Sam went on to Assistant Secretary of State, ambassador to Israel for 7 years and eventually head of the Policy Planning Council himself. The job was a career turning point. So doing the right thing can really be its own reward. And character really does count.

After nearly three years of intense litigation, we finally settled on what amounted to $18 a share, which was still more than the company could carry alone.

There were two primary financing choices. The first was a deal with J.P. Morgan. This would have taken out the unfriendly stockholders, but with kicker stock options of 10% of the company for Morgan would have meant eventually buying in, a third time, at a higher future value, more than 35% of the company again. Even though the better I did with the company the more I would have to pay, this was, from Morgan's viewpoint, and even from mine, a decent deal.

The second option, which I took, was an agreement with Landmark Communications, owned by Frank Batten, the publisher in Norfolk, to buy a minority interest which combined with some debt would clear out all the stockholders at the same price. It also had the big advantage of providing a significant amount of cash to me.

This I needed for four reasons. To pay my legal debts. To pay off remaining personal debts. To enable the company to continue to grow rather than using all its capital to pay back debt. But above all else to have enough money outside the company so that I would never have to fear another litigation for whatever reason and from whatever source.

They have been great partners. Frank, subsequently Chairman of the Associated Press, is the single best business mind I know, doubly so since he is especially good with regard to media. It has been an excellent relationship. There has never been an ounce of dispute or disagreement and on several occasions they have been enormously helpful.

I have no complaints, to put it mildly. The company has been able to expand in numerous directions, including The Washingtonian. We have an enormous investment portfolio both corporately and personally. We are running two foundations and making multiple grants per year, And, of course, I have been able to contribute as a public servant to our country and the cause of freedom.

And Ellie and I have raised three great kids, Doug, Cathy, and Nancy. Each has the work ethic and each in their own way will take on their own responsibilities in life and also I hope and trust contribute in their own respective ways to the public interest.

To round out this section on buying and running the company, I wanted badly out of Washington in a mental sense. The Vietnam War had gotten to a point to where I simply couldn't accept it. We were, as the song of the time had it, waist deep in the big muddy. There was no easy exit but an exit had to be found. I give Nixon and Kissinger some credit for finally doing it but I think it could have been done far earlier on the same terms with lesser loss of life. More Americans died in Vietnam after Nixon became President than before.

My view was to pass. There was simply nothing more I could do with regard to Vietnam, having opposed it all the way from 1961. I got deeply involved in local affairs, serving on the community college board, the chamber of commerce and other similar tasks. I had my hands full learning to run the Company and dealing with numerous production, sales, circulation, and editorial issues--and especially as I have indicated searching and finding and keeping and developing good people.

I am often asked what a publisher does. The answer is the same as any other chief executive: Find and keep good people, stay abreast of technological change in your industry, and keep an eye on the technological and social changes that impact your industry or business from outside.

The press is the only element of the free enterprise system specifically mentioned and protected in the Constitution. There is consequently a special requirement to insure that all sides of all issues are presented and that nothing impede an honest effort to print the truth to the best of our ability.

I never was able to finish the book on the green revolution, which I deeply regret, since

all but about 2% of it was completed, but a monograph was issued and I have the satisfaction of being one more in a long line of anti-Malthusians who have been proved right.

Q: You are talking about the food book.

MERRILL: The food book. A year or so later I rounded off a few concluding paragraphs and it was published by the University of Chicago's Stevenson Center as a monograph. The data was already two or three years old. Other people were starting to write. It didn't have the impact I expected. I just couldn't both run the company and complete a book at one time.

Four or five times in my life I've had to work 16 hours a day 7 days a week. Of course one can not work that way all the time, but at certain points in life it is essential to be capable of such performance.

There have been five such periods in my life.

The first year in college was a mind opener.

The first year in the State Department.

The first year in business.

The first year in the Defense Department.

And the first year at NATO.

There are times in life when every single second counts, mostly to make certain key decisions correctly. In the case of the company, my mother could not understand why I did not have time to call her once a week or once every other week. It was 6:30 or 7:00 in the morning until 11:30 at night day after day after day. I referred earlier to a list of 200 soft spots or problem areas in the company. The same kinds of demands were upon me at those other points in life, whether in college or in government.

It is not quite enough, although it is helpful, to focus on the right central issues and also to prioritize them. But then you have to do something, to act.

Call it setting objectives and taking the steps necessary to reach them; and extracting promises and holding people to them. Those steps usually include an immense amount of analysis, each portion of which requires some prior piece of information on which to build. There is never enough time to get all the information required but one has to do the very best one can to get as much of it as possible.

That means endless steps on multiple decision trees and the ability to concentrate exclusively on what you need to know or learn. That ability to concentrate on one thing

or one series of things to the exclusion of everything else is an important asset. There have been years, and 1969 was one of them, where every single second counted. You take all the excess parts out of the day, the time to make a cup of coffee, the time to read the newspaper instead of scan it.

My first year in the Pentagon I had a car in the driveway at 6:30 a.m. with the papers and a cup of coffee and the driver with the motor running so I step into the car and not ten seconds was wasted. You go through the whole day like that.

One person can not increase the number of hours in the day. But you can take out all the unnecessary time, time not devoted to the tasks at hand, and thereby multiply your effectiveness by a factor of five or ten. Think how many hours in the average day are wasted. You take out all of the extra parts, the things that are not necessary including dealing with relatives, dealing with old friends, answering calls, doing anything that is not central to what you are trying to do. The amount of time that becomes available is immense.

So one person becomes four, five or six persons. If that one person is at a point of leverage, as I was in Annapolis that year, and can combine concentrated thinking, with new but capable associates, and opportunity, the results can be very impressive. Carried to an extreme you get a Caesar or a Napoleon.

But simply the decision on which kind of production equipment to buy, or who to hire, requires a great deal of preliminary research. Just checking references is a time consuming process. It is the person who has done all of the work necessary to compete, who never goes into a meeting un-prepared, who has done his or her homework -- that is the person who often carries the day.

There are a lot of people in the world smarter and more incisive and more articulate and better trained than I am. But no one can work harder at critical moments than I can. That applies to business, or government, or any new challenge. So this business of being able to work 16 hours a day six or seven days a week for a year or so at a time has been critical. One cannot live that way all the time. I suspect that Alexander the Great did but I'm not out to emulate him. In each of these five instances my object was to survive and to succeed in a far more normal and limited way.

Q: Alexander kicked out at 33.

MERRILL: Exactly. There may have been some other historical figures who did this on a permanent basis, some of whom were undoubtedly crazy. All I'm saying is there are times when hard work counts, and then there are times when no matter how hard you work it is irrelevant. Indeed, what one works on is often more important than what one does, because combined with good judgement you set an agenda with which others can help.

If you are constantly working 100 hours a week there isn’t time to deal with unexpected

developments or new opportunities. So I do not recommend such a schedule as a way of life. But 1969, like 1961 and 1981, are alike in the sense that every minute counted. Even though the scars from innumerable mistakes are still there, I barely did more things right than wrong. But it was close.

Q*: Well, it is an excellent account. I look on these oral histories as having a social and society factor beyond just foreign affairs. It includes who the people are that we are talking with. Now let's move on. You are in the business world. What brought you back into government?*

MERRILL: I took an out for the period from 1968 to 1973. I simply was uninterested in foreign or domestic affairs. I had no interest whatever is working in the Nixon Administration and I presume I would have had even less in working for McGovern even though I knew him through the green revolution area.

He was very good on Food for Peace issues and was helpful to me in working out my ideas. His so-called political reforms, however, destroyed the Democratic Party by balkanizing it into group rather than individual rights.

I didn't know how to cope with the situation that stemmed from Vietnam and Watergate. I dealt with it by not dealing with it. I was not intellectually involved. I'd had my shot at national public service and sought no more of it. It wasn't until President Ford's administration that I re-engaged.

Q: That was about '74

MERRILL: I did a job in what was then HEW-- Health, Education, and Welfare.

I was asked to do it by an organization I belong to called YPO., Young Presidents Organization, which itself had been asked by then HEW Seretary Matthews to help him control and improve the management of this huge Department, which spends about half the total federal budget.

I'm told YEO. and its affiliate groups control a quarter of the world's wealth. You have to be chairman or chief executive of a significant company before you are 40. They throw you out at 49 into alumni groups such as CEO (Chief Executive Officers) and WPO (World Presidents Organization). I am currently a member of both. YPO is undoubtedly the most worthwhile single organization to which I have ever belonged.

Basically it is about how to be a better company president. Approximately one third are entrepreneurs like me, another third are professional managers, and the rest are what I call crown princes meaning they inherited their companies.

All have in common that they got to the top at an early age and have similar problems in coping with all of the issues involved in running a business. So YPO. offers, somewhat like the American Management Association, only with more energy and fun, a vast array

of universities, seminars and forums aimed at making one a more competent CEO. I might note parenthetically that I first met Ronald Reagan at a week-long YPO. University in Acapulco.

YPO. supplied a team of ll company Presidents to HEW for a year. The group, to my surprise, elected me Chairman, because I had some full-time government experience whereas all of the others had extensive and varied part-time experience. The idea, perhaps, was in a way derived from Ford Motor Co.'s experience in hiring 10 whiz kids after World War II, one of whom turned out to be Bob MacNamara.

HEW provided space and staff and access to top management together with a kind of charter and free access to anyone and everyone we wished to see.

The real advantage in being chairman, I remember thinking, is that whatever we come up with I can surely shape the executive summary and maybe even draft it. In any government report, no matter how good the analytical work, he who shapes the principal recommendations and the summary, that is, the first few pages, is key because that is all that anyone in a position to take action actually reads.

The first decision the group made really surprised me. They decided that we would do the entire job ourselves in teams of two or three. The view was that it would be a mistake to assemble a bunch a management analysts from McKinsey or Booz Allen, or the consulting arms of the big accounting firms. To do the legwork would take forever and the result would be inadequate to the challenge. Also we would be managing analysts rather than bringing our own chief executive skills to bear.

Q: They will give you a bunch of puffery.

MERRILL: Exactly. I was initially rather bemused by this, given the sheer size of HEW, but my colleagues brought me around very quickly. To a man their view was that to provide anything useful we had to ask our own questions and provide our own answers. HEW came to us as company presidents not as technical analysts.

Thus all the group wanted was some secretarial help and office space, which was made available, plus appropriate access to every level of management through the administrative arm of HEW and its principal component parts, which were health, education, welfare, and of course social security. At that time the Department of Education had not been organized.

Social Security alone then had 150,000 employees. I thought about the failed effort under Crockett to get control of the State Department and decided that my colleagues had a good argument.

So we divided into teams of two, each with a third back-up from another team and went to work. For the record in the end we saved the government about 5 billion dollars a year annually, which is still peanuts against half the federal budget. I personally got my arms

around social security and welfare, partly around education, but not at all around health.

There were ll principal recommendations, which I did participate in drafting. The taxpayers received some savings. I learned some things. Several of our proposals were implemented. Others had political barriers which we understood and some are just now being carried out in different ways 20 plus years later.

It was a lot of work. In constant dollars the social security budget that year was about $180 billion, or roughly a quarter of the federal budget. Other entitlements, mostly under the HEW rubric, accounted for another quarter of the budget. Defense of course took a quarter since this was still the height of the Cold War. The rest of the entire government ran on the remaining 15% and interest on the national debt took up the rest.

These figures are essentially still true today. The real shift has been in social security and health. Social security took up one to two percent of the budget in 1950. By 1974 it was a quarter and has stayed that way. In round terms defense has dropped from 50% in 1950 to less than a quarter and entitlements such as medicare are another quarter. That is the big shift with which we were and are still coping.

In any event our two and three man teams went through every principal division. I personally did social security and backed up on welfare and education. It was quite an experience. My colleagues were able people, several of them heads of companies with nationwide names, and we conducted our own interviews, did our own research, asked our own questions, and got intellectually and managerially satisfactory results even if all of our recommendations could not be carried out I don't know if you want to go into the detail of what was learned.

Q: Go ahead, but keep in mind we have to keep our eye on foreign affairs.

MERRILL: It may be easier to look at just two issues, one the smallest line item in the budget, for an insight into bureaucracy; the other social security for an example of what we learned. The policy issues of health, education, and welfare I'll omit, or leave for another time, because this is, as you say, more about foreign affairs.

The smallest line item, that means separate Congressional appropriation, in all of HEW was a $66 million program to help what was estimated to be 80,000 runaway kids. We thought by analyzing the smallest program we might discover some things about the bigger programs which of course were harder to parse. Let us call it being specific.

Obviously 80,000 runaway children crossing state lines was a legitimate federal concern. It was an interstate affair, which can not be described as a strictly local issue.

The program was initiated by Senators Birch Bayh and Ted Kennedy, both very liberal, after hearings on the subject revealed an array of horror stories about these runaways and how no one seemed to be directly responsible or involved.

Senior HEW executives had testified that they didn't want the program and did not believe it could be effectively executed from the federal level. The money was appropriated anyway together with an instruction to get it utilized intelligently immediately.

The first thing we looked into was how HEW hired 38 people to administer the program. Why 38? Because the original bureaucratic proposal was for 76. An assistant secretary decided that was too many and arbitrarily cut it in half to 38. Speaking with him I remember clearly his own frustration. Since they hadn't yet decided how to spend the money obviously they didn't know how many people it would take. Yet they had to assign the people first. It is, if you will, the nature of a large bureaucracy. And once assigned he knew they would find a way of justifying and protecting their jobs. Anyway, the number was 38.

There was a program office, a congressional affairs office, a grants administration office, and oversight and auditing office, a public affairs and distribution office, a director, and deputy and so on.

To get the money spent intelligently and quickly they decided to distribute it through existing state programs that could or did deal with runaway children in one manner or another. This made sense. Since the appropriation was $66 million they awarded 66 separate million dollar grants in every one of the 50 states with the larger states getting two or perhaps three. It was quick, it was easy, it was defensible on the hill, and it got done.

But there was considerable paperwork. The programs had to apply. They had to meet the federal standards. And there had to be means of insuring compliance and program effectiveness. The net result was about half the money went to administration and about half flowed through to people working with actual children in need.

This does not take into account the capital cost of space in HEW, administrative oversight, or similar state bureaucratic costs. We and HEW estimated that one dollar in four got through, some of which was well spent and some of which was not depending on the quality of the individual programs.

Keep in mind the HEW officials did not want this program, told the Congress it could not be done effectively, and acted honorably and decently in every way. What is the lesson? Good intentions do not an effective program make. This one should have been left to the states or at least incorporated in a bloc grant if Congress insists on taking money from the states and the taxpayers and then giving it back to them.

But HEW officials, like the example of my returning the extra research money when I worked in INR, were not about to go back to Senators Bayh and Kennedy at the end of the U.S. fiscal year with unspent funds. Nor could they leave the request out for following years. It may still be there.

So that's an example of why the HEW organization chart looks like an electrical wiring diagram gone berserk. Too many programs with too many good but conflicting objectives with too much bureaucracy. Perhaps in the 21st century the supreme court will find ways of restoring the framers original intent to the Constitution. It is hard for me to believe that our founders ever envisioned national speed limits, or definitions of inebriation. Helping homeless kids is a noble endeavor but it really does not belong at the federal level other perhaps than through a national registry.

The second example is social security which is at the opposite end of the scale, that is, it is the largest program in HEW. At the time it had an entitlement, the ultimate government word, of $180 billion per year, about a quarter of the federal budget, or $500 million per day. It was administered by a staff of 155,000 people dedicated to insuring that the checks were issued on the first of every month in a kind of collective orgasm.

Social Security at one time possessed the most advanced computers in the world to do this, and gave Ross Perot and EDS his start. But with the addition of supplemental social security, known as SSI, which was a series of programs to help the less fortunate or disabled, it was running into severe administrative problems. For example, there was a 23% error rate in the SSI portions which affected tens of millions of Americans.

Naturally there were multiple complaints. After several layers of administrative procedure Social Security employed 3,000, that is right, 3,000 administrative law judges to hear these complaints. Each judge thought of himself or herself as a regular federal judge, wore robes, and had a courtroom setting.

They were totally resistant to administrative management. After all, who tells a judge how to run his courtroom or to speed it up. Ninety percent of the cases involved sums of less than $25 a week. Ninety percent of those who used a lawyer won and correspondingly most of those who failed to use professional counsel lost.

These 'judges' were really the equivalent of insurance claims adjusters and should have been GS 7 or 9s.

The system was becoming out of control.

My idea at the time was to move to electronic distribution, an idea that now, nearly 25 years later, is just coming to fruition. There is no community in this country that does not have a bank, and one way or another virtually every social security recipient has to cash the check through the banking system.

The general idea was to deposit monthly social security checks automatically to the recipient's bank account, and to do it on the day of the month that corresponded with one's birthday, thereby getting rid of the monthly orgasm involved in sending out millions of checks on the first of each month.

Furthermore, the banking system would be ecstatic to provide all the computing power

and distribution necessary for a one day float, which, depending on how you look at the overnight interest on 180 billion dollars is hundreds of millions of dollars. For that kind of money I could design and market the system myself, but so could Visa or EDS or any credit card system.

We worked the whole thing out so that social security was divided into 12 basic categories, such as widows, those under 65, those over 72, disabled etc. Technically it was a doable process.

But then the political restraints came into play. What do you do with the present employees? What about charges of a giveaway to the banking system?

If you move the system forward a day at a time the computing process becomes cumbersome and it would take 30 days, or 2 and ½ years at one day a month to get everyone on target.

More important, if you move the day forward the social security lobby howled that billions would be stolen from recipients, even though a check delivered on the 4th of a month compared to the third is insignificant particularly when mail isn't delivered on Sundays anyway and is often erratic.

Conversely, if one moved the delivery date backwards the addition to the deficit would be horrendous. And in any event the government gets the float anyway because even overnight mail plus deposit time means there is usually a two or three day float.

The point is that age can be advanced, deposit electronically is practical, and categories can be simplified. Indeed we are doing those things now. The impediments are not technological or managerial. They are, as with all government programs and issues, political.

While I am slightly simplifying a complex problem here, it is fair to say that Social Security can be made more efficient, more equitable, and more error-free. It is still a messy political business. I got my arms around it and am rather pleased and surprised at that.

Even now Social Security has between 50,000 and 80,000 employees which is real progress over the last two decades and electronic distribution is partially in place.

Anyway both of these lessons I give you by way of example on management in the federal bureaucracy. We had a very productive year. In the end, however, a few billion dollars in administrative savings was basically an irrelevancy in a department whose entitlements comprise half the federal budget, particularly with the growth of Medicare and Medicaid.

By the end of that year I got a lesson from my business colleagues in doing it yourself. They were right. We learned more and were more useful doing it ourselves than we ever

would have been trying to assemble a large staff. By the time we would have been properly organized Matthews would have been out, and somebody else with different ideas would have been in.

Doing your own research, in both public and private business, frequently makes real sense. It counts to be specific. I always try see somebody where they live and work, rather than having them come to me. It helps to get a flavor for their interests and skills. And of course it avoids the arrogance problem I learned about from my colleagues under Bill Crockett.

Q: Good examples. I am still interested in what brought you back into Defense.

MERRILL: In 1978 Secretary of Defense Harold Brown offered me a job as Comptroller of the Pentagon. This came as a result of a letter to Brown from Robert McNamara which in very flattering terms described me as one of the most impressive entrepreneurs and administrators he had ever met.

That letter stemmed from a conversation I had with then Senator Mac Mathias of Maryland in which I said I had made enough money and was seeking help in how to do something more useful and productive for our country. He wrote to McNamara who gave me an appointment with him at the World Bank.

I still keep the letter from McNamara to Brown on my office wall at home. Comptroller is an Assistant Secretary of Defense, perhaps the most powerful one, because it is not only the chief financial officer but encompasses the final judgement on what programs will and will not fit into the fiscal pipeline as duly appropriated by Congress.

I asked myself whether I could really do this thing. And in my heart I knew I could and also wanted it badly. It was the sheer challenge of it.

But this offer came shortly after President Carter's famous "malaise" speech. I had already decided to support Governor Ronald Reagan. Indeed I had written Reagan offering my time, energy, enthusiasm, money, and of course the support of our newspapers. So I agonized for nearly a month.

Harold Brown and Deputy Defense Secretary Charles Duncan pressed me to take it. I felt then, and indeed now, that the DOD Comptroller is one of the toughest, and also most a-political, management jobs in government. Given the intensity of the Cold War in 1978, it was essentially non-partisan.

I have never had a period of greater indecisiveness, or, put another way, been more miserable. In the end I had to decline on the ground that he who takes the King's shilling is obligated to support the King--in this case President Carter. To accept a Presidential appointment without being willing to publicly support the President is just not right. So regretfully, very regretfully, I told this to Secretary Brown.

With the advantage of hindsight I would have preferred to work for Harold Brown rather than Cap Weinberger because he inherently knew more about Defense and was basically more capable in a managerial sense. But I choose without cavil or quibble Weinberger and the money of the Reagan Administration versus Brown and the penury for Defense of the Carter Administration.

In the final summing up of the Cold War there is plenty of room for bi-partisan praise for both parties in many Administrations. But it was the Reagan Administration that understood how, in the end, we could bring the Soviets to their knees and thus advance the cause of freedom in ways Jimmy Carter never even began to grasp.

Q: We are referring to Jimmy Carter talking about a malaise in the government and the American people which really turned a lot of people off. myself included

MERRILL: Exactly. It was midway through the Carter administration and I had already essentially pledged to support Ronald Reagan. I just didn't see how one could take this job under those circumstances. It wasn't a question of right or wrong. It was a choice of preference between slightly conflicting allegiances to country and administration. I have never felt worse. Marvelously just at that time along came Washingtonian Magazine which I shortly bought. Frequently when one thing goes wrong something else good happens. Life has infinite choices and opportunities.

Q: The Washingtonian being a monthly magazine focused on the Washington scene

MERRILL: It is the only other general circulation voice in Washington besides the Washington Post The current demographics are instructive. The average net worth of a subscriber exceeds $600,000, the average household income is $130,000, triple the New York Times. 97% of the readers finished college; 42% completed graduate school, and 3% ran for public office. Assuredly 42% of the people I know did not complete graduate school. The readers are affluent and educated.

It is a successful local area magazine with a circulation of 160,000, a total readership of half a million, 95% of whom live in Washington and the surrounding area. The magazine is not ideological. It's editorial purpose is how to get the best out of life in Washington, and to report and explain how the system works here.

The editorial purpose of a newspaper is basically to tell the reader what happened in the last 24 hours. Everything else is secondary. Newspapers are instruments of mass circulation. Magazines are narrowly targeted vehicles.

Washingtonian is aimed at the top 10% demographically of the Washington area households. The business purpose of a newspaper is to move merchandise off the shelf tomorrow. The business purpose of a city magazine is to reach that upper 10% who seek the best of what the city has to offer. We take a small chunk out of the Washington Post not by doing what they do best, but by doing and highlighting what they give little or no attention to because their priorities of necessity are elsewhere.

Jack Limpert, the editor of The Washingtonian, and Ed Mansfield, the ad director, understand all this perfectly. Both have been there for 20 years or more and make my life easy by doing their jobs so well. This is reflected in the magazine's phenomenal renewal rate, meaning the percentage of readers who re-subscribe. It approaches 85% which is like batting .624. It comes back to finding and keeping good people. They in turn recruit other good people.

Q: You turned Harold Brown down. You bought the Washingtonian. And we are talking about your next incarnation in the government.

MERRILL: I should note that I took a year off in 1975. I was 41. I had made a lot of money, more than I ever expected or will ever need, and wanted to consider what to do next. The company had completely turned around. We were generating large profits. We had bought a bunch of other things. I will not go into all of them but some of them were pretty sizeable, such as the Cleveland Colosseum, a 20,000 seat sports arena very similar to the Capital Center.

All of a sudden we discovered that in about seven years we had moved from having a negative net worth and being millions of dollars in debt, to a positive net worth in millions, no debt, and cash rich or close to it. In other words the company, and Ellie and I personally, were in sound shape in balance sheet terms.

When I say I took a year off, I did not actually leave the company but basically let it run itself under the capable managers that now were installed. And of course we had three small children.

We took six weeks and traveled widely in China and Russia. We were among the very earliest private travelers in China after the Nixon-Kissinger thaw, visiting Peking as guests of agency friends who were stationed there.

George Bush was then the liaison officer, this being prior to the time our respective countries normalized the relationship with fully accredited ambassadors. Bush personally orchestrated a three week tour through much of China for us and also introduced us to the Russian consul-general who set us up on the Trans-Siberian railroad, albeit after considerable confusion.

Because Bush had phoned personally and sent us over to the huge 20-acre Russian compound in his car, the Russians had somehow managed to mix us up with his children. By the time they found out we were not Bushes they had already made a lot of arrangements. And we were naturally very impressed with the level of attention that George Bush was able to deliver for a couple of visiting Americans even if we did have State Department backgrounds. The Russians got out of it all with bureaucratic grace by deciding to consider all Americans in China Bush children by extension and let the arrangements stand.

The three weeks traveling in China were fascinating especially since we were objects of considerable attention, attracting large crowds. Very few if any Americans had been permitted in the country-side for many prior years.

Although I was unable to visit a newspaper or a courtroom, the Chinese were very accommodating otherwise. Unlike Americans, who tend to brag about our excellence or the quality of our industries or Universities, or the Russians, who set up Potemkin villages to obscure reality, the Chinese had a habit of pointing out problems and failures.

Everywhere we went, such as a soft-drink bottling factory, or a collective farm, I was asked to suggest improvements that could help them modernize. The general idea was that here was an American capitalist who might have some good ideas on how to improve their operating techniques. It is an endearing national characteristic that will serve them well and continues, I believe, to be operative.

When the time came to depart on the Trans-Siberian from Peking to Irkutsk, the confusion re-appeared. At the train station it developed that the train we were scheduled on was a four day local that went by way of Manchuria and then West to Irkutsk in central Russia. We had intended to go direct 24 hours across Mongolia and then East on the Trans-Siberian to Khabarovsk in the Russian Far East and thence to Japan.

The Russian consul, there to see us off, explained that we had failed to ask whether the Thursday and Saturday trains took the same route. So there is always a question one doesn't ask! With 5 minutes to decide we chose to go. It was like going from Washington to New York by way of Minneapolis.

The result was four days with any number of Russian and other Eastern European diplomats, including some returning from North Korea, on a train that ran on Moscow time--ll time zones away. So if it was noon in Moscow they served lunch even though it was 1 a.m. on the train.

We were the first Americans since WW II to cross the Manchurian-Russian border, according to a Chinese border guard who gave us tea in honor of the occasion. On the Russian side there were endless Stalag 17 type prisons one could see from the train.

Stops were made almost hourly at villages that looked like Wild West movie sets with wooden sidewalks and mud streets. Siberia was hardly modern. We eventually flew East from Irkutsk to Khabarovsk, a 3,000 mile trip, for $50 U.S. accompanied by a planeload of Russian farmers selling bags of apples and oranges on the street and flying back. Imagine the economics of that.

One of our Russian guides and his wife, both doctors, told us they had been waiting 7 years to get a flat with indoor plumbing instead of an outhouse. Others told us that when the Soviet government showed such pictures of American poverty as "The Grapes of Wrath" people howled with laughter as so-called okies drove off in their own cars and trucks.

Anyway, we spent six weeks that year traveling in Russia and China, plus time and various stops to and fro. We spent six weeks at our place in Aspen, three weeks with the children and three weeks without. We spent some time cruising in the Caribbean. As a family we cruised our own sailboat on Chesapeake bay for three weeks and then sailed up to Nantucket for another 5 weeks up there.

At the end of this year of what amounted to extensive travel, a number of conventions in attractive places, and extended skiing, sailing, and playing, I concluded that this was not a satisfactory way to live permanently.

Put simply, the Palm Beach life is a bore. Indeed, an acquaintance from YPO., the Young Presidents Organization, John Y. Brown, had a similar experience which is instructive.

Having built Kentucky Fried Chicken into a great corporation, he sold out for over $100 million dollars, which was even more 25 years ago. He then moved to Palm Beach with his wife and children. At the end of six weeks he concluded he couldn't take the charity ball circuit any more. She said this is what they did it for. He said no way. Result: divorce. He returns to Kentucky, remarries, runs for Governor, and wins.

I do not wish to spend my life in Palm Beach or the equivalent either. Vacations are fun if they are vacations from something. They are not fun if that is all there is in life. I gave up golf a long time ago. I love to sail, and to ski, and to hike, and in general to be outdoors.

But I don't want to spend the entire winter in Aspen or the entire summer sailing. I am very, very grateful for 14 sunny skiing days and 14 sunny sailing days a year. It takes about 21 days each to get the 14. Frequently another week is delightful but that is enough. I'm grateful for each such day. But I did not then, and do not now, wish to spend the rest of my life as a dropout. So the question becomes what to do that is useful?

The answer has to be in some way shape or form public service. It can be government service, board service, community service, non-profit service, but it has to be something that is emotionally rewarding and puts something back into the community. That was principally the motivating factor with McNamara-Brown, and it came into play again in the Reagan administration.

Q: So Phil , how did you get involved in the Reagan administration and what did you do?

MERRILL: I responded to a request for help from Fred Ikle, President Reagan's new Under-Secretary of Defense for Policy. I knew Fred slightly and had been recommended to him as one who might be helpful with a relatively minor issue called the Law of the Sea Treaty which had a number of fatal flaws.

Fred called me at the suggestion of Bob Goldwin, then at the American Enterprise Institute, who had been the resident intellectual in the Ford White House, Don Rumsfeld's assistant when he was Secretary of Defense, and a friend of mine since his

days as Dean at St. John's College in Annapolis.

A word about Fred is in order here because he was my principal sponsor. A former head of the Arms Control and Disarmament Agency, Fred was a RAND analyst who had a reputation for being extremely conservative on defense issues. He had served during the 1980 campaign as President Reagan's chief aide on defense about which, as everyone knows, this President felt very deeply.

In point of fact Fred is nowhere near as conservative as his reputation just as Bowles was nowhere near as liberal as his. But he was a defense intellectual, with substantial government experience, who had written several landmark pieces.

Among these were two great books. One was a relatively thin volume called "Every War Must End." This was written in the middle of the Vietnam War and focused tightly in historical terms on the goals of the parties entering wars as contrasted with the goals coming out.

Colin Powell made the first four chapters of that book required reading for every flag officer involved in the Gulf War. If one thinks, for instance, about the goals of Japan in bombing Pearl Harbor as compared to the outcome it is easy to see how often such goals change. Colin, and President Bush, did not want the goal of ejecting Iraq from Kuwait to change after the fighting started.

Fred also was the author of "How Nation's Negotiate," an equally brilliant exposition the title of which is self-explanatory, and of a remarkable essay in Foreign affairs called "Can Deterrence Last Out The 20th Century." These, and others, were first-class intellectual work and had resulted in substantial impact on American thinking during the Cold War. So Fred was a known quantity, so to speak, with whom I was delighted to meet.

We had similar opinions on this minor but highly controversial issue called the law of the sea treaty which Elliot Richardson had been negotiating on behalf of the United States.

The essence of this extremely complex 160 nation, 13 year old negotiation was first to codify the navigation principles of the world and second to give sovereign jurisdiction, including mining rights, over the deep seabed to the U.N.

In other words the UN was declaring that it was the sovereign authority over all the land under the sea. This was not something that I thought was a wise idea for a lot of reasons, most too technical or complex to explain here.

Very briefly, however, if the U.N. could take jurisdiction over the seabed, it could also do so over space, or over air waves, or band-width. The common heritage of mankind, or what is often referred to as the tragedy of the commons, is not that the state owns everything but that he who brings his bait and catches his fish is entitled to the fish. Regulation, yes, because it is often necessary. Ownership, no. Do we want the U.N. to

own the airwaves? Or all the landing rights at airports?

In this case the U.N. wanted to set up a 20,000 man bureaucracy -- I do not exaggerate -- to administer 9 potential deep-sea mining sites. The half dozen companies with exploration capacity had divided them up in a two hour meeting with ease and with the consent of their respective governments. The U.N. was demanding a dollar payment to it, for its own use, for every dollar ever invested. It was a direct tax on exploration. It would have set a precedent for direct U.N. taxation on air, water, and space, even airwaves.

Fred Ikle had asked Bob Goldwin for some help on the issue. Jeanne Kirkpatrick had written a very powerful essay opposing the Treaty, which had caught President Reagan's attention, and it had high visibility in the new Reagan Administration.

