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

PATRICK A. MULLOY

Interviewed by: Charles Stuart Kennedy
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TABLE OF CONTENTS

Lake Champlain

Harvard University - International Law Student 1977-1978
International Energy Agency [IEA]

Department of Justice - Anti-Trust 1978-1982
Oil embargo
Monitoring international oil meetings
EU agreement
Competition policy
Foreign Corrupt Practices Act - 1977

Congressional Fellowship - Political Science 1982-1984
International Energy Agency
European Community [EC]
OPEC
Rostenkowski
Senate operations
"Saturday Night Massacre"

Resignation from Justice Department 1984

Office of Senator Proxmire 1984-1998
Senate Banking Committee
Trade deficits
Export controls law
Trade laws
Defense Department
Inflation
Savings and Loans
Resolution Trust Corporation
Dollar fluctuation
Foreign banking
GATT
World Trade Organization [WTO]
North American Free Trade Agreement [NAFTA]
Political officers

Assistant Secretary of Commerce for International Trade 1998-2001
Congressional relations
European Union [EU]
International agreements
China

Resignation 2001

U.S.-China Commission

INTERVIEW

Q: Today is the 24th of May, 2002. This is an interview with Patrick A. Mulloy, this is being done on behalf of the Association for Diplomatic Studies and Training, and I'm Charles Stuart Kennedy. Do you go by Pat?

MULLOY: Yes. Pat is fine.

Q: Well, let's start at the beginning. Could you tell me when and where you were born, tell me something about your family first on the father's side, then the mother's.

MULLOY: I was born in Wilkes-Barre, Pennsylvania on September 14th, 1941. On my father's side, my granddad was an anthracite coal miner. He died before I was born, but my understanding is that he came from Ireland as a young man, and got into the mines. My father who was born in 1898 left school at age thirteen and went into the mines and drove a mule. When World War I came along he went into the Navy, then never went back into the mines after the war. During the 1920s he lived in Chicago, and then in Cleveland. He became a bookkeeper, and then returned to Northeastern Pennsylvania. Regarding my mother's family, I think it was my great grandparents came over from Ireland. My great granddad on my mother's side was digging canals. Somehow or other he saved some money and bought a dairy farm. My grandmother on my mother's side was a domestic in New York City, and their families connected them to one another, and then they got married and lived on the farm. That dairy farm was where my mother was born.

Q: What was her maiden name?

MULLOY: Meagher. M E A G H E R. My mother grew up on the dairy farm, went to Pleasant Mount high school, which is in Wayne County in far Northeastern Pennsylvania, and then went to East Stroudsburg Normal School in the summers and taught in a one room country schoolhouse during the winters. She did that for a number of years. After she got married, she was 29 when she got married, my father was 38, and my mother didn't work after that.

Q: In a way what you're saying is a classic story of part of the Irish migration to the United States. Very sort of working your way up and, you know it's a success story, it's almost classic. Well, how did you find, growing up in your family, did Irishness, did this permeate the old sod and all that, or was this something kind of left behind?

MULLOY: It was Catholicism permeated more than Irishness. I grew up in a town called Kingston, Pennsylvania, which was across the Susquehanna River from Wilkes-Barre. Many of the surrounding communities were mining towns. Kingston was not a mining

town in the sense that a lot of people worked in the mines. It was mainly a Protestant town. We went to the Catholic Church. I didn't get a sense of being professionally Irish, and I went to public schools the first seven years because we didn't have Catholic grammar schools. There was no parish school. When I was in eighth grade, there were thirteen different parishes on the west side of the Susquehanna River, which pooled their resources and developed a Central Catholic high school, which was equal in size to the public high schools in the area. I went there. It started with only the 7th, 8th and 9th grades, and I started in the 8th grade. And that was an important thing in my life.

Q: Let's talk about early life. When you were going to public school was there any subject that sort of grabbed you more than others?