Although of course treaties are negotiated by the Department of State, the Navy's interest in this one was very substantial because of the navigation articles. Thus the Pentagon for all practical purposes was the critical party in the U.S.

When Fred called and asked to meet with me to discuss this treaty, I was at expecting the call and was aware of the basic facts. The treaty had a Rubik's Cube quality to it because the negotiations had being going on for so long, because the United States had informally committed itself in many ways, and because the issues involved were very complex politically.

I had done the ITU negotiation, International Telecommunications Union, a couple of years earlier, and also had some experience with other armaments and exchange agreements.

Fred asked me to have a look at the office in the Pentagon which was in charge of this issue, called LOS for short, and recommend to him how we should handle switching the U.S. position, if indeed that was the right course, and establishing the basic facts and a mechanism for implementation.

Law of the Sea was one of the many issues that fell among multiple stools both in DOD and the government at large.

It so happened that the Admiral in charge under the Carter Administration, a three star named Max Morrison, had been Commandant of midshipmen, the number two job, at the Naval academy some years earlier and was an old friend of mine.

He had been fully supportive of the treaty because he saw it as easing the Navy's way through treacherous legal waters. My view, and of course the Reagan Administration view, was that the U.S. Navy did not need a treaty to provide access for itself in blue ocean waters and that the customary rules of navigation, and ample military strength, were sufficient.

Max so strongly favored this treaty that he had put a Navy JAG (Judge Advocate

General) Captain on report for opposing it. I talked to this Captain, whose name was Bruce Harlow, and thought he had the complexities of this treaty down just about right. It just wasn't worth trading off sovereignty over the seabed for a U.N. reaffirmation of customary maritime law.

But the fact that I knew Max, trusted and liked him, was helpful, perhaps especially because we were on different sides of this issue. I still knew I was getting the best case possible for the other side, even though I didn't agree with it.

In the intricate way things are done in the Pentagon, I got Harlow to replace Max, and then arranged to get him two stars, i.e. Rear Admiral, because we needed to have someone of flag rank representing us with all the navies of the world, and among the negotiation team at the U.N.

Eventually for all practical purposes we eviscerated the treaty. In the instant case I spent three or four days analyzing, interviewing, and researching. The result was that I reached the core of what the intellectual, ideological, managerial, political, policy and bureaucratic issues were and developed a road map on how to handle them. Fred was pleased. So was I. So was Weinberger.

I was then asked to come aboard as Counselor for the Department. I was technically Counselor of the Defense Department. In practical terms I was Counselor to the Undersecretary of Defense for Policy. In other words I was in the half of the Defense Department that was the policy half. And when one opened the Pentagon phone book, mine was the fifth name down after the Secretary, the deputy, and the two under-secretaries. in the Office of the Secretary of Defense or OSD as its is known by acronym.

Q: The Counselor title in both the State Department and the White House is a high ranking title . The person who has it does what?

MERRILL: You are as powerful as your sponsor, and you have as much authority as you can take. It has been a free ranging position in the State Department and the Defense Department. Ed Meese, for example, was Counselor at the White house. This is not to be pro or con Ed Meese on any issue. I'm simply saying it is a title that is used to give a senior official free ranging authority.

Q: So we are talking about after January 20, 1981.

MERRILL: This would have been early in February. We have no process in American government for transferring from one administration to another. There are study teams but what really happens is that on one day the past Administration leaves and the next day the new one arrives. Sometimes there are lengthy vacancies. The new people coming in cannot even get office space or building passes, much less clearances, until they get approved by the White House, or by Congress, or by the bureaucracy. And there are the immensely bureaucratic and intricate conflict of interest provisions. Sometimes it takes months.

There were two Assistant Secretaries of Defense under Fred. Richard Perle, a former aide to Senator Henry Jackson, was and is a well known conservative democrat. He is often called the black prince because of his hawkish views on defense which usually, but not absolutely always, parallel mine.

Richard, a close friend, had hepatitis at the time and although confirmed, was barely able to function, even part-time. The cure for hepatitis is rest and he didn't have much choice about it. The other assistant secretary was a fellow named Bing West, who was in over his head. In theory Richard had responsibility for Europe and also nuclear issues, and Bing had responsibility for the rest of the world and conventional forces. Bing's deputy was Richard Armitage, a first rate person who has served in many high ranking positions. He handled the Philippine base negotiations, for example. We had adjoining offices and became friends from day one.

The Defense Department is controlled by the great rolling budget. At the time it was roughly 300 billion a year considered each year in five year tranches or about l.5 trillion at a gulp. If you do not play in the budget game you are not really a player in DOD. It is, I believe, the largest discretionary budget in the world.

Fred's immediate problem was how to shape the direction of the first Reagan budget without effective help from Bing or Richard in a framework in which Congressional and OMB dictated deadlines were forcing decisions daily.

The defense department can be conceptualized by dividing it into two parts-- what for, and what with. What for is literally what our country needs forces for. What with are what kind of forces are going to be employed. The former is the policy side. The latter is the technical side. The iteration between the two is the core of defense management.

As Under-secretary for Policy, the number 3 job in the Department, Fred's most basic job was what for, which meant shaping the direction of the budget. There was nobody to do it. Thus I found myself, coming on board on two or three days notice, in a very similar position to when I first bought the company. The thing is rolling but without the new Administration having control of it.

Fred and I agreed at first that we would just take every problem we could tackle. If we couldn't solve it in four or five days, to hell with it, and go on to another problem. In point of fact in about a year, unbelievable though it sounds, I had my arms around the entire Defense Department and we were able to put together the conceptual thrust behind the Reagan budget. Moreover, it had force and effect, and clear direction.

Although there are obviously hundreds of aspects to the Reagan defense program perhaps it is simply explained best by saying the principal thrust was to shift about 180 billion dollars in spending toward lift. This means the ability to take forces places and have the capacity to fight when they got there.

It is that capacity, for example, that was demonstrated in the Gulf War. Without the investment in lift capacity provided by the first four years of Reagan we never could have done it. As for the 180 billion, believe me, every dollar came from some other program which had very effective bureaucratic players fighting for it.

Q: Did you have to have Senate confirmation for your job?

MERRILL: I did not require formal Senate confirmation, but I had Assistant Secretary of Defense status, meaning in the parlance of bureaucrats access to the blue room and the gold room. I had to be approved by the White house and informally assented to, that is, not opposed by, the relevant Congressional committees. So it is a Presidential appointment but in this case without formal Senate confirmation.

To people like Richard Perle and Bing West, Senate confirmation was very important, and to others in government it is because it gives them independent standing in the job. One cannot be fired by The Secretary of the Department if one has a Senate confirmed Presidential appointment, such as, for instance, a U.S. ambassador or a regular Army officer commission. In theory at least only the President can remove you. Having been around government since 1961, that made no difference to me. I didn't care about technical standing. They don't want me, I'm happy to leave. They want me, I'm willing to stay.

What I did require were four other bureaucratic things that would help make me effective. Silly though it may sound these were the office closest to Fred's, a River entrance parking place, access to all information on Fred's desk at any time whether he was there or not, and the ability to walk in and out of any meetings in his office at any time saving only one on one meetings with the Secretary of Defense or the two assistant secretaries. Information and access, including the perception thereof, are the stuff of power in government.

Q: This is Fred Ikle? And you are trying to get control of the budget.

MERRILL: Yes. During the Reagan years it was 1.5 trillion spread over five years. Each year you do another five year budget with the current year up front. It is called the FYDP for Five Year Defense Plan. There is always a supplemental for the previous year because it was an estimate, the budget for next year, and the current budget. Thus there are always three budgets on the table.

To steer a ship like that takes some conceptual thought. The thought is expressed in a document called the Defense Guidance which has nine sections. The first four deal with what we want the forces for and what they are supposed to do. These and the summary introduction are the responsibility of the Under-Secretary for Policy, namely Fred.

The second half reflects the forces you are buying and how they will be used. These are the final four sections and are the responsibility of the Under-Secretary for Acquisition. The bridge between the two--section five-- has never been successfully crossed.

If you say you want defensive technologies, the army will define every tank as a defensive weapon. If you say you want this particular kind of defensive technology, the navy will say you are micro managing. The problem is to get a level of generality sufficient to compel results but not so detailed as to be ineffective.

This issue of generality applies in business as well. Any order worth giving requires some discretion on how to accomplish it on the part of the recipient or you are operating at the wrong level. The same thing applies in government. In any event the first and biggest problem was how to get control so that the ideas of the Reagan Administration, much more robust militarily than those of the Carter Administration, could be effectively implemented. It isn't simply providing more money. It is what to do with the money when each of the services has vastly different and often competing priorities.

Q: Keep going.

MERRILL: I got a kick out of the office phone. My office had previously been otherwise occupied. For the first few days the phone was answered "Office of Nuclear Targeting" which gave my friends one terrific shock.

Anyone who knows me and is led to believe that I am going to be in charge of nuclear targeting is scared out of their wits for the future of mankind. They are of course right. But even in the targeting area there is an issue of policy and execution. Somebody has to decide what target, and somebody else has to decide how to get there. And this tension among what's policy, what's strategy, what's execution, is a continuing back and forth in the defense establishment.

It is different than the State Department because of the great rolling budget, the continuing issue of buying things, updating things, maintaining things. Money is the issue in the Defense Department. In State, money is never or at least rarely the issue. Policy, almost in an academic sense, is the stuff of debate. In academia the issue in faculty politics is who is going to teach what, but it is not the budget of the university.

Q: Your job was what?

MERRILL: The title was Counselor. I had everything that was programmatic, that transcended specific services or dealt with issues that were not reflected in the basic responsibilities of Richard or Bing. Things like law of the sea, or that dealt with the budget, or involved lift, stealth, special forces, covert operations. In subsequent Administrations the job has come to be defined as strategy and resources and involves supervising a large staff.

At the time, I didn't have any staff and the time necessary to assemble one would have resulted in Fred being ineffective because time was of the essence. With the advantage of hindsight, the first meetings of the Defense Resources Board were absolutely critical to setting the course of the Reagan Administration in Defense. Thus the agenda of those

meetings became the key battleground. As in everything, what you are going to discuss is the most important thing, even more important than what you are going to decide.

So there developed a long contest between me and several other people for control of the agenda at these DRB meetings. Under Harold Brown these meetings had involved 5 or 6 people including the Secretary, the Deputy Secretary, the two Under-Secretaries, the Controller, and the Chairman of the Joint Chiefs of Staff, plus maybe one or two staff totally, not per person. This was a decision making group. It was small enough and could deal with each other, making concessions and trading requirements.

Under Weinberger the DRB included all of the above plus the service Secretaries and the service Chiefs plus many Assistant Secretaries-- all in all maybe 25. This made compromise and dealing very difficult, indeed almost impossible. And it made framing the key questions almost in itself decisive. The group was too large to be decisive but nonetheless the key issues were in fact being decided by the shape of the agenda.

Having been in government before, I sought assistance from the senior staff. I used the second person in each of the principal OSD offices plus help from the service programmers to put together various packages. I made friends with Jack Boorstin, the Controller, and David Chu, the Director of Program Analysis and Evaluation (PA&E), and utilized the resources of their staffs. Mike Leonard, the Deputy in PA&E, was particularly helpful. So was Bill Schneider, the Office of Management and Budget (OMB) associate for security affairs.

In short, I used the existing bureaucracy to put together a program that made more sense to me and Fred than the service programs, which were essentially more for each of them-- one third, one third, and one third, which is exactly what is happening right now in the Clinton Administration. By utilizing the bureaucracy I got the best thinking of those who had been frustrated by varying political decisions in the past and were, on the whole, free from partisan considerations, although of course they had their own objectives and biases.

One lesson of government that many political appointees fail to recognize early enough is that there are many very able senior public servants just below the top who will break their backs for you if they think you are a serious person and believe that you intend to do the best you can for the country. It is immensely easier to make things happen if you can get the bureaucracy to cooperate than vice versa. Perhaps it is the art of government or at least of the executive branch.

The net result of all this was a three or four month confrontation between me and Dick Stilwell, a retired four star who was Deputy Undersecretary, and who also sought to control the DRB process, more from the point of view of each of the services.

Q: I think I met Dick Stilwell when he was UN military commander in Korea.

MERRILL: He's the same Dick Stilwell. Not related to Vinegar Joe.

Q: This Dick Stilwell and my ambassador, Dick Snyder, were two very strong characters and it was nose to nose. I mean these are two very strong and not particularly agreeable people. I know the man.

MERRILL: Let me tell you that I hit Dick Stilwell with everything I had and it was like bouncing off a stone wall. Essentially for the first several months, he was the only person who had authority to sign anything because he was a holdover or at least had served in the Carter Administration. Fred hadn't been confirmed, Richard hadn't been confirmed. I didn't even get my clearances for two or three months because, believe it or not, my State Department records had been misfiled somewhere in a warehouse in St. Louis because of a fire and there was some question as to whether I existed. Fortunately they were eventually located.

I was still running the great budget drill with my informal team despite the lack of formal authority. I just went ahead anyway. Budget deadlines do not stop for anybody. And even though it may be surprising to many people, nothing goes to the President of the United States that a 13 year old child cannot understand. At that level, you are dealing with a percentage and a direction, not with some algorithm on how to deliver a weapon on target, which may be highly classified. We are talking here of grand percentages.

So these nitpicking bureaucratic obstacles, while frustrating, were not significant handicaps but it was an odd situation. You knew Stilwell. Well, Stilwell tried to control the budget disproportionately from the Army's point of view and of course he had windows into the services we could not match. Fred and I wanted to do it from a different point of view.

In the end, allowing for a great many compromises and adjustments, the basic Reagan changes had been initiated. Stilwell was standing in the door of my office and I said something to him about the whole thing having turned out about right for the country. He looked at me without a smile and said “I’ll never admit that.” Still, he fought fairly.

Fred is a profound thinker, and very effective in print, but he is less persuasive in inter-agency or bureaucratic combat. As with all things, personal style counts, and Fred has a reserved Swiss personality surrounding a world class mind.

Q: He's not a street fighter.

MERRILL: He's a street fighter on paper, not verbally. Issues get resolved in all organizations by people sitting down and talking about them, and somebody else records it. Persuasiveness in such negotiations count and so does the ability to orchestrate in advance support for controversial choices. That is where I was able to be helpful to Fred. He had the right ideas, of which more later, but implementing them in a huge bureaucracy is another matter.

There is another kind of bureaucratic infighting that uses paper. In this respect, the Pentagon has no peer. Time and again I would find that a late night multi-agency, multi-

service agreement would be reduced to paper and on my desk by 7 a.m. the next morning, complete with timing, deadlines, checklists, options and so on. The drafter wants to define the issues in his terms.

The Department of Defense is a huge ocean liner. You turn it slowly, two or three degrees at a time. My working group of all these number twos was studying the consequences of varying program choices, trying to frame the questions simply and fairly, but also to concentrate on the right issues.

I say again the services had vastly different, and often inherently contradictory, ideas on which priorities came first. And there were the political realities of Congressional interests. We even had Republican and Democratic nuclear missiles. The MX, large and mobile, was favored by the GOP. The Midgetman, small and numerous, was supported by Democrats. Neither made any sense to me but there we were.

Since I wasn't 100% sure at the time that I had control of this thing intellectually, and neither was Fred Ikle, I would bring in people who had worked there before to run by some of these option papers with me.

Among them was Hal Sonnenfeldt, who had been Counselor at the State Department under Henry Kissinger and who I have known since 1966 when he was the Soviet specialist in INR and I worked South Asia.

Ivan Selin was very helpful. He was Alain Enthoven's successor as head of PA&E under MacNamara, and founder of American Management Systems of which I continue to be the largest private shareholder. Aside from an incredible ability to speak 16 languages, including three varieties of Chinese, he has an ability to go to the heart of many problems.

I also utilized my old friend, Philip Odeen, then with Coopers and Lybrand, now head of BDM, the large Defense contractor, who had himself extensive DOD experience.

Dick Danzig, now Secretary of the Navy, came by several times and was quite helpful. There were more. Andy Marshall, the Director of Net Assessment, and some of his people were invaluable. I would bring by people with Pentagon experience who had fought some of these wars in previous administrations just to be sure that we weren't too far off course. Let me call it reality checks. We all need them.

It came down to a couple of crucial Defense Resources Board meetings in the late spring of 1981. Let me tell you from experience that no compromise is going to take place when a service chief and a service secretary are in the same room at the same time with another service secretary and service chief.

Either the chiefs can compromise with each other, or the service secretaries can trade with each other. But if you are giving something away, you can't give something away when the leader of the bureaucracy you represent is standing right beside you. This is a

formula for stasis.

The first of these DRB meetings revolved around the agenda that my group had prepared for Fred at his direction and of course with his conceptual thrust. This was the trillion and a half dollar five year program, the so-called FYDP.

This was the first real opportunity to demonstrate what the Reagan Administration planned that was different from the Carter team both in terms of increases and direction. There were about 20 charts in sequential order involving varying program packages and choices.

The meeting opened with Fred saying, at my request, that we have 10 billion dollars in small change to deal with first for some high leverage programs before we reached the major options. Those were his exact words. It was just a wonderful little phrase, because $10 billion was in fact less than l% of the appropriation under review and nobody there wanted to invest major effort or political chits on that.

The $10 billion in small change went for such items as speeding up production of the D-5, the nuclear weapon on Trident submarines, which badly needed to be deployed more rapidly. There was additional money for SOF, special operations forces, which made the Armed Forces committees happy, strengthened the navy Seals, and improved mountain troops and other special forces. The l0th mountain Division, of Aspen and WWII fame, is now based in at Ft. Drum, NY, and comes under an SOF command. That is due to the "small change." These type of forces were very helpful in the Gulf War.

There was seed money for defensive technology research, which became eventually the basis for the Strategic Defense Initiative, now called ballistic missile defense, or Star Wars. There is nothing immoral about defending ourselves from rogue countries with the capacity to place weapons of mass destruction in suitcases or on missiles and attack the U.S. And, among other things, there was extra investment in certain key technologies involving precision guided weapons, so-called UAVs, meaning unmanned aircraft or drones, and other similar information technologies that have turned out to be fairly prophetic. All in all, it was money exceedingly well spent. The point is that in relative terms it didn't cost much and it all went through without a murmur of dissent or objection. Amazing!

The big debate was over how much to spend for lift. I'm going to stop with this example, because there is no point here in going into multiple military programs. Suffice it to say that as a result of this and subsequent DRB meetings about 180 billion in spending was diverted to lift -- meaning roll-on roll-off ships and such airplanes as the C-5 and C-17. If you take $180 billion from the left hand side and put it on the right hand side, it's actually a $360 billion shift. It is a very big shift. What was the lift for? It was for the capability to move armed forces long distances.

Q: The C-5 and C-17 are very large transport planes.

MERRILL: The lift enables the Air Force and the Navy to transport the Army, and also transport themselves. and to be able to fight when they get there. To get half a million troops to the Persian Gulf, in-air refueling is essential. To get F-16 and F-18 planes to the Persian Gulf in 1991 required 14 in-air re-fuelings. In order to do that you had to have KC-135s, in-air tankers, at prearranged points all along the line and support functions in Europe and the United States. So the biggest move was $180 billion for additional lift.

Keep in mind the Navy would like to have every possible fighting ship and doesn't want to take the Army anywhere if they can avoid it. The Air Force wants to deploy every tactical fighter squadron they can get and doesn't want to provide for transport planes. Even the Marines want every troop able to fight but they rely on the Navy for hospital ships and support facilities. The Navy, of course, doesn't want to divert its tooth area to the tail of the Marines. Each of the services have a valid warfighting reason not to provide the others with what they need, even though they all know they have to do it.

Q: Even within the service, the fighting men don't like to think of the supply officers as that important. You can't fight without good supply officers.

MERRILL: Let me simply say that to my surprise I was able to get a conceptual grasp of the budget. I don't see much point in further detailing here different items or policies involving Defense. I was happy to survive and to be helpful.

Q: Of course. Let us concentrate on foreign policy.

MERRILL: That's why lift is an excellent example because it involves the question of what the United States' role in the world was, and the sense of what it is now.

Right now post Cold War The U.S. is deciding if we are to be a super power on the Roman model which means legions in other places keeping the peace among all the warring tribes. It rather bemuses me that at the height of the Roman empire about 300,000 men were stationed away from Rome. That happens to be just about the number that we have stationed overseas now. If you are an Egyptologist you could probably construct a pyramid out of this.

Are we going to play on the Roman model squelching every linguistic, racial, or religious regional argument by force, or will we follow the British model of delegating these challenges to regional balances of power? That is today's strategic choice in a nutshell.

In 1981 the Cold War was at its height. The three great objectives of the United States and the West were to defend Western Europe, to insure an uninterrupted oil supply, and to preclude Soviet power projection in the third world. Very roughly we devoted $100 billion per year from the defense budget to each of these.

The Soviet tactics were to threaten Western Europe with overwhelming conventional and nuclear force, to support terrorism and foment political instability to make our supply of oil continually vulnerable, and to exploit whatever third world opportunities came their

way.

With respect to oil, keep in mind there is enough to supply the world for 500 years or more. There is no shortage. But the Middle East always has the capacity to cut the price beyond the economic return of investments made elsewhere. In short, the issue is price, not availability.

Q: As you arrived at the Pentagon and were briefed what did you see in 1981 as the Soviet threat? Without going into great detail, what were they after?

MERRILL: My view was quite conservative. First, I looked at 110 Russian tank battalions, which was the actual number actively maneuvering behind the Iron Curtain. I have a map on my wall in my Washingtonian office that shows those tank battalions. All the Russian ones were in red and all the US and western ones were in blue. There was a solid block of red battalions. There were a few scattered blue battalions.

Nobody would argue the tank is a defensive weapon. There are thousands of defensive weapons, dozens you can use against tanks, but rarely are tanks used as defensive weapons. It is an offensive weapon. What were they doing with 110 tank battalions at maximum readiness in Eastern Europe? Why were they there? Maybe their intentions were benign and maybe not. But the difference between capabilities and intentions are not a thing on which we can bet the future of western civilization. So it is capabilities that count, not just intentions.

I saw the Soviet Union as a very dangerous Sparta-like military state that needed to be dissuaded from adventure. We call that policy deterrence and containment.

Q: I want to capture the spirit of the time when you came in to the Pentagon because this is an interview concentrated on foreign affairs. The military side is an integral part of this; I'm trying to capture how we saw 1981 and the Soviet Union. What was your personal view at the time?

MERRILL: In the words of Former Secretary of Defense Harold Brown: “When they build, we build, when we cut, they build.” The dominant fact of the late 1990s in the world is the explosive growth of the U.S. economy. The dominant fact of the latter part of the 20th century was the explosive and continued growth of the Soviet military machine.

I believe that the record supports President Reagan’s assertion that it was the evil empire. I believed then, as I do now, that the great task of the United States in my lifetime was to contain them, to deter them, where necessary to confront them, to outflank them, to outproduce them, and to transcend them.

In the course of time we hoped their totalitarian societies would fade in the competition with free ones, their vast military structure would be made obsolescent by technological change, and that either through some outside force or some internal collapse a less dangerous world would emerge. It just never really occurred to me that all this would

happen within a decade.

With the advantage of hindsight the policies of the Reagan Administration, taken in context with that of previous Administrations back to Harry Truman, were instrumental in bringing about a far more decisive and conclusive victory than seemed possible in 1981. Then the Soviets appeared to have the edge. Totalitarianism was creeping ahead. The Brezhnev doctrine of irreversible revolution was working at least in part. The struggle appeared uphill.

We have not brought about the end of war or conflict or anything like it. But surely the collapse of the Soviet Union under the impact of multiple pressures from the West and their own internal contradictions has been an immense victory for the cause of freedom.

It has made the entire world infinitely less liable to destruction than it was two decades ago. It is true that the prospect for use of a nuclear or other weapon of mass destruction is perhaps more likely now than then; but the very real chance of destroying the entire world is far, far, far more remote. I'll take that victory with pride.

Remember what the world looked like. For example, we were in the business of installing Pershing and cruise missiles in Europe to meet the threat of the new Soviet SS 20s which had been ostentatiously and unnecessarily targeted on Western Europe. I say unnecessary because the Soviets already had Europe entirely targeted in multiple ways. This installation was pure intimidation-- intended to test NATO's political resolve. And we had to respond with new missiles of our own, which were also militarily repetitive, at a cost of some $7 billion.

One of the tasks Fred involved me in was an effort to devise a way out of deploying those weapons, since we already had the Soviet Union targeted at sea and through the air as well as through existing weaponry in Europe. Without delving into the intense complexities of nuclear theory, suffice it to say we were unable to find such a mechanism. We simply had to, and did, make the deployment. I like today's atmosphere of confusing regional problems, with all their uncertainties, a lot better than the canonical threats of 1981.

By the way, nobody can keep track of all the weapons systems in the Pentagon. Anybody who thinks you can is crazy. Anyone who tries has his head in the weeds. I was often accompanied by a weapons analyst with a very thick continually updated reference book. You want to know what the weapons systems do, but no one can remember each number and each upgrade for each system and weapon in all the services.

Q: You are showing a book about 12 inches thick. Why did you say the Soviets re-targeted Western Europe?

MERRILL: The targeting of Western Europe with SS 20s had nothing to do with targeting capacity. The Russians could already fire several different kinds of missiles on Europe from behind the Urals. The SS 20s were purely a mode of intimidation. The issue

at stake was would NATO accept the intimidation, or were we going to do something about it. This meant targeting them with new Pershing and cruise missiles based in Europe. The answer was do not give in to their intimidation. Do not allow them to split the alliance. It was the mood of the Reagan Administration.

Q: Also to be accurate, the Carter administration had come on strong.

MERRILL: I don't think that is really the case. The Carter administration had campaigned on a platform of reducing the defense budget by $7 billion dollars annually. The number wasn't important. But the conceptual direction was. Carter's last budget called for a 13% increase but none of it was funded until he was out of office.

What the Reagan Administration did was take this last Carter budget, add 7% to it, defined that number as the top line, and then compounded it for three or four years. Remember, this was in the wake of the Soviet invasion of Afghanistan.

The Soviets were also shipping a billion dollars worth of military hardware, plus a cadre of Bulgarian assassins, into Nicaragua. I didn't particularly care about Nicaragua taken alone. I don't believe now and I didn't believe then that it was up to the United States to settle every ethnic, racial, religious, or linguistic argument in the world, allowing for a decent respect for prevention of genocide if we are capable of doing it. In most places we can not, particularly if it is internal to a country.

But when the Soviet Union is shipping a billion dollars worth of hardware into a country that has only a couple of million people in the Western Hemisphere, I think that is unacceptable. I wanted to use local indigenous forces to sink their ships. This policy was not accepted because Congress wouldn't go along with it. We did conduct a delaying action in Central America that was ultimately successful and the Sandinistas were overturned.

Then there was the Soviet Pacific fleet. The Soviets, like us, are a bi-coastal continental power. Why shouldn't they have a Pacific Fleet? But the Russian Pacific fleet was larger than the entire US fleet. The Russians had 120 missile firing submarines in the Pacific fleet alone. We only had 90 missile firing submarines in the whole fleet. Why do the Russians have a fleet sailing around the middle of the Pacific that is larger than the entire U.S. fleet? What is the reason for this? Again you go to capabilities and intentions.

With the advantage of hindsight, it probably beats the daylights out of them as it beat the daylights out of us but the fact is they had that fleet there. They also had this overpowering series of weapons: SS-9s, SS-19s, SS-20s on and on. All of them in deep underground silos or on mobile, often MIRV launchers. MIRV means multiple warheads, i.e. up to I2 re-entry vehicles on a single missile.

At the height of the cold war one-third of the entire Soviet Union's GNP or more was devoted to the military. No Western country ever exceeded 5% of GNP for this purpose except South Korea which was under real immediate threat but was still able to develop

its economy.

The proportion of resources devoted to things military in the Soviet Union was disproportionate. It was sufficient to more than match and in many cases exceed us. Certainly they had overwhelming superiority in conventional forces and came to an equivalent in nuclear ones. Our job was to wage the cold war without fighting, to contain them until they collapsed of their own internal contradictions the way they believed we would.

Q: In the 70s Brezhnev announced his so-called Brezhnev doctrine which said we will not tolerate Socialism to fall in any country in which it is established. Then we had Afghanistan in 1979. This is toward the end of the Carter administration where the Soviets seemed to be thrusting their power forward. There was even talk about Russian maps with arrows pointing toward the Persian Gulf through Iran or Pakistan. How did this affect you? Did you see an expanding Soviet power moving beyond Afghanistan?

MERRILL: The answer is no I did not. But that didn't alter the importance of Afghanistan as a critical turning point in the Cold war. The Brezhnev doctrine is a related issue.

I never believed in this 19th century great power concept called the great game with the Russians focused on obtaining a warm water port. If they wanted a warm water port, they could have taken one a long time ago.

One doesn’t need a course in negotiating theory to understand the Brezhnev doctrine. What's mine is mine, what's yours is negotiable. That's the Brezhnev doctrine. It is acceptable for them to turn an independent country into a Soviet satellite but it is not acceptable for us to reverse that. The application to Afghanistan is self-evident. They invaded. We saw no reason not to help the Afghans eject them and every reason to do so.

President Carter’s response to the invasion of Afghanistan was to express shock at what nasty people the Soviet leaders were. Maybe there is such a thing as the Gulag Archipelago, after all, although it was hardly referenced by Carter before Afghanistan. We'll cancel the Olympics, and submit a budget that calls for a 13% increase in Defense to be funded in the next Administration after the election. There is no budget increase for the defense establishment that took place under Carter, only a proposal to do it after Carter.

This was an engineer in office. I'm not a Carter hater any more than I am a Clinton hater. He had an engineering mentality checking off the boxes. I once heard him say he spent 38% of his time working on the budget. I mean this is the reverse of the 1%. Any President who can tell you where he spent 38% of his time, particularly if it is working on the budget, is at the wrong level of how to execute.

I've been to Afghanistan several times. It is Apaches and Sioux. Everybody carries a rifle. And the national sport is killing one another akin to Indian war parties. These are not nice

people. Until the Soviets invaded we were quite happy to settle for neutrality there.

Indeed, when I was in INR in 1966 we helped modernize the Afghan army with a small assistance program that provided 1903 Springfield rifles from an old U.S. armory. Many Afghans carry working rifles from the 16th and 17th century. I have one on my wall that was made before 1550 and is still in working order.

Our object in Afghanistan was to throw the Russians out for the same reason we threw the Iraqis out of Kuwait. They had no business invading a foreign country by military force.

Invading Afghanistan turned out to be a big mistake. With 13 million people, most of them armed, the Russians got bogged down in Afghanistan in much the same way we did in Vietnam. Indeed, it did the same thing for their army that Vietnam did for ours.

The Russian military was using helicopters and essentially slow speed ground support aircraft to bash these Afghan guerrillas who were being supplied through Pakistan. The Paks were ripping off half of the aid. The guerrillas were being badly mauled but were standing up to the Russian forces by using age-old guerrilla tactics that need no elaboration here.

The question came up of supplying them with stingers. It was a very controversial issue, opposed by all three services, all the joint chiefs, by the State Department, by the White House staff, and by the National Security Council staff. This is inside the Reagan administration.

The stinger was a newly developed shoulder fired weapon that was akin to a bazooka. Its target was airplanes and helicopters and it could be phenomenally effective because of its built-in guidance device.

An illiterate person can be trained to use it and maintain it in three weeks. For a literate person three days. It is not a complicated deal. More like learning to shoot.

It was opposed on essentially three grounds.

Argument one was we hadn't equipped our own troops with them yet. Therefore to give them to Afghan rebels when we didn't have them ourselves was something the United States military was not going to do.

Argument two was that it involved advanced technology that would inevitably leak to the Soviets or other potential opponents.

Argument three was particularly valid, I thought. This was that eventually these weapons would or could end up in the hands of terrorists who might use them against the United States or our allies, especially to shoot down civilian airplanes.

These were all good arguments. The case for the other side was first, that the technology had already leaked through Greece. Anything you gave to the Greeks, even under NATO, particularly when Papandreou was in office, immediately leaked to the Soviets. This applies, incidentally, to much NATO weaponry. So the Russians understood we had stingers and were slightly ahead of them. But in today's world no technology is good for more than 3 or 4 years lead time. The remedy is to continually improve the basic product as we did with Stingers I, II, and III plus.

The fact that we didn't have them ourselves was not completely true because we did have some divisions equipped with them. The third argument regarding terrorism was completely valid but there are lots of other weapons available to terrorists, too.