MULLOY: I was always a good student. I can't say I was a disciplined student to begin with. I can remember when we would have free reading time I would have the encyclopedias and I would be reading about Hannibal, the Roman Empire, and World War II and other areas of history. I always liked to read about history and what had happened. So that was my keen interest. I remember in 7th grade I was still in the public school, we had a civics class and learned about the Congress in Washington and the Government. And I remember I just got such a high, it was like something struck me as 'Oh, God, wouldn't it be exciting to be part of all that. And my mother loved civics and government and had a similar interest.

Q: Was the family strongly political, I assume more democratic, but maybe not.

MULLOY: We were Democrats. My father was born in 1898, so when I was born it was like having a history lesson there and my mother was older too. They had seen a lot of the events of the early 20th century. So we had discussions about World War I and World War II and the Depression.

Q: The Depression was?

MULLOY: The event. My father used to talk about Al Smith, and what a great man he was. He was also very high on FDR and Truman. And I remember in 1948 when Harry Truman came to town, we all went out and waved, saw him go by in an open car, and then later on when Adlai Stevenson was running for President in '52, he came through and we went up to see him as well. So we were Democrats.

Q: Did you notice that there was a sharp division, or that being Catholic in this school singled you out, was this something that was happening?

MULLOY: I started grade school at Loveland Avenue, a school which is now gone, but it was in Kingston, Pennsylvania where I grew up. The Principal was Mary O'Donnell, and my first grade teacher was Mary McCarthy. And it was really funny, if you went up one track, there were two first grades and two second, and if you went up one track you got a lot of Irish teachers and if you went up the other track you've got a lot of Protestant

teachers. And I just happened to get in the track where there were a lot of Irish. Now when I went to the sixth and seventh grades, there was another school I went to, the Main Street School and there were more Protestant than Catholic teachers in that school.

Q: Were the kids pretty well intermixed?

MULLOY: Yes. We all got along very well and were not too conscious of religious differences. Once in a while like on St. Patrick's Day there were a number of students of Welsh background you know and some of them would wear orange and I would pay attention to that. That was what it was like in those days.

Q: How did, going back?

MULLOY: Well we can talk more about that because there was a later period when I was in High School that we experienced some religious discrimination.

Q: We'll come to that, but I was wondering, what were you, how did you family fare during the Depression? Because this is, this is probably the most traumatic event of the last century for America.

MULLOY: Yes, I think that was more difficult on my father's side than on my mother's side. Because somehow being on the dairy farm and having that income they didn't get as impacted. I know my father was unemployed for some period of time during the depression, and we never had a lot of money. You knew that that had been a very difficult period of life for people, and people would talk about it.

Q: When you went to, at home, was reading encouraged at all, were your mother and father readers? What about brothers and sisters?

MULLOY: I was one of four children. I was the third child, and the first boy.

Q: Your mother was having children late for that era, she married when she was 29.

MULLOY: 29, right. My younger brother, the 4th child, was born mentally retarded, which was very difficult.

Q: Oh yes, very difficult.

MULLOY: In that era, before people opened up about that. But yes, we did, I can remember first or second grade, joining the library. It was a good public library. But it was funny, you had to show them your hands, make sure your hands were clean before you could take out books. And they would put a star on your library card to show that you'd behaved properly. (laughter) But it was just a free source of books, and I loved it.

Q: Well, the library of course, is so influential to people who are interested.

MULLOY: It is. My mother and father did read, yes.

Q: Did, you know as you're moving up before you get to high school, what kind of books did you read, do you remember?

MULLOY: I used to read all kinds of books including science fiction and those Landmark history books. You know, Lewis and Clark, George Washington, Lincoln, Napoleon. These Landmark books were quite good.

Q: I remember reading them.

MULLOY: I remember when I was in third grade I got a book on Robin Hood, which was too difficult, and then I went back and got it when I was in fifth grade.

Q: Well then, by the time you got, when you moved to this later, you moved up towards high school and all that. How did you find that?