A Stinger squad was set up in Fred Ikle's office. Six people including the commander, briefer, instructor and so on. This office is on the fourth floor of the Pentagon just down from the Secretary of the Air Force office. It was taken down the hall about 50 feet to the staircase to the third floor and thence another 50 or 60 feet to the office of the Secretary of Defense. There the squad demonstrated to Weinberger personally how it worked.

The Chiefs were there making the above arguments. So were others. Fred kept saying it will kill Russian soldiers, not particularly a good argument verbally, but this time he had one line that kept working. It will shoot down Russian airplanes, he said, over and over again. Weinberger bought the argument, went to Reagan with it. Reagan overruled the State Department and the Chiefs and supplied the stingers to the Afghans.

They had a 30% kill rate, unheard of for a ground to air missile of that type at that time, and it drove the Russians right out of Afghanistan. The stingers literally turned the tide of that war. And while it can not by any stretch be claimed to be the cause of the collapse of the Soviet Union the reversal in Afghanistan was surely one of the key contributing factors. We turned their flank.

Q: What was the State Department objection? I can understand the military side.

MERRILL: That was hard for me to grasp. In general, the State Department prefers to use military force more as an instrument of diplomacy. If you have it available, you might not have to use it. The hope is that the shadow or threat of it will be sufficient.

The Pentagon wants to use military force strictly for military and not political purposes because soldiers are really not trained to be peacekeepers. They are warfighters. They kill people. And for that you need a really good reason. So the Pentagon is more reluctant and the State Department is more favorable in ambiguous situations toward utilizing or threatening force.

It is the ongoing view of the State Department, running from arms control through a thousand international disagreements, that we can negotiate. We can make a deal. Most of the time they're right, but a certain percentage of the time, they're wrong. There are some people with whom you can't make a deal. The State Department rarely is prepared

to accept that. It's something in the diplomatic genes. In the Churchill phrase it is better to jaw-jaw, than war-war. But you don't make a deal with Al Capone. You don't make a deal with a clear cut murderer or an Adolf Hitler. The State Department's attitude toward Afghanistan was that we should not commit too much of our effort there. I don't think that was a good answer. George Schultz, of whom I am a great admirer, was actually against the stingers. You are a career diplomat. You tell me the answer.

Q: I don't know the answer. But I have never nailed down the dates you were with the Defense Department.

MERRILL: I was there full time from the beginning of '81 to the end of '83 as Counselor. Then I kept a small office and my listing in the DOD phone book but went part time. In other words I was kept on as advisor. There was a written, formal personnel action. It says not to exceed 90 days pay per year, has a designation of expert on it, and a lot zeros for things like health care and pension and so on.

As a consultant or advisor the system is one gets a day's pay for making even one phone call, There are no hourly rates. One day for doing anything. I never put in a day's pay for anything. I looked on it as pure public service and I certainly don't need the money. But I kept my clearances up. After a couple of years Fred put somebody in that office, but left a desk for me.

So I had a building pass, access, clearances, and a seat on the Defense Policy Board which I served on until I was appointed to NATO by Dick Cheney under President Bush. I would spend one or two days a week going over various issues with Fred and work some of them.

I also made several trips with him, such as to Pakistan regarding Afghan assistance, to India regarding the light helicopter deal of the time, to Israel regarding our cancellation of support for the Lavi fighter plane, to Europe regarding missile deployment, and to Central America regarding the war in El Salvador and the effort against Nicaragua.

Q: Was that up to '85 or so? And why did you do all this?

MERRILL: I was full time from 1981 to 1984 and part time thereafter. From 1983 until 1990 I served on the Defense Policy Board (DPB) which is roughly the equivalent of the State Department Policy Planning Council. The DPB included Richard Perle and Fred Ikle, Andy Marshall, the Director of net assessment, Jeanne Kirkpatrick, retired four stars Bob Long (former Commander of the Pacific Fleet (CINCPAC), and Johnny Vogt, former Air Commander in Europe, Albert Wohlstetter, John Deutsch (then MIT Provost and subsequently Deputy Secretary of Defense and Director of the CIA) and others.

We would meet for a couple of hours every two months or so with the Secretary to discuss longer range issues or other problems that for one reason or another were not being adequately addressed. And of course those meetings required much preparation. One doesn't confront the Secretary of Defense with an agenda without having done the

homework necessary to promote it, defend it, and be persuasive about it.

To say it was stimulating or challenging is a substantial understatement. We were dealing with the central issues of our time. The central fact of the world today is the explosive and sustained growth of the U.S. economy. The central fact of the world from 1940 through 1990 was the explosive growth of military forces in totalitarian societies.

As to why, my perception of my purpose in life is to advance the cause of freedom and to promote equal opportunity. In these respects I have not changed since 1961. Tactics and methods have changed. I've certainly changed my thinking about how to execute. But in fundamental objectives I haven't changed. I think of myself as a sailor, an amateur sailor, although I shipped out when I was 16 years old as an ordinary seaman on deck in the Merchant Marine. There is an old sailor's aphorism: one hand for the ship, one hand for yourself.

My view is that half of one's life should be devoted to the public service and half is for yourself. The public service half can be executed in many ways besides federal government service.

Q: There was a very important personality and policy conflict between the State Department and the Defense Department, each headed by two people who had worked together for years but apparently not very well, namely Weinberger and Schultz.

Weinberger seemed to be promulgating his own foreign policy. He came up with a set of rules that seemed to say we won't fight a war unless we are going to win it. It seemed to be a terrible inhibitor. This in a way dominated the Reagan administration. I'd like to talk about your role as you saw this develop and also maybe Richard Perle's. It seemed like you had people in Defense who as you say wanted to stiff the Soviets, but at the same time you had a Secretary of State who said yes, but we don't want to do anything, we don't want to get involved.

MERRILL: That is quite accurate. Here is my take on Weinberger and Schultz.

Schultz is a real company president. He was president of Bechtel, the world's largest construction firm. Schultz is also the only cabinet member to have served in four Administration's since Richard Nixon and who came out not only whole but with his reputation enhanced as opposed to reduced.

I also immensely admire George Schultz for the principled stand he took on opposing lie detector tests. You may recall his saying to a Congressional committee that he was an American citizen as well as an office holder and he would not be treated that way. If he had to take lie detector tests, he was prepared to leave.

Contrast that to the 35 top officials of the Pentagon, including all the joint chiefs, who at Weinberger's and Carlucci's insistence took lie detector tests in connection with a leak in one of those critical DRB meetings I referred to earlier. The only reason I wasn't required

to take one -- which I would never have done -- was because I was out of the country during the DRB meeting in question.

By the way, I don't object to lie detector tests in the intelligence establishment. There we are willing to accept a 20 or 30% error rate. That is a finite community. The defense department has 3 million employees. In the words of Reagan Attorney General Ed Meese, a former California State Prosecutor and hardly a raging liberal, lie detector tests may make sense as an opportunity for voluntary clearance. They make no sense as an investigative tool.

Weinberger was Bechtel's general counsel. The relationship between Schultz and Weinberger was the relationship between a corporate president and a general counsel. One is a line executive; the other is staff support. Schultz is an academic with a flexible and often subtle mind. Weinberger is a very stubborn person. It's almost impossible to change his mind.

I would rather have worked for Harold Brown than for Weinberger. But given the choice between Weinberger and the Reagan Administration investment in defense, and Harold Brown and the Carter Administration cutting of Defense, I will take Weinberger without question. In fact, of course, that is exactly what I did.

Weinberger's view of how to run the Pentagon was to give each of the services as much money as possible as quickly as possible because we would only have at most a window of three or four years of Congressional support. Thus he saw it as more important to get the money to recapitalize our force structure than it was to shape exactly how it was going to be used.

It can be summed up as get the money and give it to the services with whatever justification will play best with Congress and the public. Fred Ikle's view was that it was the responsibility of the under-secretary for policy to do as much shaping of the forces as possible, more perhaps than Weinberger thought likely. With the passage of time I've come to appreciate Weinberger's political acuity in this regard.

Weinberger is very smart but also has a curious kind of shallowness. He is, for example, impressed by great wealth. Schultz is a broader, deeper, wider, person with more perspective than Weinberger. But Weinberger uses his stubbornness to great advantage. His is not a subtle mind.

He accepted a challenge to debate at the Oxford political union, the same forum that hosted the famous 1930s debate over whether it was right to fight for King and country. The issues involved the U.S. conduct of the Cold War. Most people thought he would lose. London, after all, is the home of skilled repartee. He won the debate hands down with his typical debating stance, which is to repeat the same arguments over and over again. He won in a fair vote against a skilled British debater.

This debate, in some ways akin to the on-going argument with Schultz, reminds one of

the quote from Aristarchus, repeated by Isaiah Berlin in an essay about the hedgehog and the fox. The Fox is wise and knows many things. The hedgehog knows one big thing.

That's Weinberger. He repeats the same argument over and over again. It can be maddening, but it works. He is always unfailingly courteous. Somebody said he was born with a coat and a tie.

General Barrow, the commandant of the Marine Corps, took me aside once and asked for some advice on how to deal with Cap. He said his only contact with the Secretary was in large meetings such as the DRB. Barrow is a deeply disciplined and conservative mud soldier who worked his way up to be Commandant, the top marine.

He said he had never had a one on one conversation with Weinberger and would like to have one before his tour ended in order to present some points to him about the Corps. How could he do that? I told him everyone else had the same problem. All I could suggest was to invite Weinberger over for some ceremony and then cancel it in favor of a private chat at the last moment. Barrow said he could never do that, which of course I understood. So such a meeting never happened.

Weinberger is not a person who develops personal relationships. He had only one inside the defense establishment, and that was Wil Taft, who was then general counsel of the department and subsequently Deputy Secretary. Wil is a very good friend. Our families are friends. I even hired his wife, Julia, to run the non-governmental side of our assistance program in Central America.

Q: I've interviewed Julia Taft.

MERRILL: Then you know what a terrific person Julia is. Wil was Weinberger's one real access point. There was an almost adopted son relationship between them. If you wanted to pre-load or pre-screen or pre-brief something the way I wanted to pre-load this Defense Resources Board agenda it was a very good idea to run it by Wil in advance. Doing so provided kind of a clearance that the track you were working would resonate favorably or at least that there were no hidden bombshells that would set Weinberger in concrete opposition.

Weinberger had previously headed HEW and before that the FTC. He and Schultz had roughly comparable governmental and bureaucratic experience. The basic lesson Weinberger absorbed was fight it out, whatever it is, to the last ditch. For example, there are 43 different Congressional committees that have something to say about defense appropriations, each of which demands testimony of one kind or another from the Secretary.

Weinberger understood that if you gave any one of them a concession up front it immediately comes off the table and there is another battle over the next set of concessions. So his position is fight it out to the end all the time. There was an immense amount of flak about how stubborn he was and about his refusal to compromise. He goes

up on the Hill and gives us the same sterile speech. The Congress was fed up with him.

But he learned the hedgehog lesson. Anything you give up early, you get no credit for. We got the money. Now contrast this with Schultz. Schultz sees multiple sides of most questions. Schultz has a world view which integrates economic, political, military, academic, even historical and philosophical views. Weinberger displays little of that. Weinberger is the Churchillian, the Anglophile, a great admirer of Churchill. What we are doing here is standing up to the Russians the way Churchill stood up against the Nazis.

Schultz would agree that we are standing up to the Russians, but Schultz's idea is that this is a hundred year contest that deals with economics and politics over a long period of time in which perhaps we win some and lose some and cooperate some and compete some and so on. Weinberger's idea is stop them! They're pressing us in Europe, in the Middle East, in the third world, in space, under the sea, in the air, with missiles, with nuclear weapons etc. Stop them!

It takes nothing away from my respect for George Schultz to say that Weinberger turned out to be closer to the center than did Schultz. The Russians pressed us. We pressed them right into collapse. The ongoing competition between Richard Perle and Richard Burt, the State department Assistant Secretary for Europe, in a way paralleled the Weinberger-Schultz differences.

It is perhaps a bit facile, but still fair, to characterize all this by saying the State Department's desire to make a deal, to reach accord, nearly always implied giving the Russians a position that we thought would be in some way acceptable to them. The Defense Department's position is more to offer up a negotiating posture that reflects what we want and what we need whether or not it is acceptable. Thus for example Richard Perle's zero option. The Soviets remove their SS 20s from targeting Europe and we will not install Pershing and Cruise missiles. Zero zero means none for them and none for us, not some for them and none for us.

The Russians could always say Nyet, as they did time and again, because they knew the State Department would try again and again to come up with a more acceptable posture. It gave them an incentive to say no.

To be fair, however, a policy of no negotiations at all was not acceptable to the American people or even to Weinberger. Still, there was more of a willingness to walk away on the Defense Department side than on the State Department side.

My own view is that the willingness to walk away is an important aspect of eventual cooperation. Those who need a deal most, and show it, are less likely to conclude a satisfactory settlement. And, although there is not time to explore this, there is always the issue of perception of who in the end has the upper hand. I prefer to negotiate from a perception of strength. Most people, I think, would concur.

There were specific differences over the use of military force. For example, the Lebanon disaster, where 241 American marines were killed in barracks by a truck bomb, was a defining moment for the Weinberger team.

Weinberger was heavily influenced by that bombing. I know that Fred and I were. From that point on, there was a deep reluctance on the part of the Pentagon to use military forces unless we had a definable military mission and sufficient capability to protect ourselves.

In Schultz and Weinberger not only was one looking at the other as a lesser executive but there was also a genuine philosophical difference. These two often saw things through differing prisms. Weinberger was more Churchillian. Schultz was more Talleyrand.

Q: You were sitting on top of ISA which was the little State Department in DOD. At some point there Weinberger started making pronouncements about foreign policy without being in concert with the State Department. Was this you, someone else, or Richard Perle?

MERRILL: It was Weinberger. Sometimes I agreed with him; sometimes I didn't. One would have to take it almost issue by issue. The question reflects the classic State Department position that it makes policy and others, including the Defense Department, carry it out. Unfortunately, that is not what modern diplomacy is about. The State Department isn't staffed with the kind of people who are uniquely capable of making policy for others to carry out.

The world has gotten too complicated for that. There are too many competing bureaucracies with special strengths and interests, such as the Treasury, OMB, the Agriculture department, Justice, large international companies, world-class journalists etc. I am a fan of the Foreign Service. Nor do I look on the professional public servant with any condescension whatever. The State Department, and most other government agencies as well, are staffed at the senior level with extremely able people.

But the professional Foreign Service is not composed of people who can hold down someone who was Chairman of Merrill Lynch, or who have equivalent records in other lines of work. Before WW II when you sent a professional diplomat someplace, he was expected to act on his own. He was not at the end of an instant telephone line or cable. Jefferson or Franklin couldn't call home every day for instructions. So the communications revolution and the rise of other large bureaucracies have changed the way we conduct diplomacy.

Yes, Weinberger made pronouncements on policy, especially when related to force or the use of force. But so do other Cabinet heads each, in their own way, representing their constituencies. It is indeed a permanent problem for the State Department to integrate all this.

Because they can not, the NSC has developed real staff and coordination responsibilities.

The State Department tries valiantly to lead but it is an ongoing, permanent slog. Anyone involved in the so-called interagency process, meaning Sig-Ig, which stands for Senior Interdepartmental Group or simply Inter-departmental Group will easily understand the frustration of it all.

Weinberger was a skilled infighter. He understood that if he made a speech, it would stand as policy unless corrected. It is not a policy paper being circulated around. Such speeches hardly made the State Department happy.

Let me give you an example of Weinberger's thinking which is absolutely foreign to the State Department mentality. He nominated Russ Rourke, the DOD congressional relations chief, and a personal friend of mine who is also from Annapolis, to be Secretary of the Air Force. Russ didn't even really want the job. There was bitter bureaucratic combat over this nomination with various submissions being offered from the political people, the service itself, and other places.

At the last minute the job was about to go to someone else. After a White House meeting Weinberger stayed behind a moment and mentioned to the President his strong desire for Rourke. Reagan said something like, well, if it is all that important to you...

Taking that as a yes, Weinberger walks down to the White House press office, sits down at a typewriter, and types our personally a single sentence: Russ Rourke was appointed Secretary of the Air Force today by President Ronald Reagan. There was no home address, no bio, no age, nothing except that one sentence.

Then he went over, again personally, to the xerox machine and ran off a few dozen copies. He stuffed them into envelopes and mailed them to NBC News, Washington, CBS News, N.Y., the New York Times, the Washington Post and a number of other newspapers, magazines and TV stations. He took the remaining copies and placed one, again personally, on every desk he could find and gave one to everybody standing in the area. It was irreversible.

Incidentally, Rourke resigned after less than six months. A decent person, he was uncomfortable in the job and found the large acquisition decisions very troubling. The Secretary and Under-Secretary of the Air Force have certain statutory responsibilities regarding the assets we use to collect intelligence. These involve some big fights with the CIA and with contractors. There are major financial decisions.

Weinberger's view on how to get something done was to do it, to make the speech. Schultz's view, the State Department's view, is what's this guy over in the Pentagon doing making foreign policy? The guy from the Pentagon is saying I'm the hedgehog. I'm fighting the Soviet Union. I'm closer to Reagan. I was his state director of finance, and campaign director. I've known Ronald Reagan for 16 years and I know what he wants to do, and I'm going to do it.

The Schultz-Weinberger dialogue was a fight for Ronald Reagan's mind, which

Weinberger understood as well as anyone did. For example, Reagan had two executives. One is named Don Regan, Treasury Secretary, and one is named Jim Baker, Chief of Staff. The two executives say we are going to change places. Okay with you boss? Okay with me, says Reagan.

In no company or large institution anywhere in the world could such a thing could happen. Could two cabinet ministers in England simply exchange portfolios? Could two executives of IBM or General Motors simply exchange slots? It didn't bother Ronald Reagan at all.

Q: Also Ronald Reagan seemed to set the general guidelines and then there was a passive thing. Anybody like a Weinberger could come in and seize the initiative and proclaim it before anybody else had a chance to change it.

MERRILL: In a certain sense Weinberger and Schultz are in a fair fight. But Weinberger against the minions in the State Department, that is not a fair fight. He had the President's ear. He was the President's friend, certainly the President's colleague. I'm not sure they were really friends. They didn't socialize. President Reagan liked to socialize with Charlie Wick or Alfred Bloomingdale on Thanksgiving or Christmas Eve.

Q: Wick being the former director of USIA , and a show business type. It was like Nixon and Rebozo. What were some of the other disagreements between State and defense?

MERRILL: It was endless. There was a fight over how to deal with our allies. There was a fight over whether the Russians were collapsing, improving, or expanding. There was the fight over the zero option, meaning the negotiations with the Soviets revolving around our deployment of cruise and Pershings to meet their deployment of SS 20s. There was a spectacular fight over the ABM treaty in large measure over the viability of defensive technologies which as you know I favor.

There was a fight over how to deal with Central America. As I said before, Richard Perle and I wanted to sink the Russian ships going into Nicaragua. The State Department didn't want to do that and carried the day. We ended up with a five way policy of delay and minor military support until the Sandinistas collapsed of their own weight. They thought they could win a free election and couldn't.

There was the disagreement over the importance of helping Afghanistan and whether in the end it could work. It did.

The importance of Star Wars, that is, the SDI program can not be overstated. If nothing else it convinced the Soviets that we had somehow found the road map to the new information technologies and to what we now call the revolution in military affairs. Whether we had at that time or not is secondary to the point that the Soviets believed we had. It helped make them think they could not compete with us.

This point is perfectly illustrated by an incident years later when I was at NATO. On a

visit to Moscow I was invited to speak to 200 senior Soviet industrial managers, mostly 2 and 3 stars, attending a conference at Voroshilov University, their National Defense University, the subject of which was defense conversion.

I spoke for 10 minutes and then took questions, They kept me for three hours. There was a wonderful question asking why they did not have the resources to compete with us in information technology, including especially defensive systems, when their fighter planes, their tanks, their weaponry was on the whole as good as ours.

My answer was that one third of their people were on uneconomic collective farms where only 2% of our population was on the farm (now about 1/2%), and we produced immense surpluses and they had multi-million ton shortfalls.

Another third of their country was devoted to military production, I said, whereas no Western country devoted more than 5% to the military and the U.S. was at about 3%. And thirdly, while we surely had bureaucratic problems, we didn't come close to having 20% of the country involved in staffing Gosplan and the other lumbering bureaucratic apparatus of the centrally planned Soviet State.

The result, I said, was that we had four-fifths of our economy to draw strength and inventiveness from and they had less than 10%. I can only report immodestly that I received a standing ovation. And my interpreter, who was in the audience because the University supplied its own interpreter, told me later that the answer just resonated among the audience. I might add that after a pleasant lunch in their dining room I noticed that most of these 3 stars stuck a roll in their pocket to take home which tells you something about how even the top of the Soviet military machine was living at that point.

The State Department considered it heresy to challenge the ABM treaty. The State Department wanted to negotiate more arms control agreements. I have no faith whatever in arms control agreements. Neither does Weinberger. I never met an arms control agreement I liked. I don't think any of them made any sense. I do not think they advance the cause of freedom. I do not believe they are enforceable. I believe they simply codify unreasonably high levels of weaponry. I defy anybody to point to an arms control agreement in all of recorded history which was successful. I can point to many, including the naval treaty of 1922, which were disasters.

There is not a single arms control treaty in the whole history of the world that has ever succeeded in promoting peace, but I can think of many peaceful borders without arms control treaties. The ones with Canada and Mexico, for example, both involving countries with which we were at one time at war. Even the border between China and Russia, long a subject of great controversy between them, has been 98% worked out through patient diplomacy but without any hint of arms control. So the efficacy of arms control is another issue that divides the Pentagon from the State Department. It is not weapons that cause wars. It is the political intent behind them.

Q: Again I'm trying to capture the mood of the Pentagon, of the people who were there at

the time. During the Nixon, Ford, and to some extent Carter Administrations Henry Kissinger was among the proponents of detente.

After Vietnam, the United States lost the will to project its force abroad. The Soviets did have the will and were doing it. So detente was seen as a viable policy. With George Schultz there is a completely different view. He thought the United States could do anything.

MERRILL: I think your reference is to Kissinger's desire for detente on the ground that the Soviets were winning this great contest for control of the world and that it was in our best interest to settle for an accommodation or accord.

There is some truth to that. Kissinger is or was a pessimist. I do not wish to detract from his brilliance. Like his counterpart as a Democrat, Zbigniew Brzezinski, both are what I call Euro-pessimists. They are rooted in Eastern Europe and have a focus on that area of the world as the cockpit of trouble for so many centuries. And since there was so much human cruelty and pain inflicted there I am sympathetic.

For a number of years I have participated in a bi-weekly current issues lunch that Zbig hosts at SAIS, the School of Advanced International Studies. His insights are frequently remarkable, and the conversation is crackerjack.

But I am an optimist about the United States and will always be. Indeed I have written and published various papers on how bullish I am on our country. So was Ronald Reagan. So was Weinberger. And so especially was George Schultz. I know Zbig quite well and admire him immensely. His is an intellect, like Kissinger's, that is almost on another plane.

But Kissinger's pessimism regarding foreign affairs was fundamentally a mis-reading of history. The biggest mistake you can make in the world is to under-rate the United States. Kissinger to some degree makes this error. It infuriated the Reagan Administration which always believed that, whatever the current trend, we would in the end transcend the Soviets. That issue was never a State-Defense argument. On that I think we agreed. The issues of timing and involvement and method were of course different.

It took Western civilization about 800 years to get from the Magna Carta to free markets, free institutions, free men, and checks on government power-- all the things we consider indispensable to a free society. Considering the inhumanity of the 20th century one has to give the skeptics their side of the argument. Only time will tell.

In any event, in the early 1980s it certainly appeared that the Soviets had the edge. The mood, therefore, in the Pentagon was to do what had to be done to take that edge away from them. With all the stumbles, and all the arguments, I can not get over the fact that we actually did it. I believe that 1989 is one of only 4 years in all of human history that a thousand years from now will need no explanation anywhere. The others are O, 1492, and 1789. These are the decisive political years of human history. To have been alive and

involved in one of them is extraordinary.

Q: I'm trying to capture the spirit of the people who were in the first part of the Reagan administration when you got in there. Did you have a feeling this was something we could do? Did you feel that you were altering or reversing a really defensive strategy which had tried to make the best of what was really considered to be a weak hand after the Vietnam War?

MERRILL: We had a feeling that there had been a malaise, to use President Carter's word, in American policy that reflected the Carter administration's weakness in foreign affairs. U.S. policy appeared to be based on a reluctant accommodation to Soviet military power and its shadow.

The feeling in the Reagan Administration was not that we were somehow going to roll them back in the overblown rhetoric of John Foster Dulles. Rather it was that we could do more to oppose them short of war.

Our view was that we had to challenge them on every front, but in third world countries with wisdom and judgment, and in Europe and the Middle East with the ongoing policies of containment.

Wisdom and judgment means you pick the points and amounts of opposition. The Vietnam issue was still the defining one. We chose, correctly in my view, not to fight over Tibet. I was against Vietnam since 1961. My view is we should have handled Vietnam the same way we handled Afghanistan. Give them all the equipment you can give them, and if they can do it, they can do it, and if they can't, they can't.

The point was not were we going to win? Of course we were going to win. We were going to win perhaps 50 or 100 years hence. The important thing was to meet the challenge. Let me put it in Toynbeean terms of challenge and response. They were challenging. Our response under Carter was to cancel the Olympics? It is a joke.

The response to overwhelming Soviet military force has to be something that obviates that military force. It is not necessarily tank for tank or submarine for submarine. But it is overtaking, obsoleting, obviating their military power. That is what The Reagan Administration was about.

That is what we did with Star Wars. What the Soviets were convinced of in Star Wars was that we had found the route map to a perfect missile defense. We never found such a defense, but we did find ways to provide limited missile defense against accidental launch, against third world crazies, and against small numbers of loose nukes. It is not immoral to defend ourselves.

Defense against weapons of mass destruction, including limited nuclear weapons, is one of two critical issues for the United States in foreign affairs today. In the wake of the collapse of Soviet empire, the other critical issue is to integrate Russia and China into the

community of civilized nations.

The Reagan administration believed that we needed to be strong enough and powerful enough to avoid intimidation, but more important, educated enough, knowledgeable enough, and technologically advanced enough to convince them they could not win a military confrontation.

In a Pentagon paper I used a phrase, fax them to death, meaning use the new information technologies of fax, and modem, and VCR, and digital dialing to open Soviet bloc society. Albert Wohlstetter picked it up and made a famous article out of it under that exact headline. The point was openness of communications.

The narrowness of the Soviet view was hard to exaggerate. Yeltsin and Primakov both visited the United States, went through supermarkets and other chain stores, and altered their entire way of thinking about the West. General Akhromeyev, the Soviet Chief of Staff, was taken on a tour of the U.S. by Bill Crowe, Chairman of the JCS, and was astounded at the quality of our enlisted personnel. It literally blew his mind to find a B1 bomber with a black female sergeant as crew chief.

Q: Akhremeyov being the Soviet Minister of Defense.

MERRILL: At 17 he was a soldier at Stalingrad. He spent 120 straight days in below zero weather outdoors and survived weighing 85 pounds. He was amazed at what our enlisted men do, and could not believe their quality. There are more officers in the Russian army than there are enlisted men in ours, and our enlisted men are often far better than their officers.

Our attitude was that we could not only take them, we could overtake them. But not just by military force, which is only one part of it. We needed to bring to bear all the elements of technological progress that a free society can produce.

There was a real anti- Kissinger tone to the Reagan Administration. Essentially those who thought like Kissinger about the relative decline in the West were simply considered wrong. There are other lines of thought where Kissinger is brilliant. But the line of thought you are asking about is whether the Reagan administration believed at any time that totalitarian regimes would prevail over free ones.

At the time they certainly seemed to have the edge. Our job was to give us the edge. In this respect Kissinger's essential pessimism was wrong and Reagan's optimism was right. For myself, and I believe for my colleagues, we never had any doubt about the eventual triumph of the west. But when, and how, and getting it done? I never anticipated it would happen so quickly.

Q: Did you find a difference in perception one way of another of the top military leaders of our country. Was the new Reagan Administration a breath of fresh air for them?

MERRILL: Anybody who has been around the military or the Foreign Service understands just how many good, qualified, capable people there are.

It seems to me that for 30-40 years under both Democratic and Republican administrations there has been a remarkable consistency in American policy. We have, generally speaking, fought the cold war wisely, I would even say brilliantly, from Harry Truman on. The differences between Carter and Reagan, while substantial in terms of perception in the country and perception in the Soviet Union, were really not as different as they appeared to be. The difference was more in the mind of Carter personally than it was in the attitude of the Pentagon. He was kind of a naive engineer.

The upper range of the military was naturally pleased at the Reagan defense build up. But they used it to run their own agendas. Of course they appreciated a candidate whose three principal goals -- cut taxes, end the deficit, and build up the military -- included defense. It was quite a contrast to Carter's pledge to cut military spending.

The Navy demanded a 600 ship fleet. The Air Force sought more tactical fighter wings and a host of new bombers including the B1 and the B2. The Army wanted a higher state of readiness and a whole bunch of new armor and helicopters. On the whole the services all said more of the same with upgrades.

What I'd like to see changed in the military is the informal rules of order. For example, there's a deal where the Air Force gets the fixed wing aircraft; the Army gets the helicopters. I'd like to see that deal vitiated. Let us discover how many helicopters the Army really wants if they have to provide their own close air support. How many fixed wing aircraft versus helicopter gun ships would they then prefer?

There are a whole bunch of such arbitrary deals among the services. It is called roles and missions. One day we will get a President or Secretary of Defense willing and prepared to re-write these existing understandings to reflect the realities of the new weapons involved in the information fueled revolution in military affairs.

In general the services were pleased by the Reagan administration's extra money, but as always, not pleased by attempts to shape how it was used.

Q: We want to talk about the Anti Ballistic Missile Treaty and about whatever involvement you had with Grenada and Nicaragua, the role of the NSC during the time you were there , and anything about Korea and the Middle East. Let's start with the ABM treaty.

MERRILL: The same Dick Stilwell I mentioned earlier as deputy under-secretary had supervision over covert activities. He was retiring and the replacement Fred Ikle proposed was a young, 35 year-old CIA employee named Phil Kunzberg who had come out of a leading Washington law firm.

Stilwell fought a very strong rear-guard action opposing this appointment on any number

of grounds, especially that he had not served in the military and did not have sufficient direct knowledge of DDI, the agency division that dealt with covert military operations. There was a stand-off over the appointment and in the interim Fred Ikle asked Kunzberg to study the ABM treaty with a view toward finding more room for defensive technologies.

The ensuing report let loose a battle that continues to this day but which at the time become defined by the narrow interpretation and the broad interpretation. What Kunzberg did was simply read the treaty with a fresh eye. It is only 20 pages and is, remarkably, in simple English.

What the treaty actually says is that it can be canceled by either side upon six months notice. That's not all. In agreed statement D, an annex, it says that if new physical principles are developed the parties are required to consult about utilizing them. It further defines those new physical principles as being different from components of missiles such as launchers or warheads.

It is self-evident, at least to me, that laser beams, fusion and directed energy beams, space-based mirrors and such are new physical principles. Certainly they are not missile components as the term is used repeatedly in the treaty. Under this interpretation either side is free to develop them subject only to consultation with the other party, namely the Soviet Union.

This is the ultimate Washington argument. Does consult mean veto, inform, discuss, consent? My view is that consult means consult, not consent. But this particular argument has gone on for 200 years between the executive and legislative branch in our country and it is ripe with history.

The ground was further muddled by Senator Sam Nunn, who used the occasion of this furious debate over the meaning of consult to raise the subject of the relevance of administration testimony at the time the treaty was approved in 1972.

Under the customary practice of law, a treaty, like any other agreement, is of course subject to argument, often before a court. The first area for analysis is the language of the document itself. That takes precedence. The next area is the supporting documentation, that is, the work papers of the drafters, or their words in other fora, such as the federalist papers applied to the arguments over the meaning of parts of the U.S. Constitution. The third area in precedence would be testimony presented in regard to the treaty by those in the Administration, such as in this case an assistant secretary of state, who might have testified before the Congress or responded to questions from the Congress.

Senator Nunn found one question to one assistant secretary which asked whether there was anything in the treaty which would prohibit any deployment of a broad based defense to which the answer was yes.