MULLOY: When I went to this newly opening Catholic high school, it started with only seventh, eighth, and ninth grades. I was in the eighth grade, and the opening for this was September 1954, actually it opened on September 8th, 1954, which is significant in Catholic thinking because September 8 is the Nativity of the Blessed Virgin Mary. And 1954 was a Marion year, which means dedicated to the Virgin. And we were all standing in line to go to church, to start the school year, and nobody knew anyone. As I was wont to do, I was clowning around, and this woman, a big nun, grabbed me, and said 'We don't behave like that here young man.' And she put me back down. And I said to myself 'Oh, I hope I never see her again.' And then she turned out to be my eighth grade homeroom teacher, and my main teacher in eighth grade. Her name was Sister Rose de Lima, and she was just a great teacher for me. She encouraged me. She used to say 'Empty drums make the most noise, and you don't have to be clowning around to get attention. Study, be smart, you can do things.'

Q: How did you find, you know there are all sorts of stories about the nuns, I mean we have some people who are practically in their sixties when they talk about breaking into a sweat.

MULLOY: I never felt that, I felt that they were always in my corner, they were wonderful people. For me the priests and the nuns were great people, encouraging. And some of the things you hear about now knock your socks off, but they were great people. And I think a different era of people.

Q: I'm thinking maybe of the strictness of the nuns, the discipline in those days, I mean there weren't a lot of people getting all concerned, I think also it's meant for a tidier class, better education environment.

MULLOY: But this nun, who later on - I became an Assistant Secretary of Commerce and was invited by my high school to be the commencement speaker in June 1998. She was in a nursing home up in that area and I brought her to that event and then took her out to dinner.

Q: That's great. Now, when you moved to this school, what about social life? Was social life, again I'm not trying to over-emphasize religious differences but these were much more apparent, I think in that era, that's why I like to do a little document, I mean, did you find if you dated, you know 'Why don't you date a nice little Catholic school' from your parents or?

MULLOY: No, no, no, it's just, once you were in the Catholic school, the people that you ran into were Catholics. And it just evolved that way that I did date Catholic girls. What happened, as I said, we were the first big Catholic school that actually fielded football and wrestling teams in that era. The smaller Catholic schools had basketball teams, but we were able to have football and basketball and track, and wrestling, and I was active, a very good wrestler, and I was on the track team. Tried football for a couple years but I wasn't too good at that. But when we tried to get into the Conference of the local schools they wouldn't let us in. So we had to travel to Scranton and other places around the state to find schools to play. Because the schools right in our immediate area wouldn't play us. That changed, all dramatically, when Kennedy became president. The culture changed up there. And then they did get into the Conference.

Q: Yes, it was sort of, it wasn't, what would you call it, discrimination, you know, 'We're not going to let any Catholic school into this league.' or something like that.

MULLOY: Well it was, and I remember there would be articles in the paper to debate all of this. It was said we somehow had an unfair advantage because we were recruiting from thirteen parishes. You know, not just one town but also a lot of different towns. And so there was the rationale. It did not make a lot of sense as our school was not bigger than many of the public schools.

Q: In high school, what were you particularly interested in taking?

MULLOY: Well we had a pretty set curriculum, if you were college prep, which I was, and the biggest regret I think, we didn't take typing for example, that's the most important skill! (laughter) I tell my kids the most important skills are typing and writing. To be able to write. But you know, we took Latin, and general science, and then algebra 1, algebra 2, trig, geometry. And we took physics and chemistry and biology and general science.

Q: The full thing.

MULLOY: Two years of German. So we took that curriculum though high school. There was a classical curriculum where you could take four years of Latin and do more of that

type of thing but I was in what they called the scientific curriculum. My father was very good in math and those things and he was hoping I might go in that direction.

Q: Did, while you were there, how about summer jobs and all that?