There is no such language in the treaty itself, nor in the supporting documentation at the

time, that would make that applicable to defenses based on new physical principles. What the treaty allows is one site in the Soviet Union, and one site in the U.S., in which a deployment not to exceed 100 defensive missiles is permitted and no more than that. The Soviets built one around Moscow. We started one around the missile fields of North Dakota but then stopped it because it could obviously be overwhelmed my MIRVed missiles, meaning missiles with multiple warheads. MIRV stands for multiple independent re-entry vehicle.

Nevertheless, a huge three way argument developed with strongly held partisan and ideological positions over the proper interpretation of the treaty.

The original reason for the treaty lay in the argument that building defenses would only stimulate more missiles and more warheads and thus it was better to eliminate defenses, depend on mutually assured destruction, known as MAD, and rely for deterrence on offense only.

This made no sense after the development of MIRVed missiles. Instead of limiting warheads to the few thousand we had at the time, MIRVing allowed each side to deploy nearly 30,000, which both sides did. They simply put a dozen warheads on each missile. So the treaty didn't work to limit the building of more warheads. Indeed, an excellent argument can be made that it actually stimulated or encouraged the build-up. It makes no sense whatever to deny ourselves or our allies or soldiers in the field the benefits of defensive technologies against lesser but still very dangerous threats.

The treaty itself could not be clearer. Consult does not mean veto. New physical principles are not covered. And there is reason for the United States to employ missile defenses to protect ourselves, not against 10,000 massed Soviet warheads, but against limited launches of 10 or 20 or less by third world rogue powers. At least 15 such countries can and have developed such capability. An Iraq or North Korea may be tempted, rationally or not, to use them or threaten to use them, thus denying us the capability of acting militarily or to blackmail us in other ways.

It is not a very satisfying answer to have the ability to wipe, let us say, Libya, with 2 million people, off the face of the earth after a weapon of theirs hits Barcelona or Atlanta or Fairbanks.

We also need defenses against suitcase bombs. New sensor technologies offer some promising routes in this effort as do space based defenses against missiles. Both need work and such work should not be constrained by an outdated treaty with a country that no longer exists.

Further complicating this debate was the ongoing, permanent argument between the Defense Department, which owns about 85% of the hardware and assets we use to collect intelligence, and the CIA, which does much of the analysis.

Q: We're talking about the satellites.

MERRILL: The satellites, the U-2's, communications equipment, all of the instruments we use to watch, listen, sense, and record.

Q: Anyway they're supposed to be gathering intelligence through various forms.

MERRILL: The information is analyzed principally by the Agency, but also by the defense Intelligence agency (DIA) and also by the various service intelligence branches. Therefore the people who put up the money have one view of what is needed, and the people who collate it often have another view. The tension has been head to head in various administrations.

It is worth noting parenthetically here that John Deutsch and Jim Woolsey of the current administration, that is the Clinton administration, were probably the closest at working together when one was deputy secretary of the defense and the other headed the agency. In any case, the system rejected Kunzberg but he surely left a resounding legacy. He went on to negotiate space agreements in Geneva.

Q: This is the 35 year old lawyer.

MERRILL: Yes. He demonstrated something I have learned repeatedly. In any treaty negotiation it always makes sense to look yourself at the root source. Doing one's homework matters. The equivalent lesson in business is to be specific.

The argument that says we cannot defend ourselves is essentially an immoral one. It is the responsibility of the government of the United States to defend its people. Most Americans have only recently come to understand that the United State has no defense whatever against a missile fired from a third world country. We have no missile defense.

The single greatest threat to the United States right now is weapons of mass destruction in the hands of third world countries or crazies. Maybe we cannot defend against 10,000 massed Soviet missiles, but that is not the current threat.

The threat is one missile thrown by Libya or the SCUDS that were used by Saddam Hussein in the Gulf War. They were mobile batteries able to fire on the Israelis and our bases in Saudi Arabia at a 1,500 mile range. Had any of them had a chemical, nuclear, or biological weapon on them the Gulf War might have turned out very differently.

When I was at NATO during the Gulf war I personally operated a Patriot missile defense system. The whole thing is in the hands of an 18 year old PFC who zaps an incoming missile from a computer screen in the last 80 miles of flight. It takes instant reflexes and he has about 2 tenths of a second to act.

Using various space based technologies it would be far easier to shoot such a missile down in its boost phase when it lights up the sky, or along the 1,500 mile route, where it can be plotted, than through a ground based point defense at the end.

But the ground based point defense is exactly what the ABM treaty mandates and space defense is what is prohibited if you accept the narrow interpretation, which I do not. The Patriot systems were constrained in their development by the treaty which is a national disgrace. There are dead American soldiers in the Saudi barracks that were hit in the Gulf War for this reason.

Think about such weapons in the hands of an Adolf Hitler, Idi Amin, much less Saddam Hussein. The 20th century is replete with countries falling into the hands of such crazies.

Nobody in his right mind looking at the United States, or Russia, would say we have a threat today that requires us to build 3000 or 4000 nuclear weapons. In the 1950s we had about 400. The right number now might be 1,000 to 3,000-- enough to ensure there is no real competitor. But even these weapons need to be complemented by defensive ones.

Paul Nitze thinks 1,500 is the proper number. We have agreed with the Russians to reduce to 3,500 each and are helping them, as it is in our self-interest to do, to pay for the costs of dismantling. The 30,000 level was a real nightmare of the Cold War.

Q: The upshot of this was that as your office was looking at this, you opened up this can of worms. After it was all over the press, and everybody got their panties in a twist in the British term, nothing happened.

MERRILL: A very big thing happened. One of those years--1983 I believe-- there was a heavy snowstorm with a foot or more on the ground. Washington was paralyzed as it always is by snow. It so happened that the Joint Chiefs were scheduled to meet with Ronald Reagan that day in the White House. The Joint Chiefs made it but nobody else who was supposed to be there did. Perhaps they used a Hummer.

I can not resist noting that on a previous weekend, when we were scheduled to attend a high-powered defense conference in Williamsburg, fog made it impossible to attend because our helicopters couldn't fly. In short, but as a joke, if the Pentagon could not find Williamsburg in the fog how could we be trusted to find Moscow?

Q: You were talking about the Joint Chiefs.

MERRILL: Admiral Watkins, then Chief of Naval Operations used what became an informal conversation with President Reagan to outline his personal reservations about Mutual Assured Destruction (MAD) and his desire to find some route toward more effective defense.

Watkins, a deeply religious Catholic who subsequently headed the Department of Energy, told Reagan that reliance on a mass missile launch for deterrence was unreasonable, increasingly not credible, and fundamentally immoral.

He said we had a moral obligation to defend ourselves without depending on a

willingness to destroy entire countries and that new technologies could provide ways of doing this, regardless of the ABM treaty.

It was a very courageous thing to do. The Chiefs tend to be extremely deferential toward a President and do not bring things up that are not expected or pre-briefed. The snowstorm had loosened the atmosphere.

The President bought on to it because the thinking paralleled his and other reservations about MAD that had been in the air for some time. A few months later I was in Newport participating in a war game at the Naval War College. I remember watching a nationally televised Presidential speech together with Andy Marshall, the Director of Net Assessment, Harry Rowan, the head of the CIA's Board of National Estimates, and several other people from the Defense Department.

Tacked on to the end, and totally unconnected to the rest of the remarks, were ten minutes of argument proposing a national program to research and develop defensive technologies. All of us were surprised but also pleased because at long last the grip of MAD on the nation's nuclear posture had been opened if not broken. The next day the New York Post headline read Star Wars to Zap Red Nukes. Star Wars it became.

Disgraceful though it is, we have since spent nearly 50 billion dollars so far on the SDI program at roughly $3 billion per year or about 1% of the defense budget. Not much in percentage terms but a lot in real terms. We have gotten something for it but nowhere near what we could and should have. This is principally because much of the research has been constrained by a narrow legal interpretation of the ABM treaty.

There's not much point in researching things that are said to be illegal and less point in arguing over it with irrational opponents of the program. That the research was itself constrained means we wasted a lot of money that could have explored more productive areas. In the end the technology leads toward using space and new physical principles and away from a single ground-based point defense. That was the case then. It is the case now.

Incidentally, Weinberger and Reagan were so anxious to get the program off the ground that they offered it originally to my friend, former Secretary of the Air Force and Deputy Director of NASA, Hans Mark, a Carter Administration appointee. Hans declined but suggested instead Air Force Lt. Gen. Jim Abrahamson, who accepted and did a superb job of navigating the political, military, budgetary, and technological shoals.

Q: In foreign affairs the whole Star Wars thing as it developed was really considered to be one of the weights that helped to break the Soviet Union. The technology was such that the Soviets were becoming more and more aware that they couldn't keep pace if we were going to get in to this. Is it true there wasn't much behind it except a thought?

MERRILL: There was much more behind it than most realized, but perhaps not as much as some others thought. What Richard Perle and I both believe is that the Russians

thought the U.S. had found a specific route to workable missile defenses. They realized that such a defense was possible even as we did. All we had found, however, was an approach.

The Soviets were ahead of us in understanding there was a revolution in military affairs taking place based on information technology. Point it here; shoot it there. GPS, space based navigation, precision guided missiles. The three great military revolutions taking place in the world involve precision guided weapons, defensive technologies, and transparency of all large objects and fixed sites. It is possible and practical, as was demonstrated conclusively in the Gulf war, to shoot a missile thousands of miles with a 3 foot CEP.

Q: What is CEP?

MERRILL: It is a marksman's term that means circular error probable. It is the chance that 50% of the shots will go into the bull's eye. The circular error probable on current missiles is three feet. Just get yourself a $200 GPS and identify where your boat or campsite is. They are for sale in every boat or outdoor store.

That's why there are no more 70 ton tanks being produced, because they light up the sky on a radar signature. It doesn't mean that existing tanks will not be used but nobody is going to build a new generation of them because they are going to be vulnerable to targeting from air or space. This is an enormous revolution. The Russians were ahead of us a little bit in recognizing the implications of it. We weren't doing the work, but they were writing about it theoretically.

So they thought perhaps we had found the route to a perfect missile defense. In fact, we had only found the opening to multiple routes of imperfect missile defense. Nevertheless, it complicates any decision to launch immensely to recognize that it might not get through. With the ABM treaty in place, you have absolute certainty that whatever you fire is going to get through. It doesn't mean there won't be a response, but what response? The response is to wipe out their whole country? They come back and wipe out our whole country? It is not a response we are going to use.

Q: We'll only launch if they do and we'll only lose 20,000,000 people and therefore we can do this.

MERRILL: Ridiculous, isn’t it? But until the advent of defensive technologies, there was no way to get around it. The only way to deter somebody from using weapons of mass destruction was to make certain you had a secure reserve to wipe them out, and the will to do it. We still rely upon nuclear weapons for deterrence against chemical or biological ones.

This assumption that someone would pop one weapon and you would use two and they would use three, each weapon with MIRV warheads taking out two, four, six, eight cities at a time is hardly comforting or believable. In any event, the set of forces let loose by the

research in defensive technologies did contribute to the decline and fall of the Soviet Empire in a very big way.

As I mentioned earlier regarding the speech at Voroshilov University, the Soviets did not believe they had the resources to compete with us in the development of all these new information based technologies. In this respect they were correct, not because we are somehow smarter or better, but because too much of their society is third world and too much already was being spent on the military. In this new game a society in which the xerox and computer are controlled substances was simply not competitive.

Incidentally, we have our own bureaucratic problems, but the number of federal government employees in the United States has stayed the same since 1950 at 5,000,000. Two million, actually slightly less, of these are uniformed military and one million are defense department civilians. The other two million run the entire federal government and have since 1950. There has been no increase in federal bureaucracy, although plenty of increase in regulations. The big increases have come in state and local bureaucracies which have grown from 3 million people to more than 18 million in the same period of time.

The critics of Star Wars say it is too expensive or is all a bunch of rhetoric intended to fool the Russians. There is a certain amount of deception and guile there. We let it be believed that we might be able to do more than we really could. Still, the combination of defensive technologies against missiles and new kinds of sensor and human intelligence against suitcase bombs, or chemical and biological weapons, demand serious research and development. The combination of the two could save an awful lot of lives against some future World Trade Center kind of bomber.

Q: Let me get the dates again. You were in the Pentagon from when to when?

MERRILL: Full time from '81-'83. Part time from '84 -'90.

Q: Then you were there during the Grenada operation. Could you talk about your role and anything about it. I realize that some of these things you wouldn't have been involved in, but some you would. What about Grenada?

MERRILL: I was not a policy maker on Grenada. I was a witness.

Q: I understand. I think your viewpoint would be interesting.

MERRILL: What is interesting about Grenada was Ronald Reagan. Reasonable people still wonder if he was one of the shrewdest politicians of the 20th century or a simplistic actor in half over his head. His biographer, Edmund Morris, a great historian who wrote The Rise of Theodore Roosevelt, told me he is probably a little bit of both. My point is that Reagan is still a figure shrouded in some mystery. Will you accept that?

Q: Yes I will.

MERRILL: Joe Metcalf, a two star Admiral, happened to be in charge of a squadron of the Atlantic Fleet that dealt with the Caribbean. This is more force than one might think, because we always had the problem of Cuba, which is relevant.

The central American requirement of the Cold War was our commitment to provide 10 additional divisions to Europe in 10 days in case of war. More than half of these troops were to come out of the Gulf ports of Houston and New Orleans from bases in the central part of the United States. They have to sail right by Cuba. Therefore Cuba from the Soviet viewpoint was a huge aircraft carrier.

This is all to point out why we had a sizeable fleet sailing around the Caribbean. It had nothing to do with Grenada. It had everything to do with the fact that for 30 plus years we had to maintain at immense expense sufficient forces to take Cuba out in a matter of minutes. No U.S. commander is going to sail a division of U.S. troops under Cuban gunfire or air power and wait for them to strike first. The fellow who does that could make the captain of the Andrea Doria or the Titanic look good.

Q: The Andrea Doria was an Italian luxury liner that sank in a collision with a Swedish ship in the 1950s.

MERRILL: So we needed to be able to say to Castro either open up everything military where we can see it and stand all forces down or else everything military in Cuba will be pulverized in a matter of minutes. We are not going to wait for you to rise to a ready position. We are not going to have U.S. pilots killed because we allowed you to increase your state of readiness.

The Cubans and the Russians knew this. But in order to give it credibility, we had to have forces in place -- air forces in the southern United States, sea forces in the Caribbean, and missile forces properly targeted. There has been an immense diversion of effort toward Cuba. Part of that effort was the fleet commanded by Joe Metcalf.

The President decided he was going to rescue these 500 students that were in this medical school in Grenada. He also decided that the input of armed Cubans there invited by this small revolutionary party, which had taken over with some bloodshed, was just not acceptable.

Q: It was an offshoot of New Jewel, a group of militant radicals.

MERRILL: They were building a 13,000 foot airstrip on Grenada. We have a 13,000 foot airstrip on Easter Island, the most remote place in the South Pacific, as a reserve shuttle landing place. The only other reason for a 13,000 foot airstrip, twice the size of a normal 747 airstrip, is to take long range Soviet Bear bombers. They could get to Grenada loaded, but no further. It was the closest point on the great circle route that the Russians could get to Central America.

Building this 13,000 foot airstrip was not an accident. There is no civilian justification for a 13,000 foot runway. Tourists don't need that. So you had the runway. You had the Cuban mercenaries. You had the radical right party in control. And there were the 500 students.

The President ordered an invasion in 24 hours. DOD said it would take at least 72. The President insisted on less than 48. He wanted it done without interference from anybody. Metcalf's fleet, which happened to be sailing North, was turned around.

Weinberger through the JCS ordered the fleet to reverse course and sail toward Grenada. It was on the AP wire within an hour. This inability to keep even a direct military order secret is really troubling. A similar thing happened later with the Libya raid in which the order, given verbally, was on a Greek radio station before the planes, which had to fly around France, actually hit Libya. In that event it made no difference, nor did it in Grenada.

Yet this expectation of leakage, the idea that a direct military order would be revealed before the action commenced, is very troublesome and explains some mis-communications among our own forces. It is perhaps one among many reasons why the U.S. Marines, 241 of whom lost their lives in the Lebanon truck bombing, did not have written orders or explicit rules of engagement. The mission changed and they did not.

As a publisher I believe in the clash. I'm for having things that need to be secret kept secret and for the press to try to ferret them out. There is too much government secrecy. But I find it difficult to believe that military deployments regarding combat, or the Department of Defense Policy Guidance, which is our basic planning and programming document, belong on the AP wire. Nobody has right to know what's a feint any more than they have the right to know the catcher's signals to the pitcher or the play calls prior to the snap of the ball.

President Reagan advanced the invasion even further. Everybody knows the story. The fleet moved toward Grenada. The administration was terrified that these 500 students who were studying at the local medical school, which is essentially for those who can not get accepted in the U.S., would somehow be offended and denounce us. To the contrary, when the first plane carrying them landed, the first students out kissed the ground. All of them thanked the United States for saving their lives.

The radicals down there were really looney. Michael Ledeen, a scholar at AEI, analyzed the papers and records we captured. There were all kinds of grandiose plans for allying themselves with the Russians and making war on their neighbors and taking over the Caribbean. They had lots of arms and other military equipment and a sizeable Cuban military detachment. It was Bolshevik type stuff. Serious crazies on this itsy bitsy Caribbean island.

There is some color with this. First there was the President's push.

Second, because of the hurry the separate service communications systems could not interact adequately with one another. Metcalf had to stick some special antennas in the deck to allow him to talk to the other services from his operational headquarters on the carrier. At one point public telephones on Grenada were utilized.

Third, of course all four services insisted on participating in some way which made the communications and planning problems worse.

Fourth, when the first special forces went ashore on a deserted beach they were greeted by a reporter from the Washington Post who had chartered a Bertram 38 powerboat in Barbados, 100 miles away, and got there earlier. It was rather funny.

Metcalf brought him on board and gave him the choice of the brig for several days, or joining Metcalf's staff on the bridge-- but without writing about anything classified. Metcalf regaled several of us at dinner one night about all this. The reporter decided discretion was preferable to the brig. Several days later he wrote a perfectly good story about how the operation was managed without including details about communications, radar, oversight, intelligence and other such material.

Someone said that Metcalf would be known forever as a military footnote denoted as Metcalf of Grenada. He was a perfectly able but not exceptional military officer. This was undoubtedly the highpoint of his career.

What was interesting to me was the miscommunication among the services. It was the fact that the Pentagon had to be forced to move more quickly, indeed required direct Presidential orders to do so. The President understood that there was more to lose by delaying than by acting. What made the day for Reagan was the support of the students who were really terrified.

Finally, there is an aphorism that is relevant. This President was smart enough to pick a fight with Grenada and PATCO, the air traffic controllers, as opposed to Vietnam and the Teamsters. That is what Grenada was about.

Q: Did you see a change in the Pentagon's thinking about responding to crises? This is important in diplomacy. Grenada was a good place to try things out. Our communications didn't work. There was a reluctance to move rather quickly. Yet when crises like this happen, they happen in a hurry. Normally in diplomacy we do not blow the whistle on a situation until it is almost too late. Then we need force quickly. While you were in Defense was there a major change in military thinking about response to spot crises?

MERRILL: In general there developed a reluctance to move for anything less than clearly stated military objectives. That is hardly anything new. Perhaps the awareness of it was enhanced. Weinberger and McFarlane, then the national security advisor, both gave major speeches detailing a rather precise set of criteria for using force, both of which received considerable attention. Colin Powell later added to this line of thought.

The perspective from State and Defense is really very different. The perspective of the press that covers each is very different. The competence and interests are different.

For example, the Pentagon press is a lot more rigorous, analytical and less confrontational than the White House press. The State Department press is more diplomacy oriented than the other two, as they should be. Neither have the kinds of savage confrontations that characterize the White House press corps.

The Pentagon is a much larger organization and a much greater amount of understanding of hardware and technological competencies are required which leads to a more empathetic environment. Everybody can have an opinion on diplomacy or journalism or on what some college professor, or White House aide, propounds. It is not so easy to have an opinion on how military force should be used without understanding what forces and technologies are available.

So it wasn't the start but rather part of a process in which the divisions between the State and Defense Departments, which have always existed, became sharpened and highlighted by what later came to be called the Weinberger principles.

Q: Can you address these? They were quite controversial.

MERRILL: Essentially they were a checklist of several considerations regarding the use of force in crises or situations that did not involve formal declarations of war. Included principally were the support of the American people, an ability to win and win quickly, a minimum number of casualties, a clearly stated political or military objective that everyone could understand, and what has come to be called an exit strategy, although that was not the phrase at the time.

We touched on this before. The State Department in the nature of what they do, wishes to use military force, or the shadow of military force, or the threat of military force as an instrument of diplomacy.

Such a shadow is what we had over Cuba, or the Soviet Union had over Eastern Europe until the wall came down. I suppose it boils down to intimidation. There is a distinction between the shadow and the threat. The State Department likes to use the threat, although they view it as a last resort. The American people quite rightly expect diplomacy to be thoroughly exhausted before any resort to force.

Yet one of the arms of diplomacy is the threat, sometimes stated, sometimes implied, sometimes unstated, of ultimate willingness to use military force to shape or compel the outcome of events. The Pentagon is very reluctant to use military force for unclear purposes. They don't feel soldiers' lives should be put in harms way for anything less than a clearly stated military objective.

These tensions reflect different portfolios. It is like the difference between production and

sales in business. The demands and efficiencies of each are often in conflict. Production line efficiencies are sometimes not saleable, and of course there are frequently market demands that can not be satisfied by existing production.

In this somewhat awkward analogy, production is the Pentagon. It is the force. Sales is the State Department trying to exert influence in a given situation and wishing to use all the tools available-- diplomatic, trade, financial, economic, personal, and of course military.

Strikes in business, incidentally, like military conflicts, occur where both sides believe they can win or are willing to accept loss.

Q: *Lebanon had just fallen apart at the time of Grenada. The barracks had just blown up.*

MERRILL: We lost 241 marines in a truck bombing of their barracks. They had no clear orders, no written mission, and outdated or irrelevant rules of engagement. There was an absurd chain of command that ran through NATO headquarters to the Southern Command and on to Lebanon. Moreover, Marines were there as much because all the services needed to be in the act as for any other reason. All of this provoked concern, to put it mildly, in the Pentagon.

Rules of engagement are more complex than most people realize. The rules of engagement in W.W.II were clear: sink or shoot everybody not obviously friendly. It may not be quite that simple, but if you saw someone in a combat arena that wasn't easily identifiable the idea was to shoot first and ask questions later.

Pilots flying, or Navy ships sailing, in the Gulf now are into some doubt. Even in Grenada, the attitude of the troops toward armed force needed elaboration; were they Cubans; were they locals; were they police? Rules of engagement cannot quite be shoot first and ask questions later, when you are invading a country in defense of that country. So the rules of engagement are complex in these in between situations such as placing the fleet in the Taiwan straits or in the Persian Gulf.

After Grenada and Lebanon a lot of work was devoted to establishing mechanisms for clarifying the rules of engagement (ROE) in ambiguous situations. Simplification and clarity became important. The Goldwater Nichols Act also helped with centralization of command by giving the Chairman of the Joint Chiefs considerably more line authority. This legislation had more favorable effect than I anticipated. There are three or four incidents here: Grenada, Libya, the 241 Marines, the Falkland Islands, which laid the groundwork doctrinally for the ability to fight the Gulf War. Each of them involved a different set of circumstances.

Q: Why don't we talk about the Falkland Islands. Again from your perspective, this was essentially not our war but at the same time there was some concern about where to come down on it. What was the Pentagon feeling at the time?

MERRILL: The Pentagon feeling was totally pro British. They have been a long time ally. There really is a special military relationship, particularly In the undersea war and the intelligence business. Their submarines and ours operated like two sets of racehorses, or matched racing yachts. The British are the only other world class player against Russian submarines, even if they only have a few. Also Brits understand projection of power.

So we operated very closely with the British. It is of course an ongoing relationship of what the French call Anglo-Saxon hegemony. We have a parallel relationship with the French, particularly in intelligence, which is less well-known but it is not the same. It is just nowhere near as close. Nothing remotely resembling either of those relationships applied to Argentina.

There were some in the State Department, Jeanne Kirkpatrick for one, who wanted to pay considerably more attention to the Argentinian point of view. There is one, with some validity, but because of the savagery of their military junta at the time, it never got seriously considered. Not, I should add, by me either.

Q: I want your participation and your perspective on this.

MERRILL: I was Vice Chairman of the Falklands Assessment group so I had a pretty good analysis or at least the benefit of other people's good analysis. Here were the British literally with Bonny Prince Charlie, in this case Prince Andrew, in the prow of a ship, off to take the Falklands back. He was a 24 year-old helicopter pilot.

The British refitted, reloaded, and equipped a couple of their major ships in 24 hours and sent them down to the Falklands with a fighting fleet. It was rather similar to what we did at Pearl Harbor with the carrier Yorktown before Midway. It is amazing what can be done under the pressure of war or real emergency. In normal times the same work would have taken three months.

Margaret Thatcher refused to stand for the Argentine invasion of a British colony and insisted on moving immediately to eject them. You may recall that the Argentine military junta landed 10,000 troops on the Falklands and simply took them over. So off went this fleet, equipped with whatever was handy, none of which was designed to fight in the South Atlantic.

It required American in air refueling to get all kinds of equipment down there on British Vulcans. It required American intelligence, particularly satellite intelligence, without which this group of islands, 400 miles off the Argentinean coast, would have been very difficult to assault from the sea. They were just at the furthest range, but still within the range, of land based air. So the Argentines could fly from mainland bases.

It was a much closer thing than anybody realizes. Had the Falklands been a few miles closer to land the British fleet could have been decimated. Fortunately, luck, training, and discipline favored the British.

The three Argentinean military chiefs, Army, Navy, and Air Force, who comprised the junta, were really vicious and somewhat crazy. They were small-time Nazis who had kidnapped, tortured, and murdered thousands of their own compatriots or political opponents. In Argentina so many people disappeared they had a name for them--descamisados, which means a shirtless one or one who simply vanishes.

Commanders would force everybody in the Argentine military to participate in multiple murders on a very large scale so all would be equally culpable. These were very bad guys. They were also violently anti-Semitic. This was of special importance because ironically it was critical to their failure. You recall that a couple of British ships were sunk by Exocets, French cruise missiles delivered by plane.

Had the Argentines possessed just a few more Exocets and the capacity to deliver them the British would have had no chance. The Israelis had for years provided a military technical advisory team which helped this technology work for the Argentine air force. Incidentally they provided South Africa with similar capacity for many years.

But the junta was so anti-Semitic that about 18 months earlier they had dismissed the entire Israeli assistance team. As a result the air force only had a few workable Exocets. Had the Israeli advisors remained there would surely have been many, many more effective Exocets. The planes the Israelis had been working on were the very ones that so surprised the British fleet.

You remember that in l964 I spent three weeks In Argentina for the State Department doing a study of all U.S. operations there. Without claiming expertise or anything like it, the comprehensiveness of that work provided some feel for the nature of the U.S.-Argentine relationship and the kind of capacity and culture that the junta possessed.

Lesson one of the Falkland Islands war is that no fleet can really defend itself in today's world against determined, modernized and extensive land-based air. John Lehman, then Secretary of the Navy, re-wrote the Falkland Islands Group report by fiat to say that large deck carriers could defend themselves against such attacks but small deck carriers couldn't. That's John Lehman's opinion.

Q: He wanted to sail up the Kola Peninsula. That was his thesis.

MERRILL: He was a very forceful proponent of large-deck carriers for the Navy and wasn't about to let anything interfere with building them.

Here are some other Falkland War stories.

There was an American family in the Falklands who had moved there from Seattle about three months earlier because of their concern about the threat of nuclear war. They were stuck there for the entire war with these Argentineans running all over the place. It is rather funny.

There was a Polish fishing vessel that sailed into the Falkland Islands two days before this war broke out, figuring that a British crown colony in the middle of the South Atlantic was a pretty safe place to defect. It spent the war at a dock in Port Stanley. They suffered no damage but were mighty puzzled.

There were no maps of the Falkland Islands. The British found a couple of old ladies whose parents had grown up there. In their attic in Britain, they discovered the only usable map of the roads of the Falkland Islands and it was 40-50 years old. The Falklands are approximately 130 miles long and far bigger than they look on a world map.

The Argentineans scattered thousands and thousands of plastic land mines everywhere. The British landed on one side and marched 70 or so miles across rugged tundra to fight near Port Stanley, crossing various straits.

It turned out that the foot- pound pressure of a sheep, which is 150 pounds per square inch, was an essential piece of information. Sheep have small hooves. Cattlemen in the American west used to think they tore up all the grass. The British drove the sheep in front of them. The sheep stepped on the mines and blew them up. A land mine is set for a 150 pound man. Thus 75 pounds pressure sets it off. Sheep also weigh about 150 pounds, but because their hooves are so narrow the square foot pressure is greater. Our feet are bigger than sheep feet, so a sheep has the same foot pressure as a man.

The main loss for the British occurred when one unit broke radio cover. The Argentines were able enough to locate their position and kill more than 100 British soldiers with artillery fire.

There are 1800 Falkland Islanders and they are all British. Very British. They do not consider themselves to be Argentinean. The Argentines have a case for the islands, which they call the Malvinas, in terms of history. The Islanders are also virtually all employees of a company, the Falkland Islands Land Company.

This Company grossed about $55,000,000 annually in the years preceding the war. It made a 10% profit of about $5 million. All it does is graze sheep, which is the only industry on the islands. The profit of course comes from wool.

The company had been for sale and there was thought to be an offer from George Carnicero, the President of Dynelectron, a Washington DC technology company, and the former controlling stockholder in the Riggs Bank. It was his 38% that Joe Allbritton, the bank's current Chairman, bought. Although a long-time American citizen, Carnicero is of Argentine descent.

A couple of British Members of Parliament, backbenchers of a very conservative bent, became concerned that Carnicero would buy the company and somehow turn the Islands over to the Argentinians. Parliament acted to preclude any sale of the company to interests outside Britain.

The company selling price was 10 times earnings or $55 million. There was no sale. Instead Great Britain was forced to spend $8 billion and 800 lives to keep them.

The British had maintained a couple of Navy frigates in the Falkland Islands permanently, simply as a deterrent to the Argentineans. Frequently when some new group came into power in Argentina they would use British control of the Falkland Islands to whip up popular nationalist sentiment. As with the junta this was particularly true when the government could not deliver the goods to the people economically.

Since Argentina is the only advanced country in the world that has had a declining rate of growth since 1950, this happened frequently. Argentina was on a par with Australia after WW II. The combination of Peron and military juntas was not a happy one. The country simply could not organize itself politically, perhaps because it is half Spanish and half Italian in origin which may be like mixing red and orange. Two hot colors.

As a result of stand downs and budget crises, the British had withdrawn those two frigates over the opposition of Whitehall, as the British defense department is called. Had they kept one frigate on station, the Argentines never would have thought they could invade.

The lesson is that deterrence counts at many levels. Keeping two frigates down there signifies a willingness to fight. If Argentina was going to take the Falklands the frigates meant they had to do it by overcoming real armed force. The Argentineans felt that since the British had withdrawn their frigates, it indicated a willingness to negotiate, or maybe even to just give up. The British had obviously negotiated the end of Hong Kong with China. The Portuguese had abandoned Goa in India as being undefendable.

Q: The Indians just moved in to Goa without any opposition.

MERRILL: The Portuguese did not have the wherewithal to defend Goa, which is a tiny enclave in the vast sub-continent of India. There was no way to defend it and in a way the Indians were right. A Portuguese colony comprised of natives of India was no longer viable. The Portuguese just surrendered it.

They couldn't do it voluntarily for internal political reasons, not dissimilar from those that motivated the backbenchers in Britain regarding the Falklands. Of course in the Falklands all the islanders were of British origin.

Having received many briefings on the operation of the Falklands war, including a memorable one from the commanding British Admiral, I was bemused several years later when I visited the Falklands and received an on-ground briefing from a British paratrooper who had married a Falkland Islands girl and stayed there after the war. The soldier’s experience is every bit as relevant as the Admiral’s, and a lot more instructive.

Returning from a trip to Antarctica with CEO, the Chief Executive’s Organization to

which I belong, we stopped for a couple of days in the Falklands. [Howard] “Bo” Callaway, the former Secretary of the Army, Ellie, and I, were treated to a tour of the principal battlefields by a young former British sergeant who fought in the war. He took us around by jeep.