MULLOY: Well, one summer I went up and worked on the dairy farm with my uncles and my cousins, that was a great summer. We would milk the cows and bring in the hay, and when you look back now we used to go out in the fields with the hay wagon. We'd go through the fields and pick up rocks, pile them on the wagon, put them on the road and then hammer them, break them up with sledgehammers to make sure the road wouldn't get muddy. Thinking about that now, you think wow, that's prison labor. It was hard work, but God was I fit. It helped my wrestling. And then later on, I had other summer jobs. I was very lucky in high school, and I had good coaches, and they said play sports, be involved in your school, you can work the rest of your life. And so I didn't take part time jobs in high school, I took summer jobs. For two years, the cook at our school got to be the cook at a summer camp, and he took a group of us who were athletes from the school, we were the kitchen crew at the summer camp two years in a row. And that was great for summer. It was a fun time. That was during the summers of 1958 and 1959. '58, when, wasn't that the year we put troops into Lebanon?

Q: Yes.

MULLOY: And there was a complication with the Russians?

Q: Yes.

MULLOY: I remember how interested we were, we had the radio on all the time, paying attention to what was going on. And whatever papers we used to get we'd read about it.

Q: Were you a newspaper reader?

MULLOY: I was. We had the local Wilkes-Barre papers, but on Sunday my father always bought the Philadelphia paper, the Philadelphia Bulletin. And I used to really go through that paper, and I loved the op-ed pieces that you could learn more about politics.

Q: Well this, is one of the things that even today holds true. To really, particularly in a lot of fields, but in the Foreign Affairs field, the government field, you really have to be a newspaper reader. It's how you gain your knowledge.

MULLOY: I think that proved helpful later on taking the Foreign Service exam.

Q: When you're getting ready to graduate, what, in 1959 or so?

MULLOY: Yes, I graduated from high school in '59. I was a Student Council President. I won that in a school-wide election. Another event that happened in high school, it was

going into my senior year, I was selected by my school to go to the American Legion Boys' State, and it was a week long camp like program put on by the American Legion. You were supposed to learn Government but we learned politics, because you had to run for offices at the local and State level. I ran for State Treasurer and won. I had to make a speech in front of everyone, it was exciting.

Q: What a great experience.

MULLOY: Yes, it was.

Q: Did politics ever interest you?

MULLOY: It did. I graduated in '59. Of course John Kennedy ran for President in 1960, I can tell you about that if you want to get to that.

Q: Oh, we'll get to that. But while you're in high school towards the end what were you pointed towards?

MULLOY: You know, the one failure with the school I went to was its guidance department. I knew I was smart and I tested pretty well, had good grades and was very involved in extra curricular activities. I probably could have gotten some scholarships to major colleges if people had steered me right. I did get a scholarship to a local Catholic college, King's College, which is run by the Holy Cross Order of Priests, who also run Notre Dame. I took some tests, and then they wrote and they said 'You're accepted here.' But I did not know how to pay for it. By the time May rolled around my senior year I was very worried because I didn't know what I was going to do. I didn't have anything lined up, and then my father and I, I think in late May we went over to visit with the officials at King's College. The priest who met us was Father Sheehy. I remember when he came into the room my father and I were sitting, and of course I stood up, because I was trained to do that. We had a very good meeting with him. And then the next thing I knew my principal called me, and said Father Sheehy had called and they were putting together a package for me - a job in the library and a half scholarship. In late June of 1959 I got an official letter telling me that this was done. I was working at the camp that I had earlier talked about in the kitchen crew. It was big news. I was going be able to go to college.

Q: So, you went to, King's College for four years?

MULLOY: I did, yes.

Q: How did you find it? I mean, run by a holy order.

MULLOY: Yes. It was all male in those days. It's co-ed now but it was all male.

Q: You often get a very solid education.

MULLOY: I think I did get a solid education.

Q: How big was it, about?

MULLOY: I think there were about eleven hundred males.

Q: A good size.

MULLOY: It was a nice school. It was started in 1946 and it was started by the Bishop of Scranton who enticed the priests of Notre Dame to come and start a college for working class kids in Northeastern Pennsylvania in the Luzerne County area. So it was mainly a lot of working class people from that area. I mean, there were sons of doctors and lawyers and other people but it was, it was for kids that didn't have a lot of money and it gave us a chance to get an education.