The Argentines put 10,000 raw recruits on this island. The Argentine commanders were regular army. There were a few, very few regular soldiers. The recruits were not considered regular army, and they were treated with extreme condescension, if not contempt.

The Argentine military commanders, and the regular army, had hot food, kettles, and winter clothing for themselves. The recruits did not have hot food. They did not have winter clothing. They did not even have adequate boots. As a result thousands of them got trench foot. They were put on the Falklands with only a couple of days notice and had very little military training.

By the end of 10 days on this island these recruits were in a state of hunger, fear, disease, and sheer terror. Roughly speaking their front line was a simple perimeter on windswept hills about 5 miles outside Port Stanley. Their officers ignored or bullied them and so did the regulars. When the British attack began the recruits ran back to Port Stanley without their weapons. The British residents took pity on them and provided food and tea and medical help. It was an absolutely criminal performance by the Argentine commanders.

There is one runway at the airport near Port Stanley. Against this kind of opposition, the entire British fleet could not take out that runway. Every time they dropped a bomb on it, a bulldozer would just fill the pothole. So the Argentines were still able to fly back and forth during the war.

The British used Harrier jets, which are vertical rise airplanes, often called STOL for short take-off or landing. Winds down there are 40 or 50 miles per hour. Harrier jets are very short range. This is similar to the V-22 the Marines now want to buy. They require immense amount of fuel to take off straight up and fly. It is very handy for a short landing field or a small carrier, but it provides very short legs. That means the range is very short.

They couldn't destroy the airport. During the Gulf War, the British planes were using their JP-33 runway busters, developed after the failure in the Falklands, to destroy the airfields of the Iraqis. They had to come in at low altitudes to do it, and were shot down disproportionately.

Another example of Argentine military dereliction was the sinking of the Belgrado, with 3,000 more raw recruits on board, by a British submarine. The British had publicly proclaimed a zone of exclusion around the Falklands. The Belgrado sailed into it under circumstances that led to an unconscionable and unnecessary loss of life. That ship never should have sailed alone.

But if the submarine war was unequal that was certainly not the case in the air, where it was a very close call. Had the Falkland Islands been 50 miles closer to Argentina, the British would have been prevented from landing their troops, and their ships would have been sunk, under the press of land based air and cruise missiles.

One lesson of the Falklands campaign is that these bits and pieces of empire residue are usually liabilities rather than assets and represent a big headache for the mother country.

In Belize, for example, Britain maintains a squadron of jets because Belize doesn't want to be part of Guatemala, which claims it. The Guatemalans often threaten Belize. There are these little bits of empire left around the world, and it is a mistake to elevate them to a great moral issue. Like Hong Kong or Goa, they are often not defendable.

On the other hand they are not easily disposable either because of the preference of the inhabitants or the military significance, such as with the huge ammunition facility in Gibraltar. At some point, whatever was granted in the Treaty of 1713, Gibraltar will become part of Spain.

Eventually perhaps the Falkland Islands will become independent or part of Argentina. But it will be a long time, and it will have to be done peacefully. There was no way that Margaret Thatcher, or any British Prime Minister, could have allowed the Falklands to be taken by force. Still, they are hardly an asset for either Britain or Argentina.

Q: Let's talk about Nicaragua, Korea, Libya, the Middle East, your relation with the NSC, and the 81-84 period. Begin with Nicaragua. This is early Reagan. Somoza has been kicked out. The Sandinistas are in power. Carter had tried to be forthcoming with them with no success. Before you got involved did you have any inkling of what was going on in Nicaragua from the newspapers? How did you feel about Nicaragua?

MERRILL: I'm going to sound like an awful hard-liner. I cannot separate what my instinct re Nicaragua was before 1981 from what my instinct was from 1981 on. A bunch of third class students from a lousy Marxist school got control of a country. Another way of expressing it is 125,000 Moonies moved in next door to Costa Rica.

Q: Moonies being followers of the church of Sung il Moon.

MERRILL: They immediately allied themselves with the Russians, who sent in approximately a billion dollars worth of military hardware. They also sent in an undetermined number of Bulgarian assassins, either for training or actual work The Bulgarians had traditionally done the assassination work for the Russians. One of them shot the Pope, for example. Bulgarian hit men were being supplied as well as hardware.

My view at the time was that we should sink the Russian supply ships. Richard Perle and I wanted to do it through military covert operations, not through the agency, because I don't believe sizeable agency covert operations are as effective. It could have been done by providing assistance to central American freedom fighters using small boats, mines or

other weapons.

I do not apologize for the United States taking action if the Russians are going to supply a tiny little country of two million people with a billion dollars worth of military hardware and a bunch of hired killers. There were people in the agency who felt this way, too. Indeed there was a putative effort which failed because we used the wrong people with the wrong support under the wrong circumstances. It was the result of minimum compromise.

I was not prepared to accept that the Russians could destabilize the entire area without the United States doing something about it. What we did was ran a counter war by helping the neighbors and the Sandinista opponents, who were known as the Contras.

Q: Can you explain how we did it.?

MERRILL: We had a Deputy Assistant Secretary of Defense, an ex-agency person, who was basically running the war. We had a Congressional limitation of 55 military advisers, and there was quite a public argument about it. The limitation was scrupulously honored. There were not more than 55 American military down there, and they were not even to my knowledge cooking the books by putting people in civilian clothes or things like that. We followed the law.

There was a civil war going on partly inside Nicaragua, and partly in El Salvador, with the Sandinistas helping the rebels in Salvador. Costa Rica, a country with 2 million people and no military at all, was scared to death that either the war would spill over on them or the Russian-backed Sandinistas would simply overwhelm them from next door.

If the house next door was rented by a couple of dozen Jim Jones type crazies, you would naturally feel scared. The Costa Ricans, with a peaceful life style and a 96% literacy rate, felt that 125,000 armed Communists making speeches about exporting revolution were pretty dangerous neighbors. What did Nicaragua need tanks and other heavy weapons for?

The U.S. developed a five way policy to deal with the issue by pressing them on several fronts.

First was the threat of direct military action, which Grenada gave some credibility for.

Second, we provided training and assistance to El Salvador, where a bunch of thoroughly corrupt generals were battling the Nicaraguan backed Communist rebels.

Third, we supplied arms to the rebels inside Nicaragua.

Fourth, we made Sandinista life difficult on the international trade and diplomatic circuit.

Fifth, we helped non-governmental organizations in the area provide help and assistance

to those who were victims or who were involved in building democratic institutions. And we had some classified operations in place in northern Costa Rica near the Nicaraguan border.

The 82nd Airborne ran field exercises in Honduras which also borders Nicaragua. They were bivouacked less than a mile from the Honduran dictator's home, which gives some feeling for his desire for American protection. Fred Ikle and I visited them there. The troops loved the idea of exercising in a foreign country rather than a desert in Texas or California. They also did numerous civic action projects with the local people. Incidentally, it is cheaper by far for us to exercise down there than it is to go to California and meet all the environmental and other restrictions.

Q: We were using sort of a rotational program. Elements were going through and doing jungle training.

MERRILL: Exactly. The combination of all these activities were intended to pressure the Sandinistas in ways that would lead them to make mistakes.

I saw no reason why we should not openly and cleanly oppose a Marxist dictatorship, heavily armed with Soviet Union support. These were marching totalitarians but not very capable. On the other hand, the policy of the United States was essentially the Brezhnev policy, what's ours is ours, and what's yours is negotiable. For all practical purposes we accepted that.

I don't say I accepted that. I only say that U.S. policy at the time under both Carter and Reagan was pursuant to Congressional mandates prohibiting the overthrow of duly constituted governments or their chief executives. What this meant in practice was that it was acceptable for Communists, Marxists, Soviets or whatever to overthrow a government but somehow not acceptable for us to reverse that. I never thought that made any sense. But it was not the policy of the United States to overturn totalitarian governments, especially by force.

Therefore, we live with a government and try to change it. One might say this is how many angels can dance on the head of a pin. But there have been criminal prosecutions determined by whether intent was to overthrow the government or to change the particular administration or policy. The easiest analogy is our mission in the Gulf War which was to throw Iraq out of Kuwait. Was it also to kill Saddam Hussein? No! That's assassination. But is it to remove the military? Absolutely. Is he part of the military? Yes! Should he be targeted specifically? No!

Q: But we were after the command central and he is the central commander.

MERRILL: It's okay to go after command central; it's not okay to go after the central commander. We have it as an aphorism. So the policy of the United States regarding the Sandinistas in Nicaragua was that we could press them, but we could not say that we were trying to overthrow the government. Of course this is ridiculous. Nevertheless, this

is where we were.

An objective, reasonable outside observer would describe this in Jesuitical terms. So we pressed them on these multiple fronts. In the end, they made a mistake, a big one for a Communist government. They thought they had the genuine support of the Nicaraguan people, and they called for an election, which they lost. They weren't smart enough to fix the election on their terms in advance as do other Communist countries. So they were replaced. Our policy worked and worked brilliantly.

Incidentally, there are still many people who believe that Castro has the support of the Cuban people. If that is so, why doesn't he ever have a free election? The answer of course is fear of losing.

Q: At the time, there were all sorts of policies involving mining, arming the Contras, and other such acts. What is specific equipment for guerrilla fighters? What is offensive or defensive equipment for fighters? Does it depend on intent to overthrow or other criteria?

MERRILL: To say the language of the time is arcane understates it. There is no such thing as a defensive rifle or an offensive rifle. Nor would anyone think of a tank as a defensive weapon. But Nicaragua wasn't tank warfare. It was a jungle insurgency. There were lethal weapons and non-lethal weapons. The whole thing had an arcana to it that simply made no sense. It probably reflected the Congressional penchant to vote on all sides of any issue.

Q: We've got your attitude. Now your role as Counselor. Did you get involved other than to advocate the policy that you have outlined here?

MERRILL: On the fringes. I hired Julia Taft, now assistant secretary of state for refugee affairs, and who was the wife of Wil Taft, then general counsel of the Defense Department, to run the non-governmental assistance side of things in Central America. She was and is an expert in that field. When Wil became Deputy Secretary, she had to resign. It became a conflict of interest for her to work in any subordinate capacity to him. Eventually she moved to the State Department handling the refugee and humanitarian portfolio.

I also spent a very instructive 10 days in Central America, visiting six countries, and the local military forces, as well as meeting with the heads of state in the area. The object was to check on the war in El Salvador and our other efforts to press the Sandinistas in Nicaragua.

The party included Fred Ikle, then under-secretary for policy, Paul Gorham, the Army four star who had the Southern Command headquartered in Panama, Elliot Abrams, then assistant secretary of state for Latin America, Nestor Sanchez, the deputy assistant secretary of defense who was the honcho on the war there, and, of all people, not yet famous Ollie North, a marine light colonel on the NSC White House staff. We took an

Air Force C-20, an eight-seater, from Andrews Air Force base.

The first stop was Guatemala, the northernmost of the Central American countries. At the time the regime there was positively evil. After several hours of meetings regarding the situation in Salvador and Nicaragua with the country's military leaders, we took off. It was a brief en route stop.

After we were airborne we received word, no joking, that the Guatemalans had shot a half dozen people just to let us know they didn't want gringos like us advising them about how to handle their neighbors. Guatemala, like Salvador, but in contrast to Costa Rica, has a history of great violence. These were not nice people.

We then visited the 82nd Airborne in Honduras, who were bivouacked a short distance from the home of the general who ran the governing junta. We had dinner at his home together with other members of the junta.

These were an equally nasty bunch of generals but with more of a veneer of civility. Each country in Central America has a different tradition of violence. Fifty years ago 32,000 people were massacred in Guatemala. This kind of thing doesn't happen in Costa Rica. The Nicaraguan generals were, like their counterparts in El Salvador, tapping the U.S. Treasury for all they could get and welcoming the presence of U.S. troops.

Honduras is a country of 2 million people facing a Soviet-trained expansionist military force next door with over 100,000 soldiers. So the Hondurans had good reason to worry. On the other hand, they were still themselves a military junta.

We went on to El Salvador where, together with Ollie North, I went out in the field with the third platoon, more or less, of a Salvadoran regiment that had been receiving some military assistance from us. The commander weighed 300 pounds. I had the impression that one well-trained U.S. regiment, certainly a division, even in the jungle, might wipe the floor with the Salvador rebels. It was not my feeling, nor Ollie's, that these were particularly effective or motivated troops.

In Salvador, however, there was a real war with a real if vicious government and a real and also vicious set of rebels. There were lots of atrocities.

In most of these places we stayed with the ambassador. Tom Pickering was ambassador to El Salvador. He had a nice British wife and the two of them looked like classic European diplomatic types stuck in the jungle. But he was a pretty tough minded guy, and I received an impression of great competence.

That turned out to be quite predictive. He has gone on to serve with real distinction as ambassador to Israel, Russia, the U.N., and as Under-Secretary of State for Political affairs, the number three job in the State Department.

In general, and in all these countries, I came away with a great respect for our Foreign

Service and military advisors, and for the representatives of other U.S. agencies in the field, all of them operating under very difficult and dangerous circumstance.

The final stop was in Costa Rica, where after extensive visits with the country team we dined with then President [Louis Alberto] Monge [Alvarez - 1982-1986] of Costa Rica at his home. Monge, another 300 pounder, said Costa Rica wouldn't be there in five years because they had these 125,000 military goons next door. With no army, navy, or air force, they would be taken over unless the U.S. did something to protect them.

Costa Rica is a country with no military at all, which at the time was receiving about $150,000,000 worth of U.S. economic assistance and exporting $200,000,000 a year back to Miami in flight capital. Why should the United States put our people and our money at risk if they won't do it for themselves?

On the other hand, here is also a happily thoroughly corrupt non-violent society that is 96% literate and a regular working democracy. Costa Rica is often called a little Switzerland. They are very democratic. With each election turnover a quarter of the nation's jobs - all of those on the government payroll - change as one of the world's great pure spoils systems operates.

An incident involving Ollie North is worth noting. In Costa Rica we stayed at a very luxurious resort hotel where President Reagan had spent the night a few months earlier. Before going to dinner with Monge we all met in the bar. Ollie and I got there first. We were sipping cokes when he started to identify various people around the room, all of them approximately 40 year old men.

There is Earthquake McGoon, he would say. He was running guns into Ethiopia in 1981. See that other fellow. That's Fat Sam McGillicudy. He was supplying the Angolans in 1980. There's Big Al and Fat Sam and Chunky Joe and so on, naming the weapons and the years and the wars in Timor or Yemen or Chad where they had been involved.

There is a huge arms trade and Soldier of Fortune magazine has 240,000 subscribers. Anyway, he points out 7 or 8 of these people around the room and details their individual histories down to the specific kinds of arms and the dates and countries.

I was both impressed and surprised. So I asked him if he was Humphrey Bogart and I was Claude Raines or vice versa and when was Ingrid Bergman going to walk in. There was a piano player and I suggested he might be willing to "play it again, Sam." The conversation changed as the others joined us and we went on to the Monge dinner.

Later, flying back to the United States, I was sitting in a group of four with Fred Ikle, General Gorman, and someone else and I bring up this "Casablanca" conversation. I said it troubled me considerably that a junior White House staffer with a can-do attitude knows the names of all these people and is telling me what kind of guns they supplied and where.

Parenthetically, supplying weapons is different than fighting. It is, if you will, a legitimate illegitimate activity. I want to distinguish between my views on the agency fighting a war and the agency supplying equipment or materiel. The latter is totally acceptable. I think covert action involving real fighting ought to be under the Defense Department, not under the agency, for the practical reason that it works better that way.

But it did not strike me as wise to have somebody in the White House doing this directly. It ought to be deniable. It ought to be done by the normal covert action process. Everybody laughed. Someone said it was just Ollie. He tends to exaggerate. You can't take everything he says seriously. He has a weakness for hyperbole and inflating his own importance. Don't worry about it. It is just Ollie being Ollie. So I forgot about it.

With hindsight whatever happened with the illegal and stupid enterprise involving the Iranians and the Contras later on, nobody has ever alleged that more than $3,000,000 ever actually went to the Contras. Ollie was motivated in the context of the time by helping the Contras win against the Sandinistas, not by a desire for personal financial gain. I am not an admirer of his for a great many reasons. He is way off key. But in the hype of Congressional hearings, a stupid tactic, a can-do Marine, and a lack of adult supervision, has been converted into some kind of a plot.

Coming back on the plane, we stopped at Guantanamo Bay, which, by the way, is indefensible. The Cubans have an over-look where Castro likes to take visitors. We house refugees there temporarily. It is a plain surrounded by Cuban mountains. What the Cubans believe is that if they take it, which they could easily do, the United States will use such action as a cause of war, justifying an invasion of Cuba.

Q: I like the Ollie North anecdote. But I also want what you were getting from the leadership of the country.

MERRILL: The policy point is the United States cannot and should not stand by while the Soviets attempt to project power and revolution into small third world countries. On the other hand, the United States should not involve itself if these third world countries do this on their own.

Our objection was not to the fact that Nicaragua had a Communist government. I have no consistent policy point to make about issues of genocide as in certain African countries, or ethnic cleansing as in Yugoslavia. Each is a separate case.

But just sticking to Central America under President Reagan, we had no objection to whatever kind of government people chose for themselves, whether by fair means or foul, democratic process or junta, coup or military dictatorship. Obviously we prefer democracies, but we are not prepared to use our blood, our treasure, our effort, our time, or our priorities on a lot of little countries around the world that for one reason or another are not able to govern themselves very well.

It is another thing entirely to have a power with which we have a major confrontation, a

power with 30,000 nuclear warheads at their disposal, a power against whom we are conducting a containment policy, decide to ship a billion dollars worth of weapons into a tiny Central American country with the idea of exporting revolution to the neighbors. That we should not stand for and that is the policy point.

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Q: Did you get any direction from Casper Weinberger, the Secretary of Defense, during the '81-'84 period?

MERRILL: It wasn't just Casper Weinberger. It was the clear cut policy of the Administration, articulated by the President, the National Security Advisor, the NSC, the State Department, as well as the Pentagon, to thwart Soviet expansionism in the third world. We were not willing to accept the Brezhnev doctrine of an irreversible takeover. We were engaged in a long term power struggle.

Perhaps in the Charlie Brown comic strip sense you win some and lose some, especially in the third world. But we did everything we could, and so did prior administrations on a bi-partisan basis, to counter Soviet power projection.

This was particularly true close to us in our hemisphere, where, as John F. Kennedy noted in his inaugural address, we intended to remain masters of our own house. That was the view of everyone in the State Department under both Tom Enders and Elliot Abrams as successive assistant secretaries for Latin America.

There were, however, different priorities at different times in State, the White house, and Defense. Neither Haig nor Schultz differed on the policy objective. But early on, for example, Haig wanted to make Central America a major national priority and the White House, pre-occupied with getting the 1982 tax cut through Congress, absolutely refused to let him do that.

Schultz didn't accord Salvador the same priority that Haig did when the White House and the Defense Department were more focused on it later on. They wanted to do the same things. They just wanted to do it a little more smoothly, a little less confrontationally with the Congress, and a little less high profile with the American people.

Q: Did you have the feeling then that President Reagan was more the driving force and transmitted his ideas about Central America more into the Pentagon? The State Department has to deal with a lot of other things and the Pentagon can more easily define an objective. Or perhaps was President Reagan not a hands on person, but one who would set a tone and then people would run with it?

MERRILL: The bureaucracy on the whole is willing to do almost anything to accommodate new leadership if they know how to ask for it. That is what bureaucracies are. They are order followers -- clerks. I do not mean this in a patronizing way, but the word bureaucrat has a Latin root which essentially means one who carries out orders. It is

not a good word or a bad word, simply a factual description.

Success in government really depends on finding ways of getting the professional bureaucracy to go along with you and that begins with an understanding that they genuinely wish to be helpful. And also in recognizing that they can kill you in the sense of making it impossible to accomplish your goals.

Reagan did set a tone, but leaving it there is too simplistic. As we discussed earlier, the Defense Department is always more reluctant than the State Department to use force unless there is a clear cut objective. The Defense Department would have been a lot more comfortable with a direct order to help the Contras overthrow the Sandinistas and help El Salvador squelch the communist insurgency there.

Even better would have been a national public commitment to use all diplomatic means, all financial means, and Administration high priority attention to developing public support for such a policy.

However, that is not the way the world works. The Administration, meaning the President, had other competing priorities, not simply tax cuts, but a whole range of issues across the entire spectrum. Central America was important, but the Congress limited us by law to only 55 military advisors and there was great public concern that everybody we dealt with had to be as squeaky clean as possible. Nor should any Americans get hurt or be involved directly or indirectly with human rights violations.

If we want to know what bad people are doing, not only in Central America but anywhere else, a certain amount of human intelligence is really necessary. That means utilizing people inside very bad organizations doing very bad things. Intelligence means being aware of those things. It does not mean law enforcement. The difference between the FBI and the CIA is the difference between catching crooks or murderers and putting them away, or collecting information without compromising the sources from whence it comes.

Put most simply, to determine what the Black Panthers are doing it is necessary to have someone inside the organization. This distinction between intelligence and law enforcement is frequently very muddled in the public mind and also subject to constant political demagoguery.

So one distinction is between law enforcement and intelligence. Another is between State and Defense. And a third is between the White House national priorities and an ongoing operation such as our policy in Central America.

In setting the tone President Reagan made it clear that he wanted a real effort. But he also wanted the effort undertaken as quietly in a public sense as possible.

He did not want to get into an argument with the American people over how much we should do in Central America. There is the political constraint. From the White House

perspective there is not only a trade-off between domestic and foreign objectives but also between how many priorities can be put before Congress and the American people at any given time.

If there are 20 principal objectives there are none. Three or four at most is all any Administration can handle. Everything in public policy is a trade off for time and attention. It is fighting for time and space, intellectual space, on the national agenda or even on the Washington agenda.

This is not really different than business. How much time and capital can a chief executive expend on some given task? In a company there is a constant trade-off between the demands of the shareholders for a profit, the demands of the employees and management for reward, and the demands of the business for investment of capital. A good CEO sets a few clear priorities and gets as much done on secondary objectives as possible. That is what President Reagan did.

To this day most Americans still recognize his three priorities which were to build up Defense, cut taxes, and balance the budget. He hit on two out of three. And, if you believe as I do that the great boom that has run since 1982 stemmed from the Kemp-Roth, or Reagan, tax cut of that year, then he gets a large part of the credit for today's budget surplus.

As a nation we borrowed 2 trillion dollars in cumulative deficits. Now we are paying it back through the accumulation of 15 trillion in new net worth, the taxes on which wiped out the deficit.

Overall in foreign policy our objectives were to stop the Soviet Union from invading or threatening to invade Europe, to insure an adequate and uninterrupted oil supply, and to cope with Soviet power projection in the third world. Central America was one battleground on that third world front.

So the State Department did not have the same priority that the Pentagon had, but not because there was something different about the State Department. Under Haig they would have preferred to have had Central America as a principal objective. Under Shultz there was acceptance of a more restrained public policy. In the end our objectives were accomplished. There is sound reason for pride.

Q: Let's turn then during this time to Libya, which was certainly considered a rogue government. From your perspective, did Libya cross your radar at all?

MERRILL: There was a time when it looked like we were going to sponsor the Egyptians in an invasion of Libya, but the Egyptians pulled back at the last moment. They, and perhaps we, decided it might not be such a good idea after all. But there was a windup.

Q: When you say a windup, you mean there was a preparation.

MERRILL: There was a set of proposals. Real assets were put into place with the idea of invading Libya from Egypt.

What actually happened was an air strike based on a brilliant and prophetic psychological profile of Qadhafi prepared by the CIA. The essence of it was this is a standard bully. Punch him firmly in the nose and he won't be bothersome any more.

Remember the bombing of a nightclub in Germany that was clearly traceable to Libyan terrorists. There was the affair of the Achille Lauro where terrorists took over a cruise ship and murdered an elderly American. There was the TWA skyjacking.

Libyan, Iranian, Syrian, and PLO terrorists were all being trained in Libyan facilities. Underwritten in part by the Soviets, and also by the Iranians, the Libyans had formal training programs on how to use plastic explosives and how to conduct various kinds of terrorist activities.

The Iranian interest needs no explanation. The U.S. was the Great Satan. The Soviet interest in sponsoring terror was to interrupt or make undependable our oil supply by keeping the Middle East in a turmoil.

The availability of oil is not the issue. The world has plenty. But the ability of the Saudis and their neighbors to break the price at any time makes it difficult to develop other sources. Thus we continue to rely on the Middle East. It is by far the least expensive oil.

There were several other incidents of terrorism that were traceable to Qadhafi. Then he started to posture, Mussolini style.

Q: Libya was at one point a possession of Italy.

MERRILL: Whether that accounts for posturing or not I don't know. He started to posture. He drew a so-called line of death across the Gulf of Sidra. In any event, using this psychological profile as a basis for action we decided to teach Qadhafi a lesson.

Using a combination of carriers in the med and aircraft from England, we sent what the military calls a high-low mix of bombers and fighter bombers against Libyan command headquarters and other targets. It turned out that we came very, very close to hitting the place Qadhafi was actually at in Tripoli and really scared the daylights out of him.

Three anecdotes are worth recalling. It so happens that Ellie and I were guests for dinner the evening following the raid at the French embassy in Washington. You recall the French refused to permit overflight in their airspace resulting in 14 hour sorties for many of our F-111 pilots plus a requirement for extra in-air refueling.

Of course like most Americans I was pretty mad at France. I was determined to stand up after dinner and toast French cuisine and British support. Ellie refused to go to dinner and threatened immediate divorce unless I absolutely pledged not to give this toast. This I

regretfully did. The French ambassador provided an idiot excuse about French forces fighting in Chad against Libyan aggression there.

The second anecdote that amused me was Cap Weinberger's handling of a mistaken bombing of the French embassy in Libya. An air force general set up a huge map of Tripoli in the Secretary of Defense's office and pointed out the French embassy, which was on the adjacent block to Qadhafi's military headquarters. Clearly it had been hit.

The press interest on this was intense. Weinberger walked up to the map, studied it very closely, and asked this general exactly where it said French embassy. Of course it didn't. Cap walked out to the press and simply denied we had hit the French embassy. His object was to kick this story down the road for a couple of days so it didn't dominate the news as opposed to the strike itself. One man's lie is another man's evasion, a third man's debating point, a fourth man's policy argument, a fifth man's bluff, a sixth man's deception, etc.

Since that raid Libya has never again been a threat. The psychological profile was exactly right. The raid went off exactly right. Qadhafi decided it was not a wise thing for him personally or for a country of 2 million to fool around with the United States. But the terrorists trained in his camps are still loose in various parts of the world.

The third anecdote is more significant. Because we were so concerned about a leak on this raid, the order to execute was given verbally. There was no written order. It was not transmitted over the normal super secure command channels.

Well before the F-111's got there, and within an hour of the order being given, the fact that this raid was going on was broadcast on a Middle Eastern radio station. Fortunately nobody in Libya or anywhere else paid attention to it.

The number of people and countries involved in such an operation, the amount and extent of preparation, are of course immense. The security factor is obviously difficult. Still the idea that a combat order would be public within an hour of being issued is extremely troubling. I don't have any good explanation for it.

It is not ascribable to spying or treason. It may be more a consequence of the Xerox and other new forms of communication. But it leads to a dangerous fuzziness, at least potentially, and a lack of specificity in orders in such areas as rules of engagement. A $300 billion per year enterprise, which is what the Pentagon amounts to, can not be operated on verbal orders. It has to run on pieces of paper.

Q: I'd like to turn to Lebanon while you were there. What was the attitude during the initial Israeli invasion of Lebanon from the Pentagon's point of view? Do you recall that?

MERRILL: We thought it was a mistake. We were not happy. One can understand easily the Israeli frustration with the PLO operation in Lebanon. There are very real security concerns regarding the Golan heights and the West Bank. For the Israelis to resent

Southern Lebanon being utilized as a terrorist platform is self-evident.

But it is something else to explain the dissolution of Lebanon into warring factions and anarchy in a multi-faith, multi-faction warlord environment. The Pentagon had no attitude toward that. It was simply a fact. For the Israelis to involve themselves in it as deeply as they did probably wasn't a very wise idea, despite their frustration over terrorism.

Q: Consider the initial insertion of Marines and some Army into Lebanon. What was the rationale for this?

MERRILL: Together with three other countries as part of a peacekeeping force, we went in with the idea being that the total dissolution of Lebanon into warring factions would cause more trouble for us in the Middle East than would maintaining almost any kind of unitary state. It was the same thinking that caused president Eisenhower to land troops there in the 1950s.

The object was to try and stabilize the Christian-Druze conflict as well as the other warring factions. There were multiple private armies. The situation was exacerbated by the PLO camps in Southern Lebanon. Nobody wanted the PLO. They were pure trouble for all parties but were kept alive by the Arab countries, especially Syria. They were like fighting teen-age gangs out of the Amboy Dukes, a bunch of killers.

What happened after a couple of months was that circumstances on the ground changed. The concept of maintaining Lebanon as a country under any kind of negotiated deal simply evaporated.

The four had gone in together. But there was disagreement over coming out together. We wanted to leave. The others didn't. Altogether there were about 2,400 troops of which we had 600. Although of course our air, sea, and intelligence assets gave us a greater weight, the fact is on the ground there were roughly four equal troop contingents.

There were nowhere near enough troops to make peace, keep peace, or really threaten anybody. The Defense Department's attitude was to get our people out ASAP, as soon as possible. They had no mission any more. Were they to stand at the airport looking like an honor guard? But how to get them out became a problem.

In the end what happened was this truck bomb driven by a suicidal maniac blew up the Marine barracks killing 241 Marines. After that we evacuated the rest of the forces and our allies did the same.

Under Fred Ikle's direction we went back over the decision process day by day to see where we could have forced a decision on withdrawal or re-deployment, and failed to find any such point.

Once having gone in there was simply no place to exit, given that our allies disagreed.

Yet the military mission had surely changed. We shouldn't have gone in there in the first place, or when the circumstances changed, we should have insisted that we have a clear military mission or gotten out.

One positive consequence in part was the eventual passage of the Goldwater-Nichols Act which simplified the chain of command. Perhaps akin to Vietnam, the chain led through the Chiefs to the services to the NATO commander, to another regional commander at the end of which is a marine Lieutenant Colonel with a few hundred marines and no written orders. I know I've mentioned this before but I can not over-emphasize it enough.

Was he supposed to patrol the streets? Was he supposed to have a perimeter boundary? Was he supposed to shoot approaching civilians? With the advantage of hindsight, it is undeniable that there should have been greater protection against truck bombs. But with foresight, where was the point, after entering in the first place, at which we could have extracted those Marines when our allies didn't want to?

It was a hard lesson for the United States about going into international military undertakings where there is not a unity of command, a clear central purpose, and what is now called an exit strategy.

If circumstances change, you can change the strategy. But if there is no concrete strategy, reducible to writing, in the first place, you can not alter what you do not have. That is a lesson for which 241 young marines died unnecessarily. It is a terrible indictment of the military establishment and the Reagan Administration in this instance.

Q: Did you have a problem in Libya , Lebanon, Grenada or elsewhere with the various services wanting to get into the act?

MERRILL: It was a problem for the Defense Department because there is this sense that in any significant undertaking everybody wants a piece of the action. There also is a concomitant sense that if things go badly blame is divided.

In large measure it is the nature of bureaucracies to seek credit and avoid blame. Anyone who pays real estate taxes knows that one jurisdiction always sets the rate and another performs the assessment. This way they can divide responsibility and avoid accountability.

Basically the Air Force doesn't want to take the Army places. They want to fight. The Navy doesn't want to take the Army places. They want to fight. The Army wants to go places, but it doesn't want to provide the transportation to get there. The Marines apparently believe that nobody is going to get hurt because they rely on the Navy for all medical support, devoting Corps budgets to combat as much as possible. This is all a reflection of a warrior culture that I favor and indeed applaud. But the conflicts inherent in the above have to be wisely managed.

The core purpose of each of the four services is to fight. Each wants to be part of the

action. They avoid being relegated to support because they know that future appropriations, and the relevance of their services, depend upon their utility in the end as combat forces.

This is a complicated issue that deals with top down, as opposed to bottom up, management in the Department of Defense. It may have affected the efficacy of the Grenada invasion. But I don't think the issue in Lebanon was an issue of joint service participation.

There was a Marine detachment, under Marine control, that did not have clear orders, and in which their purpose was not sufficiently articulated by our government. It does not excuse insufficient protection for the barracks to say that the men on the ground did not have sufficient instruction to work out the balance between protecting others and protecting themselves. They were there on more of a political mission than a military one.