Q: What sort of courses were you taking there, and particularly inspired you or caught your eye?

MULLOY: Well, I started out as an accounting major. Kings had a very good accounting department, and it was a very marketable skill, lots of people came down here to Washington and went into accounting firms. A lot of guys came down here, went into GAO. So I started out as an accountant. My father, who was a bookkeeper, told me he did not think I would find that attractive, but I didn't quite know what else to do. I wanted to get something where I could get a job. The first semester at King's I had a history course from a Professor Schleich, who was very good but he was into the trees. You know what I mean?

Q: What?

MULLOY: He was into the trees rather than the forest. He gave us facts but no overview. The second semester I took my history, it was a history survey, western civilization. I had a Dr. Richard Stevens, who had gone to Notre Dame, and had his Ph.D. from Georgetown. He was more sophisticated. And he taught facts but also what was going on, what was driving these changes, and I remember he'd bring in and we'd listen to Beethoven's 9th, the Ode to Joy and that sort of stuff. And he used to tell me to read these books about Russia, by Nicholas Berdejev and what was going on over there. And then he said to me, he said 'You don't belong in accounting, you should go into history.' And I said 'What could I do with that?' And he said 'Well you could be a Foreign Service Officer.' And I said 'What's that?' And he told me. And I remember a teacher in high school who was in charge of the student government, he had also said something like 'Well, you ought to go to the diplomatic service', and of course I had no idea what that was. But this Professor at King's, Dr. Stevens, I asked 'Well, how do you get into that?' and he says 'there's this test.' And he said, 'We'll put together a curriculum, we'll show you what you should be taking over the four years.' So they started up a Great Books seminar that had twelve of us in it for four years, and we would read what the Great

Books had to say about religion, what they had to say about politics, what they had to say about science.

Q: This is all modeled on the Hutchison?

MULLOY: Yes. In fact we used those guide books from the University of Chicago. And I loved it.

Q: It's quite a challenge, but it gives you a core set of intellectual assets that you won't pick up anywhere else, a fantastic opportunity.

MULLOY: And then that same Professor, after my sophomore year, he took three of us, two other friends, Pat and John O'Connor, both of whom became lawyers, one of them became a very successful lawyer in Philadelphia. He took us all to Mexico. The four of us went down and we traveled around Mexico and you know, he was opening up and showing you things, it was wonderful.

Q: Well this is exactly of course what a college like that was designed to do, the plan was to reach down into a working class area and open up the world to the students in there, because thinking of the American system, everybody is capable, but it's just often they don't have the opportunity.

MULLOY: I got a very, very good education. I think the area I didn't quite get the writing skills I needed and I probably should have taken more courses on writing, but I had more interest in history and philosophy.

Q: Did, how about languages?

MULLOY: I was very poor in languages. I remember one semester I had five A's and a D and the D was in French.

Q: Welcome to the club. (Laughter)

MULLOY: And it was true, I remember in Latin it was always a difficult matter, later German in high school was tough, and I get to college and take French and I was sweating that. That was the only grade less than a B that I got in all of college.

Q: But, summer jobs?

MULLOY: I always did summer jobs. After my freshman year in college I worked in a Stop n' Go. It was like a McDonald's. I remember I was originally on the grill, cooking the burgers, and then the owner, let's call it the Stop n' Go, or the fifteen cent hamburger place. I remember the two owners came back and they said 'We hear you're a college guy.' And I said yes. And they said 'How much is 15 + 12?' or something and they gave me a couple things to do in my head, and then they said 'We're going to give you a little

raise and put you on the register.' (Laughter) 'Got off the hot grill.' That was my freshman year in college. My sophomore year, I had a great summer job. I worked at the U.S. Bureau of Mines, down in Schuykill-Haven, Pennsylvania, near where John O'Hara, the author, was from.

Q: Yes. Oh, yes, yes. He wrote a whole series, wonderful series.

MULLOY: Yes- a friend of mine, who was a senior at King's and also the editor of the college newspaper, we lived in a boarding house. We would work all day doing yard work and whatever else they needed done. We were like the handymen at the Bureau of Mines. And then we would sit on the porch and read, and read to each other excerpts of the books we were reading. It was a good summer. Junior year I drove an ice cream truck, one of those ring the bell.

Q: Good Humor type things.

MULLOY: Yes. And then my last year, senior, I worked at a YMCA camp as a counselor.

Q: I forgot to ask the most important thing of any guy going into colleges. Where were the girls?

MULLOY: Oh! There were a couple of girls' colleges in the area, there was a College Misericordia, a college ten miles from Wilkes-Barre, and there was Marywood College up in Scranton, which was all female. Of course those girls focused on boys at the University of Scranton, which was a Jesuit school up in Scranton. And there were a lot of nursing schools. And we'd have these Friday night mixers and the girls would all show up, they used to have the 'cattle car' come in from College Misericordia, and then all these girls from the nursing schools would show up, and that was it. Then there were always football games and basketball games and that's what you did. I had a clear idea that I did not want to get married for a while. I wanted to see where life was going to go. I had a lot of friends that got married at 21 or 22. I did not want to have family responsibilities before I knew where I was headed.

Q: There was a lot of pressure to do this. Was there ever at all during the time from early age on, was there every any attempt to direct you towards the priesthood or anything like that?

MULLOY: You know, I think in eighth grade, some nuns said something like 'you have the hands of a priest.' I tried to be honest with myself. I think there were two things that made me realize it was not for me. One, I knew I really liked women and I was never going to be celibate. I knew I could never discipline myself. Secondly, I had a handicapped brother, and that was always on my mind, how am I going to help my brother Jack? So I knew I wasn't going to be a priest.

Q: Just to give a feel, how did your family deal with a handicapped brother? Because all of the things that are sort of in place today weren't?

MULLOY: They weren't there. That was a painful period for my brother. He went to the same schools I went to, he would spend two years in the first grade, two years in the second grade, and then after two years they'd move him up on age or whatever. But he wouldn't learn anything. He didn't get any special education. And I can talk about that as something, when I was in college.

Q: How did it work out, how did, after going through school.

MULLOY: He quit school at a certain age. I remember it was very painful, he was a peanut man for a while with the Planters Peanut Company, and he would dress up in this peanut man outfit.

Q: Wear the Planter's peanut costume.

MULLOY: Yes. And President Kennedy had gotten into office in 1961. I had worked in his campaign, and I met him and shook his hand when he came up to that area. I wrote the President a letter and said, 'I've got a brother, he's mentally retarded, and he needs help, what can I do?' And then somehow or other back through the channels, I was instructed to take him to this place for some special education and I did it, and he got an opportunity to get some work skills. Then he worked in a country club for a while, and then on his own later in 1965, he had heard of a job at this college, College Misericordia, that all girls college I mentioned earlier. He went out there on his own and interviewed and he got a job on the kitchen crew, and he's been there ever since. He's one of its most valued employees. The President of that College, when Jack was there 35 years, they did a big ceremony, and the President wrote me a letter saying what a good guy my brother was.

Q: That's great. I'm sure that the Kennedy Administration, because they had had?

MULLOY: Because of Rosemary B President Kennedy's mentally retarded sister.

Q: Rosemary, they had had and I know the Shrivers spent a great deal of time.

MULLOY: They started programs and helped these people become more mainstream. My brother is a good worker, although he still has never learned to read and write. He got married three or four years ago to a handicapped woman. I do the checks, I keep their accounts, I pay their bills, organize their finances for them. I have always done that for my brother.

Q: That's heartwarming. How about, when you were at college, what about the politics? First place, you mentioned getting involved in the Kennedy campaign. Did this really strike a responsive chord?