Q: The Carter administration had made a big deal about pulling a division out of Korea which they did not do. I think they pulled out a battalion or two, sort of a charade. What were you getting from your perspective about the situation in South Korea?

MERRILL: It needs to be put in larger perspective. Carter had campaigned on a platform of cutting the defense budget by $7 billion. The exact amount of money is far less important than the attitude that it represented. He was elected on that platform, which, if not a popular mandate, was at least an honest reflection of what the candidate had said.

I mentioned earlier that Harold Brown had asked me to be Comptroller of the Defense Department. I had to decline because I had decided to support Ronald Reagan in 1980 rather than Carter. Part of my distaste for Carter was his weakness on defense, as well as the malaise business and other reasons.

There was a desire to withdraw a substantial portion of United States troops from Korea. It was part of an overall unwillingness on Carter's part to recognize the difference between capabilities and intentions on the part of our adversaries.

He wanted to cut the defense budget in general. He was unwilling to recognize the significance of 110 Russian tank battalions marching up and down eastern Europe near the German border. That threat of invasion represented a capability. Carter, probably correctly in a technical sense, considered primarily the intentions. In Korea, in Europe, eventually in Afghanistan, Carter's view of their intentions was more benign than mine or that of Reagan.

So you had the defense budget cut, an attitude in Europe that viewed Soviet forces as not really serious, and an attitude in the rest of the world that said we can reduce our force levels, in part by pulling back in Korea.

Technically, Carter was probably right. We don't need a full division in Korea to act as a trip-wire. Most Americans do not realize that we maintain the 3rd Marine Division on

Okinawa as backup and the 24th Army mechanized division in Hawaii. The 24th's mission is to go to Japan or Korea in time of war. We have a lot of forces in the Pacific, more perhaps than we may need.

The division in Korea allegedly stiffens the Korean backbone and is a deterrence to North Korean adventurism. I accept this deterrence argument.

I think that Carter, despite the fact that he was a Naval Academy graduate, did not understand the value of deterrence because he confused capabilities and intentions. It is capabilities that count. Harold Brown certainly understood what the Soviet bloc was doing. When we build, he said, they build. When we cut, they build.

So while one can understand why Carter wanted to withdraw troops from Korea, it would nonetheless be seen as an invitation to the North Koreans to push. It was seen as a sign of weakness.

It was the manner in which this was done, not so much the fact of it. By being publicly advocated it developed a life of its own. Thus in my view such a drawdown made no sense whatever the technical military arguments. It sent a disastrous political message.

Q: What was the attitude in 1981?

MERRILL: The basic fact was that the crossover line for North Korea and South Korea had already been reached. By crossover line, I mean the point at which South Korea had become a decisively stronger economy than North Korea, and decisively stronger militarily as well.

For those who believe that carrying an excessive defense burden is impossible, the South Koreans devoted 40% of their economy to defense, about the same as the Russians. It collapsed the Russians. South Korea nonetheless developed a world class economy, despite this defense burden.

Most countries devote 2% to 4% of their economy for defense. It never exceeded 5% in the US. The issue in Korea was that having reached a crossover point, how long do we maintain a division there. The answer is apparently forever or until the North Koreans collapse.

Perhaps we could have withdrawn a part of that division had we done it cooperatively and quietly with the South Koreans. But I doubt it. Once having raised the issue to public attention a drawdown is simply an invitation to North Korea to be even more troublesome and venturesome. The risk isn't worth it.

The Carter administration so mishandled it that there has been no alternative since to maintaining a division there. In point of fact, the Koreans are quite capable of defending themselves, so long as we are available for backup. What can not really be defended is Seoul, which is only 20 miles from the border. But that is a different, and more tactical,

problem.

Q: Carter was fulfilling a campaign pledge. Probably nobody in the military had given it serious attention but it developed a life.

MERRILL: It is similar to the life that the gays in the military issue took in the Clinton Administration where this was also a campaign pledge. It was openly advocated. Nobody took it seriously. Even George Bush didn't pick up on it in the campaign. It didn't occur to anyone that it would be close to the first executive order when Clinton became President. Therefore, it developed a life of its own apart from the casual mention in the campaign. That's what happened with withdrawal from Korea.

Q : *Yes. Go on with 1981 into the Reagan administration. I'm really after you and what you were doing and the feeling within the Defense Department.*

MERRILL: The best way to provide deterrence is to have the capability for war fighting. So the general attitude of the Reagan administration was obviously to build up defense. Then the question came as how to do it. There were great divisions on this. Essentially we recapitalized the force. The biggest thing we wanted to do was to provide lift.

Q: We talked about the lift side and Stilwell.

MERRILL: He had also been the commander in Korea, so part of his interest was a natural desire to strengthen, not weaken, our position there. This was a place where it was easy, so to speak, to give him something. Also because it is an Army mission, this would strengthen the Army, so there were cross cutting political and bureaucratic and jurisdictional issues. But the essence was strengthen the United States, build up our forces, and of course do not withdraw any troops from Korea and thus invite a North Korean incursion or invasion.

Q: I want to know what the thinking was at the time.

MERRILL: The very fact that Carter had publicly advocated withdrawing from Korea made it all the more important to state and do the opposite the thinking at the time was that you could not withdraw from Korea. You had to maintain a division there, and support divisions at Okinawa and Hawaii. You had to maintain the presence of the Pacific fleet. We did not want to invite another Vietnam or a second Korean War by crazies in North Korea.

This thinking comes down to deterrence and war fighting. The lesson we have learned is basically closer to the Munich analogy than anything else.

Perhaps Henry Kissinger had a disproportionately significant intellectual effect. This is not to credit Kissinger as being a Carter person but to say that Kissinger basically believed that the Russians were outstripping us.

Detente in great measure reflected his belief that the democracies were losing in the world. A policy of realpolitik would recognize that the authoritarian, totalitarian powers were on the rise, and that we had to accommodate ourselves to that fact.

Whereas we believed quite the contrary, that the force of history was on our side. Despite a decades long increase in military forces under totalitarian or authoritarian rule we believed that time was on our side Not that we sought to go to war, but that accommodating to the Brezhnev doctrine was simply not acceptable. We saw it as important to stand up but to do so with wisdom and judgement about where and how, in contrast to Vietnam where we stood up for the right reasons but in the wrong place at the wrong time and in the wrong way. Weakness and irresolution invite war. Strength deters it.

Q: Again during your Pentagon years, what was the view of China at that time? Reagan had made trips there. The relationship with China was still rather new.

MERRILL: We devoted much less attention to China than most would realize because China was not a military threat. China is not now a military threat despite the attempts of some people to make it into one, erroneously in my view.

The general attitude was that Nixon had done the right thing by legitimizing our relationship with China. In fact it was the Chinese that decided to legitimize relationships with us, not the other way around. The Chinese did so because they got into a real argument with the Russians, which got progressively more contentious after Stalin's death.

They saw themselves as original revolutionaries and they viewed the Russian leaders as second or third generation bureaucrats. There were border differences. There were the 51 divisions the Russians maintained on the Chinese border. There was the refusal to provide China with nuclear technology. The list is long.

So we did exploit the split between Russia and China very well. There were three issues with China--Korea, Taiwan, and the spillover of Vietnam. The record of Chinese involvement in Vietnam was very limited. The Vietnamese had a history of trouble with the Chinese, and were not eager to involve them in Southeast Asia. This doesn't make the North Vietnamese buddies of ours but they weren't Chinese agents either. Taiwan represents a legacy of Republican involvement going back to the China Lobby of the 1950s.

Q: We are talking about Senators William Nolan and Styles Bridges.

MERRILL: Taiwan is an accident of history. No one ever contemplated it becoming democratic and market-oriented and remarkably prosperous. If the whole island had been part of Communist China, instead of a refuge for Chiang, in a certain sense the U.S. would probably be better off today. We would not have to protect them.

In 1981 we wanted to maintain the Sino-Soviet split and we didn't want to get into an argument with the Chinese over anything. The issue of threat there was much more North Korea than it was China. I do not believe that anybody in the Pentagon gave significant military thought to the Chinese as an immediate potential adversary. They did not have a navy, and we certainly were not about to get into another land war in Asia, nor was there any tension point that would so involve us except Korea.

So we had a good working relationship with the Chinese. That is not to say that we did not differ on varying areas of regional policy, but we did not see China as a principal threat. The focus was on Soviet not Chinese power projection.

With respect to Taiwan we have followed a bi-partisan policy of recognizing one China and two systems more or less as agreed in the Shanghai Communique of 1973, which is rather a defining document. Both the State and Defense departments have subscribed to this.

With respect to Korea we have endeavored, with limited success, to leverage the Chinese influence if any on the North. In an earlier incarnation in the State Department in 1967 I had served on the Pueblo task force. Even then we made a real effort to involve the Chinese.

Q: That was the seizing of the Pueblo, a U.S. Navy ship.

MERRILL: It was a listening ship that was seized by the North Koreans. There was an argument as to whether it was 12 miles off the Korean coast or not. We got the crew out about ll months after it was captured by a policy of quiet diplomacy and not giving them high publicity value.

The surest way to make life difficult for such military or other hostages to cold or hot war is to increase their value. That is what President Carter did with the captives in Iran two decades later. Of course this is difficult for the families and harder with the proliferation of media outlets.

Q: Let's turn to the Philippines and come back later to the Pueblo. The early l980s were a tumultuous time there with a very strong military factor because of the bases. Could you tell how you saw it?

MERRILL: The Philippines in historical terms were an American protectorate that we should never have acquired. President McKinley didn't really want them. They came as a result of the Spanish American War in 1898. America had absolutely no business picking up a group of islands in the middle of the Pacific.

As with the remnants of empire apropos the British, they turned out to be a liability, not an asset. With all of our good intentions, and we had good intentions, by 1981, almost a century later, we had not been able to instill sufficient representative government, sufficient education, sufficient western civilization to have the Philippines be a stable

society.

Rather there was a thoroughly corrupt country in which we had two extraordinary military facilities. We had the only real bombing range in the entire Pacific, Clark Air Force Base, and we had a huge naval shipyard at Subic Bay.

Bombing ranges are much more complicated than anybody realizes. A place to test fighters and bombers is a big deal. You don't just tow targets and shoot at them. It has to be calibrated, and the testing facilities are very complex. Airplanes from all over the Far East, from Thailand and Japan and South Korea and Taiwan relied on Clark.

The repair facility at Subic Bay was fully the equivalent of Norfolk, except that it probably had 20,000 more prostitutes than Norfolk ever imagined. In the real world when the fleet goes to sea for four or five months, and the sailors come back, they are not only looking for mom and apple pie.

Not only did it have an entire society dependent on it, both good and bad, it had an entire military housing dependency on it, meaning a complete suburban American community, and it had 140,000 skilled Filipino workmen. Plus it had all of the drydocks, forges, and other equipment necessary to homeport and maintain the Pacific fleet. In addition there was the long history of MacArthur and Corregidor and Bataan and everything that went with that psychologically and emotionally.

So these bases were the heart of our military position in the Pacific. And as the Army was wedded to Korea, bureaucratically, so was the Navy wedded to Subic Bay. The Air Force was not quite as strongly wedded to Clark because airplanes fly faster and farther and air ranges can be developed more easily elsewhere. Still, they had their own attachment.

Q: Also it was very good duty. They had golf courses and servants and a great lifestyle. It is the kind of thing that keeps people going.

MERRILL: Yes indeed. We did some studies on what it would cost to replace Subic Bay. The number was not all that awesome--about 14 billion. For people not Pentagon oriented, that sounds like a lot of money, and it is. But out of a $300 billion annual budget, and spread over several years, it is not insuperable.

The work force was another matter. You lay off 140,000 skilled workmen in as backward a society as The Philippines and it makes for a very touchy political situation. A disproportionately high proportion of the national income was derived from these bases.

The real issues were political. If we were not going to maintain the fleet at Subic Bay, where to go? Singapore? Thailand? South Korea? Taiwan? Think of the political consequences with China of using Taiwan. Is the work split up in different places? Guam? Okinawa? There were local community problems in Okinawa already. Could it maintain the entire fleet? What is the rotation practice? Do you do some ships in one place and others somewhere else? Dry-docks, wharves, and other large infrastructure

facilities are long lead items. Fortunately we put some money into the budget for this which turned out to be helpful.

Eventually there was a lengthy negotiation with the Philippines which was handled by Ric Armitage, who had occupied the next office to me. But over a number of years in the l980s it became apparent that maybe it wasn't all so bad if we lost the bases. What was important was not to lose the Philippines in a political sense. Bob Long, the former commander of the Pacific Fleet, made this point frequently when we served together on the Defense Policy Board.

It came down to a very close vote in the Philippine Senate, which went against us on nationalistic grounds. They just didn't want a U.S. Navy base on their territory no matter what the economic benefit.

Countries who accept such bases today generally have a sense of immediate or potential threat and like the idea of U.S. protection. No such threat now faces The Phillippines. But by then the Navy was prepared to handle the fleet in other ways. And amazingly unfortunately for them just after the vote a huge earthquake devastated Subic Bay, covering it in more than a foot of ash. So the base was lost anyway and they got nothing for it.

The ability to maintain this and other foreign bases was part of a larger issue which was a precipitate decline in the number of overseas bases everywhere.

Q: Did you have much consultation with the Department of State? As a Foreign Service Officer I understand why we have these bases but can we get out of them? I served in Greece and I saw all the problems.

MERRILL: Of course there was constant consultation. The State and Defense Departments are locked in a symbiotic relationship, although they each have different turfs to defend. When generals pound the table, yell and scream, seethe with anger, and talk about what those sons-of-bitches are doing now, the reference is rarely if ever to the Russians or Chinese or North Koreans or Iranians or Libyans or Syrians or Cubans or any other obnoxious foreign power.

What generals are talking about first and foremost is usually the State Department, second the press, mostly the Washington Post, third the White House, fourth the Congress, fifth the inter-agency process and then other bureaucracies such as Treasury or Justice or Commerce. Somewhere down beyond that come terrorists or other real military adversaries. In real bureaucratic life, you get madder at the competitors inside the U.S. system than at the acknowledged foes. It is rather like a family feud.

Q: But did you have the feeling, perhaps Machiavellian, that as the new civilian masters of the Department of Defense giving up The Philippine bases was unthinkable? You don't think about the unthinkable, but if you start talking about it, it becomes more and more possible?

MERRILL: There is a real tension between the civilians in the Defense Department and the military about what is thinkable and what is not. The military likes to think about things that are familiar. It is the nature of being an executor, of having to act. It is the job of the civilians to force the Department to address new issues.

But keep in mind that, contrary to popular perception, most military officers are way ahead of most businessmen in thinking about new developments especially in hardware. For the military the price of being out-performed is death. So the best is often the enemy of the good and the desire to incorporate every new upgrade is constant.

In today's world that would be unmanned vehicles, stealth aircraft, long range precision guided missiles, new defensive systems, radar, lasers and other information technologies that provide dominant battlefield awareness.

In this context the idea of losing our world-wide base structure was beginning to be a mainline issue in 1981 and 82. It is still an issue. The Air force is currently preparing to spend $300 billion over the next 20 or 30 years on tactical fighter aircraft, such as F-22's. Most of these tactical aircraft have short legs. They are not planes that fly from here to Moscow.

These planes are all predicated on secure advance forward basing. If the basing can be wiped out by a blitz of missiles by a third rank power like Iran, or you do not have the political accommodation as in the Philippines or the Balkans to provide such bases, we need different ways to project power. The U.S. is not maintaining bases in countries that don't want us. We are not conquering anybody in order to provide an Air Force base.

This issue applies equally to the other services. So the questions of number, access, utility, and feasibility of overseas bases became a mainline issue coincident with, and perhaps sparked by, the Philippine bases at Clark and Subic. Therefore we initiated a number of studies on the decline of forward bases. In future the policy of forward basing will be open to increasing challenge because there will be far fewer available.

With regard to The Phillippines, the State Department was surely equally worried about the bases and saw the maintenance of them as a principal objective. The Defense Department was just as worried about the political consequences for the Philippines as it was about the bases. In this particular area, we worked together very well. That is often but not always the case.

Q: Did you have a problem with a President Reagan who can be influenced emotionally by a movie about Bataan? Sometimes he would set on something, like the Panama Canal, or perhaps Star Wars in its completely invulnerable form, that might have been a problem.

MERRILL: Of course I think he was absolutely right about Star Wars. I have no issue there. I support defensive technologies. I favor ballistic missile defense. I seek to increase

our intelligence capacity to preclude high tech sabotage. Generally speaking, Ronald Reagan had the right idea on this issue.

I take your point about occasionally odd perceptions. But he certainly sized up Gorbachev and Shevardnadze correctly, which is more than one can say for Jimmy Carter's assessment of Brezhnev and his crowd of thugs. The stranger aspects of Reagan Administration policy did not show up on anything significant in the Defense arena.

His general attitude was to build up defense. He didn't care too much exactly how it was done. On issues like Radio Marti, an anti-Castro radio station, the Administration could go off half-cocked. To please Cuban refugees, for example, we spent $10 million annually on radio stations when the same service could have been provided for a fraction of the cost by renting time on regular AM band stations. The Cubans would have been even more pleased, because there would have been more time on more stations. I would still place that more in the area of the political than either diplomacy or security.

When it came to dealing with the serious business of defense, the President was interested first in how much we were spending and much less interested in what we were spending it for. I never noticed any particular interference from the White House on these arguments inside the defense establishment. This is something that Weinberger understood very well.

The principal issue between the civilians and the military was over whether we were going to shape the military or simply allow the four separate forces to decide how what they were each going to do with the increased budget. How much centralized control would there be? This was not an issue on which the President weighed in.

What Weinberger understood was that he had a three or four year window with the Congress following Carter's weakness and the invasion of Afghanistan in which we could substantially increase the defense budget.

His view was get the money first and shovel it out to the services letting them recapitalize the force. There were significant arguments on how to spend it, not only among the forces, but within each force. There are, for example, three Navies - surface, undersea, and air.

Decisions had to made about how to shape this budget. The Defense Resources Board (DRB) which we discussed earlier turned out to be the venue for decision. As I have indicated a great deal went for additional lift and we were able to develop the special operation forces, the advanced missiles for Trident submarines, and devote more to stealth technology. There were too many other priorities to list here.

Some of these were pretty big decisions. For instance, there was the nuclear missile battle that alone took on a life of its own. President Reagan, like Senator Robert Byrd, would have gone for whatever the largest and most mobile missile was. Well, biggest and most mobile is an inherent contradiction. If it is big, almost by definition it can't be mobile.

You may not remember densepack and the midgetman and the MX. Explained simply, a Trident sub with 24 D-5 advanced nuclear missiles, each MIRVed with a dozen warheads, has 288 nuclear weapons. For technical reasons each submarine actually had 240. Each submarine cost $2 billion and the warhead package another $2 billion. Two such submarines provided more than 500 weapons for a total cost of $8 billion and they are invulnerable as well as mobile.

Against this put the MX missile which was big, barely mobile, and relatively easy to find and target. Against that put the Midgetman, favored by Les Aspin, then Chairman of the House Armed Services Committee, which involved 500 separate single warhead missiles, easily mobile. MX and Midgetman were land-based.

Midgetman cost about $50 billion. So did the MX. Both would have to spread over much of the United States, were not easily subject to single command and control, and involved movement by rail or truck through heavily populated territory. But could we give up on part of the triad meaning some at sea, some on land, some in the air?

All were constrained in various ways by arms control agreements, by political considerations, by service preference, by the canons of nuclear theory and many other considerations. To me, the best deal were the submarines and more or less that is where we came out. But not easily.

I have no use whatever for arms control. This is where the State Department and the Defense Department differ. Almost every arms control agreement has either led to higher buildups or a distorted posture or a fatal weakness or some kind of inadequacy. On the whole, arms control agreements are simply not workable in the high tech world. They are not verifiable. Nor are they enforceable. How do you enforce a breakout by one side? The answer is you can’t so there is a tendency not to verify cheating because the political problem of doing something about it is almost insuperable.

The Russians would comply with the limits on varying classes of missiles by simply disassembling them into three stages that could be re- assembled in less than a day. Taken separately each stage was in compliance because they were not technically fielding an intercontinental missile. And that was the simplest kind of cheating.

These kind of issues bothered President Reagan. In a general sense, he didn't like arms control. But he did not get into such questions as which kinds of forces, how many carriers, how to project power, or which service should get more or less money.

Similar arguments took place on conventional weapons systems which of course involved the bulk of the money. Less than 15% of the DOD budget was devoted to things nuclear. They are comparatively speaking inexpensive. It is the maintenance of conventional forces that costs real money.

The life cycle cost of one carrier battle group is in the $300 billion range. In 1983 dollars

it cost $2 billion a year to maintain each of the 18 Army and Marine divisions, not including equipping them and not in combat. Today the number is $3 billion per division. A division is between 16,000 and 18,000 men.

Ronald Reagan didn't get into any of this. He didn't even get into it in a political sense the way President Clinton and the Congress gets into delivering these contracts or deployments. We maintain a division in Alaska and Hawaii more because Senators Stevens and Inouye are the ranking members on Armed Services than for any purely military reason.

Of course Congressmen have always cared about contracts for their constituencies. But there is very little evidence that the President's interest in the defense buildup was motivated by a desire to carry Texas or California. I think he was going to carry Texas and California anyway, and he did not weigh in on one weapons system or another based on its political justification. This is not to say that he never did. It might have been done very quietly inside the White House, but it was not pervasive, and it was much more Congressional than executive driven. The President's idea was build up the Defense Department. Let the Pentagon worry about how.

All the President wanted to see was three lines. What was the Carter budget? What was the projected topline budget? And what was our new budget?

The last Carter Administration budget, that is the one for FY 1981, had a 13% increase in it. So what you had was a Defense budget that had been reduced by Carter over several years and then raised the last year. We pocketed the 13% increase, put another 7% on top of that for our first real budget, the one for FY 82, for a total of 20% up.

Weinberger had art prepared graphically in three cartoons showing Carter's puny budget and our robust one. Behind it of course was an immense amount of analysis. But the President didn't see much of that. The point was to beat the Carter budget. The President was quite clear in his choice. If increasing the defense budget unbalanced the total budget a larger deficit was a price he was willing to pay.

Weinberger and OMB director David Stickman had a face-off over this for Reagan's mind and Weinberger won decisively. When it came to cutting taxes, increasing defense spending, and balancing the budget, the latter came last.

Q: Before we leave the Philippines, how did the disarray with the assassination of Aquino and the end of the Marcos regime affect your thinking?

MERRILL: By this time I was sitting on the Defense Policy Board which I explained earlier. The long term interest of the United States in stabilizing the Philippines became more important than the actual bases there.

So certainly the political disarray in The Philippines played a role in our thinking, a very important role. The United states is in the business of advancing the cause of freedom.

That means promoting representative government, free markets, free economies, and open societies.

If we are going to keep a military base at the expense of causing a revolution or helping a potentially totalitarian or authoritarian regime, that defeats our very purpose. The Navy understood this very well. Hedging our bets, we started to invest in long lead items to base the fleet if necessary elsewhere. If the Philippines turned into a North Korea or Cuba, what use would Subic Bay be?

Q: I was thinking about home porting the fleet, as we did in Greece. The embassy was practically on the shore there waving the ships away while Zumwalt was bringing them in. We felt it was very de-stabilizing.

MERRILL: Between roughly 1970 and 1985 a fundamental change in the Navy took place. Previously it was theoretically possible to keep a fleet in the Eastern Med and home port it there.

By the 1980s nobody believed the Navy could keep a fleet in the Eastern Med, and have it be a real fighting fleet, because it was under the threat of land based air. This applies to the Persian Gulf as well. We can use the fleet there, but only with the implied consent of the Iranians.

They don't have to provide a legal permit. They just can't shoot. Nobody believes that a fleet can be defended against substantial land based air. In Zumwalt's time the requirement to home port in the Eastern Med was a mainline requirement for us.

By the l980s, with the development of air and land-based cruise missiles and other precision guided munitions, the requirement to keep a fleet in the Eastern Med no longer had priority over political considerations. We no longer home-port in Greece. We have a friendlier environment at Naples in Italy. We no longer home port in the Philippines either. But we still have a Pacific Fleet.

Q: Let's return to the Pueblo. This was the 1960s. What were you doing?

MERRILL: I was the senior intelligence analyst for South Asia in INR, the Bureau of Intelligence and Research in the State Department. South Asia is India, Pakistan, Afghanistan and several smaller countries.

The Pueblo was a listening ship. What it did was listen to North Korea. The purpose was very simple, but heavily classified, and the equipment aboard was very sophisticated.

We would keep track of military forces in part by listening to the sounds when they move. Radio communications, creaking of tanks, all of the sounds of an army. It is impossible to move a large number of people mechanized in trucks, jeeps, or tanks without making some noise or engaging in some communication or lighting up some overhead imagery.

The Pueblo's mission was to listen to the North Korean army. The Pueblo was seized by a dozen North Korean gunboats. There were 59 U.S. sailors on board and they were kept as prisoners for 11 months before being released through a process of quiet negotiation.

In the interim there was a task force, on which I sat, set up almost immediately on how to deal with the issue. The Navy was seething. Poor Lloyd Butcher, the Pueblo commander, was a reserve appointment who took a bullet in the fighting. He was vilified by regular Navy officers for not fighting his ship to the end.

I thought this was absurd. The total armament was a couple of 50 caliber machine guns.

I have said before that I subscribe to the Joshua Chamberlain theory of history: when all else is lost, and things seem hopeless, fix bayonets and charge. Chamberlain was the commander of the 20th Maine on the left flank at Gettysburg who used such a charge at Little Round Top to stop the Union line from being rolled up. By analogy I did this in my own business just to save the company when people were trying to take it away from me.

I do not derogate the worthiness and willingness to fight of ship commanders in the U.S. Navy. But it is ridiculous for a small converted mine sweeper with almost no armament and a lot of listening equipment to do anything but destroy whatever could be destroyed inside the ship. This is what Butcher did, plus doing more fighting than one might expect.

The attitude of the Navy was this is a United States ship, seized on the high seas. They can't do that to us. Let us bash North Korea immediately.

President Johnson took a larger view. Already embroiled in Vietnam, and not happy with the military role there, he wanted more perspective. He learned that the nearest aircraft carrier was two days away and the nearest other ship was a day and a half away. These sailors were already ashore, and no one knew where.

Of course we could have flown something off the South Korean peninsula, but that would have involved South Koreans and perhaps forced the very thing we were trying to avoid which was a renewal of hostilities. We were already fighting a significant war in Vietnam. The last thing we needed was Korea again.

I was surprised at the attitude of some in the Navy, particularly middle grade officers. Keep in mind that I had some experience by this time in political- military affairs. Too often the attitude was simplistic and lacked common sense and wider vision.

The first consideration was why did they do it? Was this a deliberate diversionary tactic? Were they trying to help out the Vietnamese? What to do about the 59 men? The first order of magnitude was to figure out what it was all about. This can't be done with a 24 hour response time.

So the President convened this task force to consider our options. In the end we decided

we could not rescue the men. The ship had done a pretty good job for itself even though subsequently the Navy demobilized Butcher and, in my view, did not deal fairly with him. He deserved much more credit than he got.

The President decided we did not have enough facts to be 100% certain whose waters the ship was in. We test them all the time, in the air, under sea, on the surface--checking to see if defenses rise. They, the Soviets and their allies, did the same to us. It was a constant game. This is a world where I am not comfortable talking about the exact details. It got very sophisticated, almost like world class bridge players signaling to one another.

In striking contrast to what Jimmy Carter did with the diplomatic hostages in Iran, we gave the issue very low public visibility. The more focus is put on such hostages to fortune, the more value they are to the aggressor and the more likely it is that others will try similar adventures.

After 11 months, all 59 of them were returned. Maybe the Navy's honor wasn't quite upheld, but the Navy had its hands full in Vietnam. So of course did our country. That's what happened. The Pueblo occurrence is an example of how the view from a political seat can be very different from a military one.

Q: Before turning to NATO, you said earlier there were important bureaucratic lessons learned from the Reagan transition into the Defense Department.

MERRILL: There is one over-riding point and that is the essentiality of getting the cooperation of the bureaucracy in order to be effective.

When Dick Stilwell and I wrestled for control of the front half of the budget, meaning what the forces were for, I put together a team utilizing the second or third person in each of the OSD offices and among the service programmers. These were regular Pentagon bureaucrats in the good sense of the word. There wasn’t time to hire new ones. It was that simple.

Roughly speaking historically during the Cold War, 1/3 of the Pentagon budget had been for procurement. Weinberger’s budget had a procurement bow wave that had it up to 50% at one point. That's what I mean by his attitude was get as much money as possible.

Q: You say a bow wave. What do you mean?

MERRILL: What I mean is that 50% of the appropriation was used to procure various platforms. The attitude was build it now while we have the money and worry about staffing and equipping it all later.

If you build an aircraft carrier or the B-1 or the B-2 or the F-117, somehow some later Administration will find the people and equipment to staff them. If you don't have the platforms, having people and the equipment won't help much. So we built a lot more than

we ever had the money to equip. It infuriated a lot of Pentagon analysts who caused Weinberger great stress. But he had a great truth. Get the money. Buy the platforms. The other stuff will come later. Those were the platforms that won the Gulf War.

The bureaucratic point I want to make is that I did one big thing right and I'm very proud of it. I coopted the senior existing civil service, and extracted from them a promise to help. When the chips came down I was able to go back to them and say you promised to help me on this and that. Here is the analysis I need. If we go this direction, what are the consequences for force levels, kinds of platforms, doctrine, programming structure, and service priorities. If we go in another direction how do the consequences differ?

I needed a variety of program packages in order to frame the choices properly for the DRB and those packages had to describe what kind of forces we would buy under each alternative in a way that was fully credible to everyone, military and civilian.

Because they provided more incisive, more varied, more coherent, and more timely analysis I was able, just barely, to edge out Stilwell, with all his connections, and help Fred Ikle shape the budget in directions that have become evident with the success of the Gulf War.

I got the help we needed by trusting them, by dealing with them fairly, by extracting a promise and by holding them to it. The lesson that is important here is that a civilian manager can get the cooperation of the civil service, if you pick the right people with some judgment from among those already there. They are not the enemy. They wish to serve a new Administration in as helpful a way as possible.

There is a tendency to assume that whoever served the previous administration is automatically the enemy, and must be replaced. Certainly the political appointees, with rare exceptions, should be changed. That is why we have elections. But that is not true for the senior civil service in general, although here too there are exceptions.

Q: It is a truism. You can almost feel the professional Foreign Service and civil service waiting for hotshot new appointees to go through this they are the enemy thing. It is not a matter of waiting them out and getting your own way. It is a matter of waiting them out in order to cooperate.

MERRILL: You don't want people who are committed to an alternative policy. The Admirals handling the Law of the Sea Treaty, for example, had to be replaced by one among them who in his heart agreed with the Reagan approach rather than the Carter approach regarding who had sovereignty over the deep seabed. In Bruce Harlow I found such a person.

But you don't also want someone who says I'm just a public servant and will adopt any policy in order to survive. Then you've got a communist type functionary or apparatchik as they are called in the Soviet Union. You don't want people who will take any position so long as it espoused by his or her superior.

So this is a very subtle management process made easier for me by the fact of being a publisher in private life. That's how you manage an editorial department. You don't tell them what to write, but you assign them to the kind of things they ought to write. Then you hire the kinds of people who do that well without exactly telling them what to say. It is, as I say, a subtle skill.

Q: Let's move on to NATO. Could you tell me how the appointment came out and what you were doing?

MERRILL: In January of 1990 I was appointed Assistant Secretary General of NATO. This was in the Bush administration. I was nominated by Dick Cheney although the job itself is technically in the Department of State.

I served on the Defense Policy Board until taking this appointment. And of course I knew Dick earlier from the Reagan Administration when he was an influential Congressman. Lynne, Dick's wife, had also been a senior editor at Washingtonian, before leaving to become head of the National Endowment for the Humanities.

After Dick was appointed Secretary of Defense he had a mutual friend, Ken Adelman, who had run ACDA, the Arms Control and Disarmament Agency, sound me out about the job to see if I was interested. Then he called personally to offer it.

Earlier he had asked me to see him about a job in the Defense Department. Having served a few years full time and several years part time, I was less enthusiastic about being part of the inter agency process again. There were three or four Assistant Secretary of Defense jobs that were mentioned and a couple of international negotiations. I simply wasn't enthusiastic about any one of them. I would have done one if somebody had come to me and said-- this is not likely-- we need you to do this. But they didn't turn me on. And there was never anything really specific on the table.