MULLOY: Oh, God, when I was a freshman, President Kennedy was seeking the nomination, and you'd read about the Wisconsin primary and the West Virginia primary, and you know I just got very interested. And my father said 'Don't get too excited, Al Smith couldn't win and he was a great American, I don't think this guy can win.' And I said 'Dad, this guy's different, I think he can win.' And so he did. When he got the nomination, I remember we stayed up late watching that. He came up to the Wilkes-Barre area in October of 1960, and I was right in the front. And I was struck by his hair. It was more auburn than I had imagined. I shook his hand and then later when his car was leaving, I mean there were thousands and thousands of people, I went racing around and got up to the car and said 'Good luck in November Jack.' I called him Jack and he said 'Thank you very much.' Looked me in the eye. It was a high point. (Laughter) And my father who had had a couple heart attacks, he told me he had also raced up to the car and had shaken Kennedy's hand. So we were delighted, I was very happy. I was a young Democrat. I was elected to be on Student Government in College. It was a great time.

Q: While you were at college, this Foreign Service thing, was this really one of the many things that you were thinking about or were you pretty well looking at that?

MULLOY: Well, I was looking at that. I didn't know whether I could get into that. I was also thinking about whether to teach. Being a lawyer also entered my head. Kind of those? I did not think of the business or going into a corporation, or those sorts of things.

Q: Did, how about military service? Was that hovering around or had that stopped at that point or not?

MULLOY: There was the draft, but in our area before the Vietnam War heated up, there were a lot of guys that joined up so I think they had a very low draft quota. So it just didn't play a very big role in thinking about life at that point.

Q: Well you graduated, what, in '63?

MULLOY: June '63.

Q: Whither?

MULLOY: What to do now?

Q: Yes.

MULLOY: I came down to Philadelphia in the winter of 1962 and I took a test for the CIA. I also went down to Philadelphia and took the Foreign Service exam some time in 1963. I think it might have been that early September, '63. By this time I'd won a Fellowship to Notre Dame to be a University Fellow out there.

Q: Was this sort of an agreement with Notre Dame?

MULLOY: And King's?

Q: Yes.

MULLOY: I had some other fellowships as well. I had won an NDEA at Rutgers. I had four or five different opportunities, but I wanted to go to Notre Dame. I was University Fellow, it was $1,600 a year plus tuition, I think Rutgers was like $2,100 a year, but I wanted to go to Notre Dame. So I went out there as a University Fellow, took the Foreign Service exam that summer of 1963, and then I went out to Notre Dame and then found out that I had passed the written part and then took the oral in Chicago in March of 1964.

Q: Do you recall any of the questions you were asked?

MULLOY: Yes I do.

Q: Catch the spirit of the thing.

MULLOY: There were three people on my oral panel. And one of them turned out to be my first boss, Richard Hawkins. I think he went to Yale. He was from Pittsburgh. And I think he was leader of the three.

Q: One takes the lead, yes.

MULLOY: I was taking courses at Notre Dame on Southeast Asian International Relations, Far East International Relations and the Communist ideology. We got into a discussion of China, and whether we should recognize the Communist government in China as the legitimate government in China. And I said that we ought to. And we had a long debate about that, and I had to defend why I thought what I did think. I remember they were saying, ' Well, you know, how can you think that way, they killed all those American boys in Korea?' I stuck with my position and said 'Be realistic, they have control of the country. Start dealing with them.' So I remember that was a key issue. Somehow or other I know it wasn't current policy but it didn't prevent me from getting in.

Q: Well, as a matter of fact, probably the prevailing opinion in the Foreign Service from the beginning was that this was a political decision, not to recognize Red China, that it doesn't make a hell of a lot of sense. You had the problem of Taiwan. But that was something to be worked out.

MULLOY: Managed.

Q: Had you talked to anybody about the Foreign Service, I mean gotten any other views about this as being, what it was like and all?

MULLOY: I didn't. I never met anyone. Well, yes. When I was at Notre Dame, there was a Foreign Service Officer who came out and spoke to a group. It was a pretty big group, I didn't have a chance to interact with him too much, but I was very impressed by him, and he talked about our growing involvement in Viet Nam. That was 1964. I remember that impacted on me, and I thought this guy was really impressive. I found him interesting.