But the idea of going to Brussels, of being the senior American in NATO, rather appealed to me. There was no single country that would have interested me as ambassador, except perhaps India because the government does business in English and because of my prior experience and expertise there.

I realize I'm talking to a career Foreign Service officer who probably thinks of being ambassador as the ultimate career achievement. Sam Lewis told me once that even after he had been an Assistant Secretary of State two or three times, when he was appointed ambassador to Israel, everybody he knew in his native Texas called up to say congratulations, you finally made it.

But I'm just not interested in any single country to the extent that I want to go there for three years. Whereas the NATO appointment ranged across the whole of Western and Eastern Europe, so it had great appeal.

Also I liked the idea of living in Brussels and so did Nancy, our then 15 year old daughter, and Ellie. They were also part of the decision process since it meant moving all of us. So to a lesser extent were Doug and Cathy, then both in college at Cornell.

I'm not a real fan of London, Paris, or Rome any more than I am of New York, Chicago, or Los Angeles. Washington is a low rise city. So is Brussels. So I liked the idea and we said yes.

It turned out to be a complicated job. The actual title is Assistant Secretary General of NATO for Defense Support. It is not a high profile job in the United States, but it is the senior American in NATO.

When I say senior American it is important to understand the context. We have a deal with these 16, now 19, countries which cooperate in a common alliance with an integrated command and control structure and a substantially harmonized defense industrial base.

The deal is we, meaning the United States, get the top general. That is called SACEUR, which means Supreme Allied Commander for Europe. Eisenhower was SACEUR. So was Alexander Haig. John Galvin was SACEUR when I was there.

They, meaning Europeans, get the civilian leadership. Manfred Woerner, the former German Minister of Defense, was Secretary-General when I was there. Previously it had been Britain's Lord Carrington and currently it is Spain's Javier Solana.

In short a European is always Secretary General as in Secretary of Defense. An American is always SACEUR as in Chairman of the Joint Chiefs. The idea is to insure civilian control of the military, just as we do in this country and in all the member countries of NATO.

We Americans then always get the Assistant Secretary General for Defense Support, and they, the Europeans, rotate among the other three Assistant Secretary Generals. There are four and their functions follow.

One is for policy, which during the Cold War meant mostly arms control issues, but from 1990 on meant dealing with the opening to the East resulting from the collapse of the Soviet Union. When I was there he was German.

A second Assistant Secretary General had the responsibility of insuring that each country put up each year what had been pledged in dollars, force levels, and equipment. The total annual budget of NATO was about $200 billion, all of which had to be appropriated by national legislatures. Roughly one third of the U.S. Defense budget was devoted to Europe and NATO one way or another. So this is no small job. When I was there Michael Legge of Great Britain had it. If you will, he was ASG for how much.

The third ASG, a Canadian when I was there, was responsible for all infrastructure and

logistics which is self explanatory. It is fixed installations and logistic support.

The fourth ASG, my job, involved everything that flew or fought, and all communications systems. It was, if you will, ASG for what with.

Five directors reported to me. One, a retired British general, was responsible for all air communications which in practical terms meant the military FAA for all of Europe. In the U.S. there is a single civilian air control system and of course the military flights conform to it. In Europe there are literally 42 air control systems -- each country has one -- and the only really unified one is the military one, the integrated air command system of NATO.

The second Director, and also my Deputy when I was away, was a German former Deputy Defense Secretary, who had armies, navies, and air forces. Under him was an Italian three star Admiral for navies, an American defense official for armies, and a Dutch general for air.

A third director was another British general who handled all communications, including nuclear command and control codes, and all C3I. In English that means all communications including encryption, intelligence, and everything that had to do with information and battlefield awareness systems for the integrated NATO command and control structure.

The fourth director, also British, handled air defense. That was not the same as the FAA system. Air defense meant more or less the kinds of systems that stemmed from the Battle of Britain in WWII. The British had a lock on that directorate for obvious historical reasons and insisted it be operated as a definable integrated air defense system for all of Western Europe.

Fifth and finally there were the cross-cutting issues of defense trade, U.S. and European formal and informal protectionist systems, and conceptual as opposed to service specific issues of standardization and inter-operability. This directorate was handled by a retired French 3 star general.

Although the French were not part of the formal command structure at NATO they interpreted the NATO equivalent of our Defense Department to be civilian control of the military and thus played at that level. They also kept technical observers at every military level so they could in fact operate with us without being technically under NATO military command. This is rather mind-boggling to explain. The simplest way is that all 16 countries met on a political level but the French would leave when we met on a military level. Literally they would leave a meeting or it would reconvene at 15 instead of 16.

In general I had the force structure of NATO and all of the problems involving arms cooperation, standardization of everything from bullets to telephones, and inter-operability for everything that could not be standardized.

It was insuring that everybody communicated on the same wave lengths and could operate together in a combat mode. There are a lot of cooperative programs, and as new weapons and systems are developed, more are always being added and others retired. The largest, by way of example, was Sea Sparrow, a standard missile system which had 14 nations participating. Keep in mind that Iceland and Luxembourg, with 250,000 and 400,000 citizens respectively, are full NATO members but have no effective forces.

It was an immensely interesting assignment, and for the time I may have been the ideal kind of choice. It needed somebody who had some business judgment because of all the arms trade, cooperation, and competitive issues. I am a businessman with defense experience who had sufficient State Department background to understand the political and economic dynamics taking place at a time when the end of the Cold War was cracking Europe open.

The job has gone to technicians and to politicians including a former United States Senator and a former House member. It is now filled by a very able four star admiral who retired in Europe to take it. The job can be a technical person in a technical era or a policy person in a political era.

Given the collapse of the Berlin Wall in 1989, obviously political and economic issues were more in the forefront. I found myself dealing mostly with openings to the East. Together with Chris Donnelly, the Sovietologist at NATO, I am among the architects of Partnership for Peace.

Together we were reaching out to Russia and all the Eastern European countries. I was a guest of Stolyarov, the head of the KGB, at his guest house. I had him in my house in Brussels. I was the first senior NATO executive to speak to the Hungarian general staff, the Bulgarian general staff, and the Baltic General Assembly. I visited all of the Baltic countries, met with their Presidents and Defense Ministers and received them in NATO headquarters. I can go on at length.

The bottom line was that I accepted the job from Secretary of Defense Dick Cheney. It required an odd, perhaps unique, confirmation process. You are nominated by the Secretary of Defense, approved by the Secretary of State, and appointed by the President. It is analogous perhaps to being Under-Secretary General of the UN. But at NATO you are both an employee of the alliance and an employee of the State Department. First you take the oath of office to the United States, and then you take another oath of office to NATO.

It is the kind of a job in which you want somebody who is practical, non-ideological, and can maintain bi-partisan and multi-jurisdictional support. I was a natural candidate. Years later I found out that there were other candidates from Booz-Allen and from the acquisition side of DOD, both of whom I knew and both of whom were excellent men. But I wasn’t aware of any competition at the time. They asked. I went.

Q: Let's get the dates here. You were asked in late 1989, but then you went into the job in 1990. And when did you leave?

MERRILL: I was asked about Christmas 1989. I went in during the first quarter of 1990, and I left in August 1992, having given six months notice.

Q: When you arrived at NATO what was the status of Europe really at that particular time? Then we'll talk about the issues .

MERRILL: The bureaucratic force of the integrated alliance was still running at full sweep. This was a military alliance in which the other side was in the initial stages of collapse. But even though the Berlin wall had come down, it would be roughly the equivalent of joining an Army command in the Spring of 1945 just at the end of the war. There was an impending collapse of Eastern Europe, but nobody knew whether it would happen peacefully or not.

One of my friends, Will Taft, was ambassador to NATO at this point. Another one of my close friends, Jim Woolsey, since Director of the CIA, was in Vienna negotiating the CFE Treaty, the Conventional Forces in Europe Treaty, the implementation of which had a major impact on NATO deployments and thus on my area. We were still thinking in terms of dealing with the Warsaw Pact which was the military form of the Soviet bloc.

Q: Germany was still divided at that point.

MERRILL: But the wall had come down. So you knew this was an historic period. It was clear that the consequences were going to be far reaching, but it was not at all clear exactly what they were going to be. What was clear was that we had to reach out to the Russians.

Q: Was Manfred Woerner Secretary-General? How did you get along with him?

MERRILL: Very, very well. Before finally accepting the job Ellie and I flew to Brussels, stayed with the Tafts, and I visited with Woerner. We talked for a couple of hours, hit it off, and I decided this was someone I could easily work with. I liked him a lot. He subsequently died of cancer. He was a first class person, and a great international public servant.

When I arrived for permanent assignment I said to him it would take me three or four months to get on top of this job. He said it would take a lot longer than that. He told me to come to the staff meetings, do whatever made sense on the job, and come back for an in depth visit when I had it under control. No other instructions.

Among the job responsibilities was to host and chair quarterly meetings of the armaments directors of all NATO countries. In the U.S. this is called Under-Secretary for Acquisition and is the technological counterpart of the Under-Secretary for Policy. In other countries there are other names but the idea is the same. It was called the CNAD for

Conference of National Armaments Directors.

To provide some flavor for the size and complexity of the issues the U.S. acquisition budget was $80 billion per year at the time. Other countries were proportionately less but still very substantial. Since the alliance by definition is a fully integrated fighting force the coordination and inter-operability issues are immense and intense.

We would meet at NATO headquarters in Brussels to coordinate arms procurement, sales, and of course who gets which contracts. Some of this is military but all of it is political, just as most defense contracts are in our own country. Everybody wants a share of the budget or, depending on your point of view, of the pork.

In order to deal with this intelligently, much less capably, indeed to survive and be able to hold the meetings down, it was essential to understand what each country wanted, what it had to have, and what it could not accept.

It was important to know, for example, that the Norwegians were interested in a couple of specific missiles they make and certain kinds of coast artillery. The Portuguese were interested in certain kinds of aircraft. The Spanish make a carbon fiber type material for wings. And so on. Everyone had both an open agenda, a NATO agenda, a hidden agenda, a political agenda, and a sales agenda.

To figure all these submerged agendas out I visited each of the NATO countries except Iceland where bad weather canceled my only window of opportunity. These visits gave me a wonderful insight into the political, military, economic, psychological, business, and intellectual establishment of all of Western Europe and subsequently Eastern Europe as well. And of course I, and often Ellie, was treated royally on these trips. It did more than simply help me on the job. I received an education no University could match.

For the first few months of course it was the principal countries of the Alliance. After four and a half months, I came back to Woerner and said, "Okay, I'm on top of this job." Now what do you want to talk about. He said he already knew it. We went on to a tour d/horizon. He was really a very great man, but also a rather lonely one. He had no close friends that I know of.

Mastering NATO in 1990 was not dissimilar to mastering the defense budget in 1981. I surprised myself again. It took less time to get on top of it than I had thought. And living in Europe was fun. Brussels is a very international city and both Nancy and Ellie enjoyed living there.

Nancy, our youngest, completed her last two years of high school at the International School in Brussels, a superb institution. There was good news and bad news about this. The bad news was that the field hockey team at ISB only had three away games. The good news was they were in London, Paris, and Vienna.

Q: You've talked about your initial getting into the job of Assistant Secretary General of

NATO, about how you learned the various motivations of the Western powers. So let's talk about some of the issues.

MERRILL: There is the establishment of the Partnership for Peace, meaning the opening to the East. There is the issue of conventional forces in Europe. We want to talk about the special problem of the French, a permanent special problem. There is the excessive extent to which the Soviet Union was a military state.

The four big developments were the re-unification of Germany, the collapse of the Warsaw Pact, the dissolution of the Soviet Union's empire, and the collapse of Russia itself.

Q: Today is May 12, 1997. Shall we talk about the Partnership for Peace?

MERRILL: The Partnership for Peace was a result of all these collapses. Currently we are engaged in a large argument over the expansion of NATO into Eastern Europe. But in 1990 and 1991, as these institutions collapsed, obviously a vacuum was opened up in central and eastern Europe, and Russia.

The question was how NATO could reach out to that vacuum in order to help insure that what developed there were peaceful countries. We wanted to encourage a reasonable sense of the place of armed forces in hopefully democratic societies, an understanding of civilian control of the military, and a sense of how to think for themselves about their own national security and all of the purposes of armed forces.

Many of these countries had been totally subservient to centralized Soviet power. Hungary was number 16, so to speak, in the Warsaw Pact line of battle. Now, for the first time in many decades, they each had to learn to think for themselves about the cost and objectives of their own militaries. At the beginning the principal interlocutor was obviously NATO.

It developed shortly that the European Union also had a key role to play once the FSU, as the former Soviet Union is known, began to stand on separate feet. In the context of this military collapse security issues came first. But economic issues quickly became a close second and of course dominate today as they should.

With respect to NATO If you can't go forwards, and you do not wish to go backwards, the obvious solution is to stay in place. This is what I favor by the way. I have not and do not support the expansion of NATO eastward. The addition of new members into the Alliance means explicit nuclear and conventional military guarantees from us under Article 5 of the NATO's founding treaty. The wisdom of this is dubious.

In 1990, however, we were very interested in meeting on a military to military basis and involving as many of the FSU countries as wished to participate in extended discussions

with NATO.

Accordingly together with Chris Donnelly, the NATO Sovietologist, who is a British Andrew Marshall (the U.S. Director of Net Assessment), and with the enthusiastic support of Manfred Woerner, we started to open lines into Eastern Europe and the Soviet Union. Somewhat to my surprise, we were very successful.

Maybe the ground was fertile. Maybe it was part of the natural context of the time. The fact is we basically invented the Partnership for Peace concept which was picked up by President Bush and highlighted further by President Clinton.

The essence of this was to invite these new nations to participate in NATO, each in a separate dialogue, to meet with NATO councils, but to do so without being formal members of the Alliance and in accord with each nation's natural interests.

The interests of Latvia, for example, were very different from those of the Ukraine or Kazakhstan. Pretty soon we had a dozen or more new nations sitting around the NATO table with names and languages I did not know existed. Who ever heard of Nagoro-Karabakh or Western Moldavia?

Of course there was the problem with the French who tried to resist all this. I thought it was possible when I went to Europe to make love to the French. Somehow, like so many others, I thought that courtesy, warmth, and sweet reason would make them more amenable. Of course I failed. I must have made a dozen trips to Paris talking to colleagues and armaments people there. I was treated wonderfully but there was no change in policy.

Nancy will confirm that many times at home in the evening, after a day of meetings, somebody would ask how it all went. Whatever the issue, almost invariably some guest would say it went well except for the Goddamned French. Indeed we kidded about Nancy having been in Brussels for three months before she realized the name of the country was not Goddamned France but simply France.

The same thing happened as we reached out to Eastern Europe. Under the impact of a collapsing Soviet Empire, the NATO Council reached an agreement to make contact with all these nations. The French then involved us all in many months of protracted argument about whether contact means one contact or multiple contacts. That is literally true. The mind reels.

Incidentally, Nancy's diplomatic skills at entertaining, and her editing skills, were very helpful in forming my thoughts on policy papers and speeches. She would remind me of the principal points, such as the quote from George C. Marshall in 1938 about the necessity to design for uncertainty, an especially useful mind set after forty years of bi-polar antagonism.

Also, people tell things to 16 year olds in simple terms. In a cross-cultural environment

this can be very useful in receiving ideas from others and in getting one's own points across. She certainly met a lot of different nationalities including a great many Russian generals.

Q: As you sat down with your non-French colleagues, what was the analysis? Was this just the French being French or did they have an agenda of trying to tie you down? What was France's purpose?

MERRILL: It has to do with French delusions of grandeur and glory. They believe that they can still function as an independent world power projecting force and culture in a world where they have 50 million people, about the same as the Ukraine, and the United States has 265 million, Russia has 160 million, the Chinese have over I billion, and India has 800 million. Even Indonesia has 140 million.

The French government is just a pain. They think they are acting in their own self-interest when in fact they are doing the opposite. As I write this, the Chairman of Thomson CSF, the huge French industrial and computer conglomerate, is being personally sued by the French government for working more than 40 hours per week. Is this in their national interest?

Why, when their great national fear is the domination of Germany, is it in France's interest to push the U.S. out of Europe? The U.S. Is the only effective counterweight to a unified Germany that has twice the size and power of France.

France is governed on a dirigismic basis, which means a centralized top down bureaucracy. Sixty percent of the country's leadership attended the same college. Forty percent went to the same high school. It is an inbred elite.

For France being grown up means being able to poke your finger in other people's eyes. For most grown-ups, being independent means doing what you want to do allowing for the sensibilities of other people.

It has to do with a culture and an attitude toward the world that is uniquely French. There is immense Gallic charm. There is also the Gallic shrug. They were not helpful in exploiting the opening to the east because they saw it as a national responsibility, not a NATO one. The attitude would drive President Bush crazy. A meeting with French President Mitterand would go very well but two days later there would inevitably be leaks back about how difficult, non-cooperative, and Anglo-Saxon the Americans acted.

Q: The French are poking their fingers in other people's eyes. What was the attitude of the others, not just the American delegation?

MERRILL: It was to do what we had to do, and somehow mollify, pacify, and get along with the French. The difference in NATO is the French vote at the political level but not at the military level. It was called working at 16, including France, or at 15, excluding France. They just don't participate in the military committees. The French thing is,

however, a diversion. The serious business at hand was dealing with the FSU by opening real lines of communication into Eastern Europe.

We did this by making visits ourselves and sending our technical experts, many of whom were in the hundreds of military cooperative groups that came under my jurisdiction.

So we started to make trips. Chris Donnelly would use his contacts to set up conferences. I would speak to various general staffs, and to others in the FSU, about the role of the armed forces in a civil and free society. Often others from NATO would attend, or make similar visits.

Most of these countries wanted to ally themselves one way or another with NATO and the West. They wanted to look outward. They wanted to share in our security blanket particularly that of the United States. They wanted to make human contact with us which was of course something new for them.

I visited Moscow as a guest of the then head of the KGB, General Stolyarov, staying in the KGB guest house where I certainly had never expected to be. And later on Stolyarov visited us in Brussels. While there, I had a long meeting with Lieutenant General Miranov, the Russian Under Secretary for Acquisition, and his Deputy, at Russian military headquarters in downtown Moscow near the Kremlin.

General Miranov had 12 million employees. He was the equivalent of the Governors of Pennsylvania, New York, California, Texas, Virginia, and Illinois combined, plus the chairman of all of the DOW 30 industrials, in one person. One-third of the Russian federal budget, and entire cities devoted to military production, came under his command. He was their equivalent of one of our armaments directors.

Q: This is prior to the breakup of the Soviet Union.

MERRILL: Yes, but after the impact of glasnost and perestroika had left the country virtually bankrupt. It began as a very stiff conversation through an interpreter. They were interested in how these 16 NATO nations operated together, and of course we were interested in how they operated at all.

I explained how our four ASGs divided responsibilities and how the military command system operated on an integrated basis with a mixture of commanders from many countries working under and with one another. They explained how their procurement and acquisition process worked. It was very formal.

Finally Miranov remarked that Army officers returning from East Germany were living in tents and suggested that there wasn't going to be any procurement budget at all. I might note this hardly bothered me since our principal objective was certainly to eliminate their arms procurement budget entirely. He said most of the budget would simply go for payroll and maintenance. He said they had no place to put all these Russian soldiers coming back from Eastern Europe. He asked if I had any thoughts on this.

I suggested doing the kinds of things the U.S. Army Corps of Engineers does. They built the Panama Canal. They maintain the inland waterway systems. I suggested that Miranov consider building housing all over the country by turning more of the military into an army corps of engineers. Let us call it civic action programs.

Miranov said he heard our military didn't do so well when all the lights in the City of New York went out.

I took mock offense and said what do you mean we didn't do well? Exactly nine months later there were more children born in New York City hospitals than any day in previous history. Obviously the troops did their part. The hospitals were overloaded. Fortunately the translator was excellent but it still took two efforts to get through. The two of them started to laugh. The ice was broken. We then had a really good exchange.

They simply could not understand how NATO could have 16 countries collectively providing a defense in an integrated structure; Germans working for Dutch working for Italians or Spanish. They could not grasp it.

All they could see was one commander at the top and 16 countries lined up as 16 divisions each one responsible for a sector. Why? Because that's the way they ran the Warsaw Pact. The Russians were at the top and all other members were subordinate corps or armies in the line. The Hungarian Chief of Staff under the Warsaw Pact was assigned his sector. He was in fact a corps commander called a country, Hungary.

Subsequently I invited Miranov to visit NATO and attend the next CNAD, which of course caused considerable bureaucratic uproar and many French objections. They did visit, together with a bunch of other Russian Generals.

I took them to Jack Galvin, then the SACEUR, at SHAPE headquarters in Mons, about 30 miles from Brussels. There were many other meetings and exchanges. Our object was to expose them as much as possible to western life since most had never been out of the Soviet Union before. We also wanted to insure that they left believing NATO was a very effective alliance.

We hosted a party at my house where we invited what amounted to the 400 of Brussels. It was not only the embassy and military crowd from the different countries, but the representatives from French aerospace and Deutsch aerospace and Lockheed, and the other great private and public defense contractors. I introduced them all by name to make the point that everyone knew each other. They saw how everybody mixed and had a warm social relationship.

NATO is not just integrated on paper but in fact is a real working alliance. It was quite an eye opener for them. I also had a couple of aides standing by with plenty of vodka which provided the intended effect. One of these generals wanted to know if all Americans lived like this -- the house was a Belgian mansion that could hold 400 --and of course we

pointed to a picture of our house in Annapolis which is even nicer in its own way.

Q: Go on about the Partnership for Peace and the relationship with the FSU.

MERRILL: What we were trying to do, not only with the Russians, but in all these new relationships was to deal with three principal issues.

The first is what is meant by civilian control. In a military society, the concept of civilian control is not easily understood. For example, in one country the President told me of course they had civilian control of the military; "they report to me. I'm a civilian." There was no concept of the richness and depth of civilian control of the military in Britain or France or the United States or any of the western powers.

We have layers of layers of civilian administrators in the defense department from the Secretary down through under-secretaries and assistant secretaries and office directors. This is in addition to a division of authority between the White House and the Congress plus the Office of Management and Budget and the entire judiciary.

In the former Soviet Union, and their satellites, when the military wanted something, they went to the chief of state and simply got it. The military always had the first claim on national resources. They want an extra Typhoon class submarine. They want some extra port facilities on the Kola Peninsula. They want a larger fleet in the Pacific. They want more missiles. They get what they want.

In free societies, civilian control of the military means an open competition for control of resources that is publicly published. Of course every single item purchased by the Defense establishment may not be public. But the claim for national resources by the Department of Defense, appropriated by the Congress, or by any of the parliaments of western states, including Japan or even India, is public.

The budget allocation is public. The competition for whatever the military gets is against health, housing, transportation, and other demands. The money cannot be allocated except according to law. In the United States Constitution, there is a little phrase about due process. But every other democratic country has a similar practice. So number one was civilian control of the military and what it means.

The second great issue was the role of armed forces in a democratic society. There are lots of armed forces besides the military. There are border guards, police, militia, customs police, even postal inspectors. Who controls the military and the nation's various police forces is a very rich subject that goes to the heart of a free society.

The third issue was what the military was for. What was the nature of the threat? Under the Soviet bloc system literally no one outside Russian headquarters had thought about this. Subject to Soviet military control, the Russians did their thinking for them. The threat was the West and each of these countries, as well as the rest of the satellites, were plugging the line.

Now they have to think for themselves. Who is the threat? Is it internal or external? Should defense be focused at the borders, and which borders, or kept in the center? Should the strategy be offensive or defensive? That of course means numbers of tanks, among many other things. Are border guards included in the military? What about riot control? How is the military going to be raised? By conscription? By voluntary service? By draft for a limited period of time? Or by professional military as in Britain and the United States? Is the Finnish or Swiss system of compulsory service plus reserve duty appropriate? Or would the Norwegian or Swedish systems be better?

There is a difference between a militia and a standing force and a conscript army. On these and hundreds of similar questions we sought to develop the kinds of think tanks and military institutes that would help these countries begin again to think the issues through for themselves. In free societies reasonable people will come up with reasonable answers not likely to be threatening to their neighbors.

Q: You say these were your objectives. Was there a NATO policy as the Bloc fell apart? Had there been any prior planning?

MERRILL: Zero! The answer is very simple. Zero!

Q: All right, as things are rapidly changing was this just you setting off with a few other people or was there a concerted effort of some kind? Where did responsibility lie? Did someone say all these bloc troops are a problem and we want them to be rational so we don't get into trouble? What went on?

MERRILL: At one level you are asking whether anybody anticipated this entire collapse of the Soviet Union? The answer is no. Common sense tells you that. Many, many books are being written on this. So we didn't anticipate it. Therefore, by definition, there was no planning.

As the process was unfolding, however, it became obvious we had to do something. There were endless meetings and conferences. The net of these was to reach out and talk. To make contact.

That isn't just NATO or the United States. It meant a series of relationships between all the Western countries at every possible level. But NATO was the natural vehicle for communication. NATO is a military alliance and these bloc countries had been military societies. NATO had the military officers in place. It had civilian control of the military.

For example, I was the first senior American to speak to the Baltic General Assembly. I believe I was the first western civilian defense executive to speak to the Bulgarian General Staff or the Hungarian General Staff.

I remember welcoming the first Bulgarian delegation to NATO. I opened my remarks by saying that even in drizzly Brussels I hoped they had all left their umbrellas at home.

That was a reference to Bulgarian assassins who were used regularly by the Soviets and whose favorite tool was a poisoned umbrella tip. They would assassinate somebody on a London or Madrid street that way.

I got a chorus of answers from among this 50 person group saying they weren't doing such things any more. So there was no secret about all this. These Bulgarians knew what their society had been about.

Here is an example of another kind of conversation. After speaking to the Hungarian general staff about the role of armed forces in a democratic society I had dinner with the then Foreign Minister, Gaza Jerzinski, who is now ambassador to Washington, and several others including the Deputy Chief of Staff.

During dinner I asked what was the biggest problem he faced. I meant of course security problem since I'm obviously there representing NATO. This general replied that their biggest problem was how to privatize 20,000 restaurants by next Wednesday. That is an actual quote.

Now you ask me whether we had plans and whether the NATO countries got together to deal with these kinds of issues. We weren't expecting this. They in fact did privatize 20,000 restaurants even if it was an unbelievably sloppy business, or so I was told later.

Think about what it would take to privatize the State Department cafeteria or any restaurant in any national park. Does somebody own the restaurant? Do they own the furniture, the land? Do they have a contract? Whom do the employees work for? What kind of pension do they get? What rules are they governed under? What happens if they quit? What kind of severance pay are they entitled to? Who are the purveyors of food and supplies? What happens to the garbage?

To privatize 20,000 restaurants required the establishment of a bank, which would hold the debt of these restaurants, since there was no private capital available to pay for them. Most of course went bankrupt, but if somebody could get the furniture, or the land, or the building it became used in some market-oriented way. In the end, in Hungary, the privatization worked. It was better to do it, however sloppily, than not to do it.

The Hungarians had the advantage of having had many of their young people educated in Italian and French universities, even during the Cold War. And they had a history of being a free enterprise society before World War II. As a result there was a good understanding of market forces and capitalism there.

To return to things military, I spent a couple of days traveling around Hungary together with Chris Donnelly and various Hungarian military and diplomats. At every kiosk there was a map with an inner circle of Hungary's borders today and an outer, much larger circle of Hungary's borders as they used to be.

Remarking on this I was told that the real threat in the area was themselves. Their problem was to convince their neighbors that they had no intention of trying to regroup the numerous Hungarian populations in surrounding countries under a single Hungarian government. In other words, Greater Hungary was not something they were about to fight for. That was a wise attitude and of course was central to thinking about their own security.

After a similar visit and speech in Bulgaria I attended a dinner hosted by the country's new President, a philosopher. In a lengthy conversation with the new Bulgarian Secretary of Defense, an academic economist, I was treated to a very long list of the problems he was facing in trying to get control of the military after years of Communist rule.

To effect change you need managers. In Western society we pick from lawyers, businessmen, and academics. They wanted to change the Stalinist-style military. There were barely any lawyers, and virtually none with management talent. There isn't any business community. You can go to the academic community if they have had any training outside the country. You absolutely cannot go to the other military or governmental institutions such as police or security forces because they are full of KGB types. These are the same kind of people you are trying to replace.

So management tends to be the academics. You find a professor of music trying to run the military or trying to get control of some other huge bureaucracy. What does the bureaucracy want? It sees the country is changing. It wants to keep the jobs. So it tries to learn how to be democratic and representative.

What is unique about the Communist collapse is that it was and is a revolution made by people who want to be like us, not by people who wish to be unlike us. I'm not sure there has ever been a revolution quite like this. Most revolutions are against. This revolution is for--for democracy, for representative government, for free markets, for the things that have produced so much in the West in contrast to the system that has produced so little in the East.

So in Bulgaria the new Secretary of Defense asks for Western help saying that the window of cooperation from the bureaucracy and the people is open now and he must take advantage of it. He said the World Bank had helped in his previous position of finance minister by sending in a team of experts to help get control of Bulgaria's economy. He said they had helped with the currency and the central bank and he needed similar help with the military. Could we do something?

He said he needed to restructure the intelligence component away from KGB internal security thugs and toward regular military intelligence but he didn't know how. He said he had to do something about the Bulgarian navy, which, among other problems, had one big submarine. Why did it have a submarine? The Navy wanted to go out in the middle of the Black Sea with a submarine because that is what navies do. There is of course no use for just one submarine. It would be like having an army with one tank or an air force with one plane.

How, he asked, did he develop a justification for the extent and nature of the force Bulgaria should have on the Black Sea? How did he get people involved in planning and planning for what? How did he replace the existing military leadership or did he retrain it and keep it? What kind of training should troops receive? What is the model on which the Bulgarian military should frame itself? Is it the US model, the Swedish model, the French model, the Swiss or Finnish models? How much should be spent on modernization?

All these questions and decisions were never openly debated there before. They were all kept secret, and when the military wanted something it received it. They never had to explain to a civilian legislature, to an appropriations committee, what their justifications were.

I knew that NATO would debate how to respond forever. Instead I sent a cable back to Dick Cheney reporting on the conversation, outlining the series of requests, and suggesting we put together a multi-national team of military experts to help these good people establish control, and do so on an urgent basis. I suggested three retired generals I knew by name who had the capability of acting quickly and with sound judgement.

The result was we did put together such a team and I understand it was very effective and very helpful.

About a month after I sent this cable, which ran more than a dozen pages, one of the aides in Secretary-General Manfred Woerner's immediate office finally read a copy which of course I had provided. He sent a note to Woerner saying I should never have done this. It should have gone to the NATO Council and been subject to collective decision.

Woerner, who had read the cable, told me it was a superb piece of work. He then shows me this staff note. He said the cable was the kind of initiative he admired immensely, thanked me for doing it, but said that if I was going to send any more like it for God's sake do so through a back channel where copies do not get into the hands of his staff. It had rather a nice ring to it from a first class manager.

As a 16 nation cooperative, in which all decisions are subject to veto, NATO was not prepared to act quickly. It is a cumbersome entity. But so is everything that is representative. It is part of the cost of democracy.

The flavor of the time was to open up lines to all of the Eastern European countries and to the Russians as well. My view was that every American officer, every Western officer, should be required to befriend an Eastern European officer, the way you have to get a haircut and shine your shoes. No Eastern European friends, no promotion. These were military societies, and there is a filial relationship between military to military.

It is hard to overstate the size of this change. For the Russians to withdraw 350,000 troops from Germany required fifty troop trains a day, 55 cars each, for 2 ½ years. It was a huge withdrawal reflecting a huge change in the political environment.

Our reaction came to be known as the Partnership for Peace but it took several months to a couple of years to pull it together even into a conceptual phase. Eventually it came to mean dealing with all the Eastern European countries as closely as they wished, holding out an open hand, depending on their circumstance and their requirement. Kazakhstan has a different relationship to NATO and the West than Poland or the Baltic countries.

Q: Was there concern within NATO about what might happen with these troops that were being withdrawn. Might there be a military putsch in the Soviet Union? I mean there are dangers as well as opportunities.

MERRILL: That is a perceptive question. The answer of course is yes. But there was also a certain Mickey Mouse aspect to what could have been very volatile issues.

For example, about a quarter of the 350,000 troops leaving East Germany were officers. The Russians had one officer for every four men. There were more officers in the Russian army than there were troops in the United States Army. They had kind of a different definition of officer. One of the reasons why they did so poorly in Afghanistan, not that we did so well in Vietnam, is that their non-coms cannot operate on their own.

The kind of initiative we expect automatically from a squad or platoon commander, that I expect as a publisher out of a press room foreman or a circulation district manager, had not been built in to their system.

This army was loaded onto trains and were supposed to stay in Belarus and the Ukraine. As they arrived, there was no place to stay. They had a returning occupation army of at times as many as 100,000 people wandering around in the woods living in tents and campsites, almost as though they were bivouacked. There was a whale of an argument inside the Soviet Union, as it was collapsing, about where these officers and men should go.

The Germans had to give them $35 billion to build bases. Then Belarus and the Ukraine said they didn't want all these Russian soldiers, only those of their own nationality. Meanwhile the construction had started.

The first major contract was given to a Finnish company which just drove the Germans wild. They had expected it to go to a German firm, but hadn't extracted that as a promise. So the Germans said no more money unless you use our construction companies but your people. But what people? These semi-countries didn’t have mobile construction employees that a West German company could hire temporarily.

There was absolute chaos. The troops were getting on trains and no one knew for certain where the trains were going to stop. Thus the concern was over chaos, not over the organization of a putsch. Yet no country can survive with very large numbers of very well armed and trained men wandering around in the woods.

General Miranov told me on a subsequent visit to Moscow, and again in Brussels, that 85% of the Soviet procurement budget had been canceled and he was virtually certain that the other 15% would be devoted to salaries for the officers. They would send the enlisted men home, but viewed the officers as career people, who needed every kopek to keep up with the rampant inflation.

There was a point when I was in Moscow at which for one dollar you could fly to Vladivostok and back, 50 cents each way. It was just an unbelievable set of circumstances. Pensioners were badly hurt. People were buying up their apartments, if they had the right connections, for peanuts. Meanwhile the military was almost totally demoralized. There was not only no procurement but there were no flying hours and the fleet was stood down.

In fact, there turned out to be a kind of putsch. The assault on the White House, the headquarters in Moscow of Russia proper, could be described as a putsch. It was certainly an attempt at counter-revolution.

I was actually sitting in a big NATO meeting next to Manfred Woerner. When 16 countries meet with staff, to hold the meeting down takes some strength. You've got several hundred people.

The one phone at the head of the table rings. It is for Woerner.

"Boris? Boris who?"

"Boris Yeltsin, you idiot."

"Boris. Nice to hear your voice. What can I do to be helpful?"

"I've got kind of a problem."

"What's the problem?"

"I'm here in the White House in my office, surrounded by a bunch of army troops. I'm not sure which way they are going to go. I need some help from NATO."

Woerner essentially puts the phone down and says, what are we going to do? I don't know what to do.

Woerner was called because Yeltsin was running down his Rolodex calling everybody he knew long distance. I later learned the next phone call after Manfred Woerner went to Carlos Menem, the President of Argentina. Same conversation. We've got a putsch going on here. What can we do?

Because Menem was under Menem, Carlos, as opposed to Manfred Woerner, the two were called in succession. Even their Rolodex wasn't accurate. It had last names and first

names occasionally reversed.

What happened of course was an attempted putsch. The combination of phone calls, faxes, E-mails, and CNN type television reports so confused these 12 gray Communist plotters that eight of them got drunk, and the other four couldn't handle the situation. They couldn't capture the means of communication. Their own troops wouldn't fire. There was a stand-off in the streets. The whole thing failed.

On yet another visit to Moscow, in a dacha out in Stalin's suburbia where the nomenklatura had their country estates, I was a guest of a ranking general whose name now escapes me.

When he heard about this coup, he took one of his grown sons and drove to downtown Moscow in order to support Yeltsin. At the time there was a real question about whether these Stalinists were going to take over again. He and his wife both thought they were going to die. It is quite a story of turmoil.

This putsch or coup was certainly serious business. But the whole collapse also had comic opera aspects to it.

In another NATO meeting, after the formal establishment of the Partnership for Peace, the Soviet ambassador also got a message. He said I'm sorry to have to announce that I am no longer the ambassador of the CIS. The CIS has broken up. I am now the ambassador of Russia, not the USSR or the CIS. The USSR no longer exists.

This is not hearsay. I was there. During this period not only were all the FSU countries accredited to NATO, usually by double-hatting their ambassadors in Brussels, but so were the Russians. The Russian Ambassador lived about three blocks from us on the Avenue de Fre.

All of these countries became accredited to NATO and frequently met with us. What a change for a military alliance! Your original question was whether all this was orchestrated and organized? Did we have planning about it? What happened was we reacted as quickly as we could under a rubric of making human contact with as many of these Eastern European countries and the Russians as possible. That process evolved into the Partnership for Peace.

Q: At the same time you and your cohorts are in charge of this big war machine, which is designed to fight these people, you are also trying to help them. While you were doing this were you trying to disassemble or tone down? You are talking about procurement. Maybe we don't need as many tanks.

MERRILL: Of course we don't. There has been a huge peace dividend. Western countries were and are still going along on their normal budget process. The Pentagon is still producing its great rolling five year budget. Contracts have been let, jobs are at stake, wars will still be fought, modernization continues.

But the U.S. military has been reduced by nearly 40% and most other NATO countries have cut even more deeply.

We focused on sorting out what was happening in the east. My friend Jim Woolsey, who became head of the CIA, was busy negotiating the CFE (Conventional Forces in Europe) treaty while I was at NATO. This treaty dealt with where the Warsaw Pact could place varying kinds and levels of troops in Eastern Europe and where NATO would place opposing forces in Western Europe.

The Treaty became irrelevant. When the troops are going home, when they can't pay the soldiers, when 300,000 officers and their families are living in tents in the Russian winter, when the Soviet Union is collapsing, the issue is not military deployment. The issue is obviously how to deal with this.

They took most of their tank battalions and shipped them back behind the Urals where they are still parked never to be operational again. If you park your car outdoors for two winters in Northern Minnesota all of the rubber gaskets and fractional horsepower motors become useless. The same is true for their tanks and airplanes. What the Russians were doing was standing down. We understood this.

We dealt with it by being politically accommodating and doing everything possible to convince them that a defense budget of 2 to 3% of GNP was as right for them as it was for the rest of the world. We continue to engage them in thinking for themselves about what they really need for their own security and defense. And of course the process of trimming our own military forces began as we adjusted to the consequences of our deepening understanding of the extent of the change.

The assumption is that in a representative society competing claims on the patrimony of a state will come out about right. Our best security here rests on promoting free markets, open societies, and representative government there. It is the jury system of life. This was expressed in countless communiqués in NATO and from the White House. Of course the standard bureaucratic language of government is often hard to comprehend.

Q: Armies really can't play against each other. But the Air Forces and Navies are used to playing games. They are used to testing each other all the time with the Navy following submarines and airplanes testing defenses. This is standard practice on both sides. What about that sort of thing?

MERRILL: Most of these exercises, but far from all, were vastly reduced or stopped. In many cases we really were not capable of controlling our own military training. Air Force and navy exercises continued, although at much lesser levels, because that is what was normal practice during the Cold War. It continued absent a comprehensive revision of doctrine and political concern. And some of it was necessary just to insure that there really was a standing down.

We bumped a couple of submarines that shouldn't have gotten bumped near the Kola peninsula and also in the China Sea. The underwater ASW (Anti-Submarine Warfare) game has been recently explained in a brilliant book called "Blind Man's Bluff" which has been on the best seller list.

This ASW competition was a world of its own. Sometimes you want people to think they are following you. You know that they are following you but you want them to think you think they are not following you. Sometimes you want them to know that you know they are following you. You want them to follow you but you don't want them to know that you know they are following you. There is also a major intelligence component to it. A similar competition took place in the air as airplanes hurtled toward opposing borders, turning aside at the last moment, or penetrating slightly to see if air defenses rose or not.

One of the areas I dealt with at NATO were nuclear command and control codes. This came under C3, which one of my directorates coordinated. We had a number of airplanes configured for nuclear bombs. They are stationed in different places in Europe, not always at the same places as the weapons. They had targets. In order to hit the targets, they had to have command and control codes. The codes are extremely highly classified. The policy for them is made by what was called the high level group inside NATO. Only the U.S., Britain, and France were nuclear powers. France of course was not part of the military command. But other countries, such as the Netherlands, had NATO planes and pilots for these weapons.

One of our responsibilities was to insure that these codes were in place. A very interesting question came up. What are we going to target? In point of fact, we had airplanes in multiple places, and nuclear weapons in other places, and there were no codes to deliver them anyplace. What was the point of targeting a re-united East Germany or a free Poland or Czech Republic?

Nobody was willing to take responsibility for which codes to use. And I certainly had neither the authority or capability to develop them. That is a military function. Thus there was a gap for the period I was there between the purpose of these codes and their application or lack of it. There are still about 500 iron nuclear bombs in Western European depots. They should long ago have been removed and returned to the U.S.

Virtually all of these were designated for battlefield deterrence and were on short-legged aircraft such as F-16s. They could reach East Germany and a bit beyond but not the Soviet Union proper. After the collapse there were no credible targets.

If the United States wants to keep Russia targeted as they have us targeted that is a separate issue. In fact both of us have gone off the hair trigger and both, I believe, could safely reduce to about 1,500 such weapons. (At the height of the Cold War there were nearly 30,000. It is now down to below 10,000 each.) Some will always be necessary to deter or defend against any third world crazy and to insure that no one really tries to compete with us in this arena.

For the record, I do not believe there is any time for any reason when the United States or NATO would have in fact used a nuclear weapon first. This does not mean I ever favored a no first use declaratory doctrine. I did not. But the weapons were there so that the Soviets could not use their overwhelming conventional forces, especially massed tank battalions, without having to worry about delivery of battlefield nuclear weapons.

Even those weapons could have been delivered if necessary, and could have served as an effective deterrent, from sea or air or from the continental U.S.

The point of having them in Europe was totally political. It dealt with the classic issue, continually exploited by the French, that the U.S., would not fight a war on European soil if it meant putting the United States at risk. And conversely we would not put the United States at risk to fight a war on European soil. So the only solution to this "have you stopped beating your wife" type conundrum was to station plenty of weapons in Europe as well as at sea and at home.

These testing military exercises eventually were vastly reduced. In the new world of advanced precision guided missiles, defensive technologies, and transparency through global positioning systems, deception and guile will still be with us in full force. Those games are about deception and guile.

One more point: There was a Korean civilian airliner that was forced down 1000 miles inside Siberia about 20 years ago.

Q: It was inside the Soviet Union. It landed on a lake.

MERRILL: Then there was the one that went over the Kamchatka Peninsula. It was shot down around 1981. The reason that plane was shot down was that after the earlier one landed on the lake about a dozen members of the air defense command were summarily executed on direct orders from the Soviet High Command. They held responsible commanders who had allowed a thousand mile intrusion even if it was a civilian airliner and even if they could see by examining the plane that there were no secret photo cameras or anything military on board.

The next set of commanders remembered that when another Korean airliner went over Kamchatka. Although clearly civilian, they ordered it shot down with the loss of 300 lives. They didn't want the risk of being shot themselves.

The difference between Brezhnev's Soviet Union and that of Gorbachev and Shevardnadze was the difference between killers and two decent people. It doesn't mean one has to agree with them on economics. Indeed Gorbachev is now perceived as almost a tragic character. Both of them thought they could reform the system. Neither would do what was done in Hungary in l956.

Somehow out of this evil system up rose two civilized human beings. It is not that their military wasn't honorable, but the country wasn't civilized. The previous leadership

wasn't civilized. Nobody who runs a Gulag Archipelago is civilized.

So the answer to how the military drew down there was very rapidly. We will be in the business of trying to integrate Russia (and China) fully into the community of civilized nations for a long time to come. We may succeed; we may fail. The attitude of 1990,'91, and '92 was how to start? The answer was by human contact and particularly by military to military contact. That is why NATO's role was key.

Q: How did you find the NATO officer corps, American and others? How did they respond to this? How did this work?

MERRILL: It was not a problem. The objectives were really common sense. The NATO alliance in a military sense is really three countries, Germany, Britain, and the US. Even if one includes France, which only has an army of 220,000 men, four countries really count.

The smaller countries, such as Norway, held many command positions. A separate conversation is required for the four neutrals -- Finland, Sweden, Austria, and Switzerland. Although not members of NATO no one, including the Soviet Union, was ever in doubt that an attack on them would have been defended by NATO. But being a neutral is pointless if there are not competing parties. Neutral between, or among, what?

The Germans obviously wanted the Russians out of East Germany, so they were willing to do anything. Putting up $35 billion to help them move was a no-brainer. The German view was to make friends quickly and help them as well.

The British loved the idea of bringing back their troops and reducing their military. Because British officers are better educated than American ones, they tend to have more of a sense of history. It doesn't make them better in a purely military mode, but it was easy for them to understand the geostrategic forces at work as the collapse hastened.

There was also the skyrocketing cost of the new equipment based on precision guided technologies and information warfare. The materiel utilized in the Gulf War, for instance, highlighted the increasing cost of airplanes.

The French Raphael, their advanced fighter plane, was priced at $130 million a copy. The U.S. could produce an F-16 for $16 million a copy, about $25 million today. So the French were hardly competitive. In order to stay in the aerospace business they were forced to join with other Europeans in joint development and procurement.

That in a way is what the Airbus is about. It is a good thing. The U.S. objective in NATO and in Europe is to insure that Europeans cooperate on anything that is military or military related so that never again will any of the big five countries of Western Europe be able to nationalize their respective defenses and fight with one another. An integrated procurement structure, like the integrated command structure, precludes that.

A B2 at $360 million a copy sounds extremely expensive until you learn that a regular Boeing 747 is $180 million per plane. That is a lot of money. So as the Reagan military buildup, and our investments in such areas as defensive technologies, squeezed the Soviets into recognizing they could not compete, an analogous development was taking place in the West.

The cost of modern defense was squeezing European budgets. So when you ask about how the US, the British, the Germans, and the French felt, they felt a great relief at the prospects of what was called the peace dividend. And in fact all Western budgets have been dramatically reduced in the defense area. On the whole the Europeans have cut by half or more.

The $300 billion U.S. defense appropriation is now a little more than $250 billion, which allowing for inflation in constant dollars is a reduction of 40%. Put another way, had the U.S. defense budget as a percentage of GNP remained unchanged it would now be $250 billion higher, or roughly double what it now is. There has been a real defense saving from the end of the Cold War. And this saving has helped spark the current growth of the private U.S. economy.

The feeling was one of victory, even of a kind of triumphalism. I share that. To have stood off the Soviet Union for 45 years until their collapse is one of the greatest military, political, and economic successes in the entire history of the world.

There was a particularly easy relationship among the military. The group of four -- Britain, France, Germany, and the U.S.-- would always coordinate informally before major meetings. The Italians were not included in this and it annoyed them. On the other hand the Italian GNP is now greater than Great Britain's which means they surely have been doing something right.

The issues on the table were no longer dominated by the Soviet threat. Rather the issues were how to deal with their collapse. What to do about Lithuania or Moldavia. How to handle the draw down of nuclear weapons? What to do about CFE agreements which have been overtaken by events? Other than the French, whose usually petulant position was that each of these issues should be done by a national entity rather than by NATO, the general idea was to make friends with our former adversaries.

Q: Did the collapse of East Germany have any specific repercussions?

MERRILL: It certainly had direct repercussions on France. It also scared the daylights out of every country in Eastern Europe that wasn't legitimate, in the sense that by then Bulgaria, Hungary, what became the Czech Republic, and Slovakia had new representative non-communist governments. East Germany was never a legitimate state, but the impact on countries like Romania, which still had Ceausescu as dictator, was considerable.

Following their defeat in WW II, the French had adopted a three way policy of handling

Germany.

First, after three wars in 75 years they decided to embrace the enemy and lock themselves together economically, militarily, and in every other possible way. Cooperation rather than confrontation was the genius of DeGaulle and Adenauer.

Second, lock the currencies and economies together.

Third, maintain a French nuclear deterrent, which of course the Germans didn't have. The idea was that with French elan, and skillful leadership, together the two of them would dominate Europe with the French being more in the driver's seat.

This policy never really made long-term sense but it appeared rational. Once Germany was re-united everything changed. The French nuclear power became irrelevant. Their force de frappe, the immensely expensive land based missiles, could only reach East Germany. What to do with them now? Ditto for their four nuclear submarines. Did they abandon them. Did they build new long-range missiles? Against whom?

This technical military problem was dwarfed by the conceptual ones. There are roughly 50 million Frenchmen. There are 60 million West Germans, and there are 20 million East Germans. But when you include the Deutsch speakers in surrounding countries, such as Switzerland, the Czech Republic, and Holland, there are nearly 120 million people who speak German. The ratio is more than 2 to l.

So this idea that the French would dominate Europe through a 50-50 partnership with Germany became utterly obsolete once Germany was re-united. Mitterand said he loved Western Germany and especially the partnership with Western Germany, but he wasn't sure he wanted two of them.

German banking dominated the financial system of Europe and French nuclear power or elan had zero value. The result was to freeze France in place like a deer in the headlights.

They had to cope with two unpalatable alternatives. One was playing second fiddle to Germany inside a future Europe. The second was playing third fiddle to Germany and the United States. From their point of view, either was unpalatable. They are still frozen on this point. I do not know how to get out of it without accepting the fact that they are a tertiary power in the world.

It became clear that the dominant force in the future of Europe was going to be Germany, and that the center of specific gravity of the continent had moved from slightly East of Brussels to slightly East of Berlin.

It moved into central Europe, where the Germans had immense advantages over France. The traditional French alliance had been with Romania. That was the worst of all these countries. The traditional French policy had been we're friends with the Poles against Germany. Here is Germany with natural business interests there as well as in the rest of

central Europe. So the biggest impact of the collapse of East Germany was on France's inferiority complex. Is that a surprising answer?

Q: No. I can really understand it. Let me raise something else. Was the United States pushing the idea of a volunteer military towards France, Germany, the Soviet Union, or other FSU countries?

MERRILL: What we pushed was think for yourself. Let us help you set up think tanks. Let us help you get sound advice. Let us send you combined military advisory teams from multiple countries. Decide for yourself what kind of military you want and what is the function you are asking them to perform. You might wish to have a conscription system. You might wish to have a militia system. You might wish to have more police, border guards, or riot control and less formal military. You may not wish to have any military at all.

It is one thing for 5 million Finns to say everybody must serve. It is a national ethic after the Soviet Union took a third of their country in 1940. The Swiss have a similar attitude based on different historical experience. Five million people is kind of a minimum critical mass necessary to maintain any kind of military staffed with young people who can fight.

Does it make sense for Estonia, with a population of 1.5 million, half of whom are Russians, to maintain a military? Could it stop or even delay Russia? The point is not what we think but what kind of military should they design for their size and their role and their perception of the threat? Our object was to get each of this vast array of countries to assess the threat and their national objectives in measured and rational terms.

There is Moldavia, and potentially Western Moldavia, and the Ukraine, where we have a great interest in maintaining as an independent nation. It alone is the biggest check on some future Russian revanchism.

There is Belarus, Kazakhstan, Tajikistan and Georgia. And so on. There are countries deriving from the collapse of the Soviet Union that most educated Americans have never even heard of. All of them were visiting NATO headquarters seeking advice on how to organize themselves militarily and of course also seeking some measure of protection.

The kind of person that rose to senior rank in the Soviet bloc bureaucratic system is often not all that different than the kind of person that rises to or near the top in a very large western corporation. All large organizations, corporate or governmental, develop certain common traits. Among these are people who are quite skilled at figuring out how to stay in power.

What are the new buzz words? If the new buzz word is civilian control, I can learn civilian control. If the new buzz word is armed forces in a democratic society, I can learn the role of the armed forces in a democratic society. If the new buzz word is think for yourself, I can learn to think for myself, I think. You had very subtle and skillful people, many of whom were quite capable of making the transition from a totalitarian society to a

free one. Many, many others of course were not. But still everyone in the society was being asked to make the same transition.

Q: How did the Gulf War between the United States and its allies and Iraq impact on your work?

MERRILL: It impacted in three great ways.

First is 38 countries participated in the Gulf War, and they all flew and fought on NATO signals. There were six kinds of airplanes with eight nationalities of pilots flying in different places under multinational or different kinds of commanders. That is a lot harder to do than most people realize.

When air forces are not regularly trained together the result is nearly always fratricide. Lots and lots of people get killed in wars through mistaken friendly fire.

The daily air tasking orders in the Gulf War ran to 1,000 pages. Nearly all of the 2,000 to 4,000 sorties a day that were flown required in-air refuelings. To have all these countries work together, fly together, sail together and fight on the ground together was an incredible validation of NATO's integrated training.

The Gulf War could never could have been carried off had it not been for the years of exercises that took place under NATO auspices, for the experience with the integrated command structure, and of course with NATO's infrastructure that enabled us to get there.

The second thing that worked was the logistics. We moved the 7th Corps from Germany to the Gulf in a month. This was a heavy army, never intended to be mobile. It took 6000 barges and 30,000 railroad cars--virtually every one available in Europe.

The 7th Corps was loaded into barges and shipped out of Rotterdam and Antwerp. Elements were moved by rail through Switzerland and Austria, with of course their permission, and shipped out of Genoa and Naples. They were transported to Saudi Arabia, reassembled within a week, and went off to fight.

There was also a lesson in the cost of not cooperating. The French had 15,000 men out there, the equivalent of a full division. Incidentally, France adds a star for all commanders compared to other countries. If, for example, a division commander in the U.S. Has two stars, the French give three stars. This applies in all services. The reason is so that the French can rank everybody else. It's part of what they do, and everybody understands and accepts it because there is no alternative.

The French commander in the field, ordered to operate as an independent command, refused to do so telling his civilian superiors in Paris that it would be suicide. They had to back off and allow him to operate under the integrated command structure for the duration of Desert Storm.

What this meant in practice was that every French airplane had to be escorted by two U.S. or British ones. Because it was an integrated war and we wanted everybody to participate it was politically important to utilize French planes and pilots. But since they lacked inertial navigation, night vision, and precision guidance systems every French sortie required escorts.

They flew to their targets, dropped their bombs, and returned. But in Iraq's featureless terrain it was like flying a blind man. Indeed it reminded one of the scene from Henry the V at Agincourt where the blind French King John insisted on being in the battle. Courage, yes. Effectiveness, no.

The pretense of being an independent power means that France tries to build some of everything in a military sense. But what is built is usually incomplete. Airplanes lack critical avionics.

The third impact was on me. I had to get a gun. There were now guards in the house and a guardhouse outside the house. I kept a pistol by my bed and another one in the car. The reason for this were these terrorists that had been detected in Belgium. Indeed two U.S. Generals had been tracked and one only narrowly escaped from a raid on his home.

The Belgians, like the French and Germans, had sold the Iraqis a lot of war materiel. The Belgian construction companies had built a lot of the fortifications especially those for command and control facilities. Iraq sought to insure that these plans were not disclosed by terrorizing various Belgian military executives. There were also intelligence warnings about targeting U.S. generals.

NATO and the U.S. didn't quite trust these terrorists to distinguish between a real general and an assistant secretary general. Therefore, the four of us got extra protection which frankly I was grateful to have and did not argue about.

The real major point was the utility of NATO as a training ground for integrated operations. Without the standardization and inter-operability that NATO incorporated a multi-national endeavor would be very, very difficult, perhaps impossible. In this respect the best military training venue in the world is NATO.

To have control of the air requires secure faxes, computers, and air tasking orders. You had to have the capacity for all services from all participating countries to know where everybody was at all times. You had to have a picture of the battlefield which was provided by our AWACS and through Joint Stars. But that information needed to be disseminated in usable form. One is back to integrated command and control, NATO's great achievement.

In the Gulf War two percent of the weapons scored 50% of the hits. These were of course the new precision guided ones. In many ways the Gulf War was similar to the Civil War in the extent of the change that was initiated.

Until the Civil War the concept of mass armies conducting 3 or 4 day battles under central control never existed. With the Civil War came the telegraph, the repeating rifle, the railroad, and the exploding shell. The world, and warfare, changed from foot and horse to energy and firepower.

The Gulf War signified a major change in warfare technology, too. A new chapter in military operation based on targeting accuracy and battlefield awareness was clearly opened. But the basic principles do not change. Only the tactics.

Q: You left NATO because a job had been completed, or were you ready to go?

MERRILL: It was a combination of factors. Most political appointees serve for two or three years. The average time in appointive public office is 22 months. Our daughter, Nancy, did her last two years of high school in Brussels, graduating in June of 1992. In NATO terms, European terms, everybody goes home for August. If possible, that is the preferable time to leave.

I didn't want to spend another full year in Europe. That would have gone beyond the election, by the way, although at the time I gave notice at the start of 1992 I never suspected President Bush would lose. He had 90% approval ratings.

This job required so many approvals that I wanted to give Dick Cheney time to find somebody who could get through the process. We had enjoyed living in Europe but I didn't want to spend another three years overseas.

I can also take off easily from my company for two or three years. It is not too easy to do that for five, six, or seven years. Think of it as a private yacht going through the water. Funny things happen with the crew if the owner isn’t on board for that extended a period of time.

Then there were perhaps more important factors. I arrived just after the collapse of the wall. By the end of this 2 ½ years, the completion of the collapse of the entire Soviet bloc had taken place. We had the Partnership for Peace well under way and were reaching out to the Eastern European countries.

All these programs to which I contributed or in some part helped devise were in place and running. Inside NATO a number of initiatives were in place. The C3 mess that had been costing a fortune had been brought under some control. A defense trade cooperative charter had been started. I had brought in some good people who were doing their jobs very well. It was a good time to leave on a high note.

All these reasons came together. There seemed no particular point to staying another year. In really all government jobs, and perhaps all new challenges, including business, the first six months you learn the system. The second six months you define the problem. The second year you get things done. The six months after that you correct the mistakes

you made, and then it is time to go. You've done all the good you can do. So we went home. The job is currently held by a very able recently retired four star admiral, Norm Ray, who had previously headed the NATO military committee. It is in good hands.

We hadn't lived abroad since India in 1965. This turned out to be an equally wonderful experience. We immensely enjoyed living in Europe and gained substantial insight into virtually all of the countries of NATO as well as those of the former Warsaw Pact. It is more fun to be where the victory is. Better to be in Europe in the early 1990s than the early 1940s.

Q: It is the fall of France as opposed to the collapse of Germany.

MERRILL: The experience of living in Europe had a big impact on how I think about the United States. Europeans have mobility of management, but not mobility of labor. That makes a very big difference in their ability to compete with he United States. Americans move voluntarily from state to state in a giant common market.

It is very hard to picture 3 million Italians moving to Germany the way Americans move in or out of California. This, and the human capital generated by the phenomenal U.S. higher education system, is what is fueling the explosive growth of our economy. That growth is the central fact of our time.

Another thing I had not fully understood prior to living in Europe was the extraordinary depth and strength of NATO, even though like most Americans I had long supported it.

The integrated command and control system has Germans working for Dutch working for Italians working for Americans working for Norwegians and so on.

There is also the vast number of people in all these military forces who knew one another in previous service as lieutenants, then captains, now admirals. After 40 years it transcends three generations. The commitment is real.

Also there is the extent to which the defense industrial base of all these countries has been integrated and harmonized. It isn't simply the capacity to fight. It is the capacity to procure the wherewithal to fight that has been integrated. Everything is produced in multi-national frameworks making it impossible for any single country to field a nationalized defense force of any size.

Taken together these integrated command and procurement systems represent a great victory for civilization over 300 years of combat in the modern European nation state and thousands of years of tribal combat prior to that.

It is now impossible to even think about fighting one another because everybody in NATO is inside everybody else's armaments factories and command headquarters. It would be like Maryland declaring a real war on Virginia or vice versa. It is just not credible.

It is worth keeping NATO alive just as an insurance policy to stop the big five countries of Western Europe--Germany, France, Italy, Spain, and Britain-- from ever again fighting with one another. Consider prior history and one can see how genuinely remarkable that happy state is. I am less sanguine about giving NATO new responsibilities out of area.

Q: I agree with you 100% on that. Important things get lost sometimes in the rhetoric of serious but still peripheral issues.

MERRILL: Saying integrated command structure and harmonized industrial base does not capture the flavor of it. The words are do not convey the depth.

Prior to the Civil War I understand people said the United States "are" doing something. After the Civil War people said the United States "is" doing something. We had become unitary. NATO has United Europe, at least militarily, in a similar fashion.

Whether Europeans wish to be integrated economically as well, or prefer separation, is another issue that is in the process of being decided. Under NATO's security umbrella whatever system they eventually devise will not threaten them militarily.

Q: After NATO you more or less went back to civilian life.

MERRILL: I came back to my company. I did serve on the Gulf War Air Power Survey, a Presidential Commission which had literally 600 colonels devoting a year and a half to analyzing the impact of air power in the Gulf War. What worked, what didn't, and what was needed for the future.

The short form there is that 2% of the sorties scored 50% of the hits. Those of course were the precision guided weapons at roughly a million dollars a pop as opposed to $50,000 for an iron bomb.

There was also a great dependence upon secure communications, and upon integrated combat intelligence from space, from air, and from other electronics. These overwhelmed our systems at the time and a lot of money is thus being devoted toward the new information technologies in order to improve what the military calls situational awareness.

There were a great many other useful lessons learned. Paul Nitze, who had actually served on a similar commission after WWII, was still able to serve with me as did Mike Dugan, former Chief of Staff of the Air Force, and other senior officials. Elliott Cohen, who supervises my eight Merrill fellows in Strategic Studies at SAIS (the Johns Hopkins School of Advanced International Studies) was the staff director.

I also became Chairman of the Center for Strategic and Budget Analysis, a Pentagon think tank whose intellectual roots stem from Andrew Marshall's Office of Net assessment, and which analyzes the revolution in military affairs.

And I joined a number of other Boards as well. But once again I returned to private life having had my mind opened. Each period of public service has been extraordinarily rewarding. It has opened my mind and also served to fatten my wallet. Public service has helped me be a larger person and also had direct economic benefit in the sense that it enabled me to view more clearly and accurately the world's economic and financial opportunities.

Let me be specific. Upon returning to the United States in 1992, I found a country awash in doubt about its own economy, which was undervalued. Many on Wall Street were far more interested in investing in Europe, Japan, and third world countries than in the U.S.

Having just returned from Europe I didn't believe any of that for a minute. I certainly did not believe the Europeans were about to get their economic act together quickly. Nor did I believe that Japanese bureaucrats were any better than U.S. bureaucrats, neither being particularly bad, but neither being capable of running an advanced economy either. Can the Department of Commerce develop Microsoft?

So we took all of our investments and again bet on the United States, simply by investing 100% in blue chip U.S. equities, just as we had done in 1979 and again in 1987 when similar downturns challenged investor faith in our economy.

Since the stock market, using the Dow as an indicator, has gone from 2,000 to 11,000 in this period I for one am very grateful to the U.S. government for providing me the insights and experience that gave me the confidence to channel our investments in the right direction at the right time.

Although it is not even part of the reason for doing it, the fact is that public service provided the basis of excellent investment advice. This in addition to carrying out my purpose which is to advance the cause of freedom. To be involved, publishing, investing, and playing in a period like this is fortunate beyond words. I can not think of a more exciting time to be alive.

Q: Any concluding thoughts.

MERRILL: One of the great lessons I learned at NATO was that there is no prospect whatever of any country in Western Europe providing any leadership there or anywhere. The French ought to be able to do it; they can't. The British might be able to do it; they won't. The Germans can't do it because they are scared of themselves. So the only country that is capable of providing any leadership is the United States. There is no alternative and there is no substitute.

Although my generation has done its job of advancing the cause of freedom very well, it is a continuous process for which the United States is still the principal proponent. We may stumble now and then, and of course it remains to be seen how wisely and well we can execute. But I have immense faith in the common sense and human decency of the

American people. It really is the one thing I believe in most deeply.

When Scipio Africanus the Younger finally destroyed Carthage in 146 B.C. by leveling it to the ground and sowing the fields with salt he mused about when a similar fate would befall Rome.

Depending on one's choice of dates, it took either 600 or 1600 years. United States idealism and exceptionalism will last in its present form for the 21st century. We are Rome in the year l A.D. The idea of America is perhaps the most important thing that ever happened. One can only muse about 600 to 1600 future years.

End of interview