Q: Did you have any feeling about going into the Foreign Service that, gee, this is a place where guys from wealthy families from Harvard and Yale go and how will I fit in and all that?

MULLOY: I didn't have enough of an awareness of it. All I knew was that- (end of tape)

I thought more of, well President Kennedy was President. And I just was very interested in what was going on in Washington and politics and government. And I just thought that was my point of entry. That would get me in there. So I didn't know the culture or anything else.

Q: And government service of course with Kennedy, it was the spirit of the times that this is the place where the action was.

MULLOY: Oh, absolutely. You didn't want to be anywhere else, but to serve the Great Republic. Now there was another thing that was going on in my head that drew me off in a different direction. I had this other thing going on in my head, worrying about my brother, and I had other family responsibilities. So I was asking myself how could I be in the Foreign Service and still do that? So I got toward the end of getting my Master's at Notre Dame, I could have stayed on in a Ph.D. program.

Q: This was a master's in history?

MULLOY: It was Government and International Affairs.

Q: Government and International Affairs.

MULLOY: Yes. I got my fellowship out there in history and then when I understood that there was this Government and International Affairs program I switched over into that. We had Gerhart Niemeyer who was a professor on Communism. I'm probably one of the few people who read three volumes of Das Capital. I read all of them, Lenin, Stalin, and Mao. (Laughter) We would go to a bookstore in Chicago, a communist bookstore, and buy this stuff cheap. He always told us to buy in cash, not leave any checks. (Laughter) But I enjoyed that. While I was at Notre Dame, I took the LSAT, the law school admission test, and I did pretty well. I applied to a couple law schools. And Villanova offered me room, board, and tuition, a three year free ride. I was a Dougherty fellow. And I was kind of thinking maybe I should go into law and get into politics and I'd be able to take care of my family and stay close at home and that sort of thing, so that was going on in my head. And so I did, I left Notre Dame after I got my Master's degree. I didn't get

the degree until June ‘65, but I finished everything in August ‘64, and started going to Villanova Law in September ‘64. Once I was there, I began to realize that I wasn’t pursuing my dream, I was letting other things interfere, and that it wasn’t the right thing for me. So I left law school in December of ‘64. I got a job teaching at my old high school, in January of 1965. I wrote to the Foreign Service, as they’d already told me I passed the written and oral exams and that I was on the rank order register. So they wrote back and said they could bring me in the March of 1965 class. I had already contracted with my old high school to teach through the school year. So I wrote back and said I couldn’t come, but I could come the next time. Then they wrote back and said you can come in the June ‘65 class. So I finished up my teaching and then came down here in June of ‘65.

Q: So you took I assume the A-100 course.

MULLOY: I did. Alexander Davit was the head of my A-100 class. He was a wonderful man. I really enjoyed him.

Q: What was your class like?

MULLOY: It was an exhilarating experience to come down here. In my A-100 there were twenty-five guys in the State Department, and then there were ten USIA people. And this is where I first really became aware that all these guys from these Ivy League schools were into this organization. And they were good, good folks like David Mack who later became an Ambassador.

Q: Oh, yes, I’ve interviewed David.

MULLOY: John Stemple who was a Ph.D., he was a Princeton guy. David I think went to Harvard. John is teaching at the Patterson School.

Q: In Kentucky.

MULLOY: Ken Guenther, who you’ve met, was at Commerce. It was fun. These guys were smart. We all achieved this thing to get into this organization. We all stayed together for the first eight weeks in this class, and you’d go up to the Congress and people would come in from other organizations and tell you what was going on, how they worked. It was just a fantastic thing. One thing does stick in my mind that bothered me. This is my recollection. A fellow from the CIA came in and told us, you know, kind of what they do. Earlier in my life I had an opportunity to go into the CIA, remember I told you I went down to Philadelphia and took that test. But I chose not to as I thought that State would be better. I remember the CIA guy came in and talked about China, and I think he said that they broadcast bad information about weather and crops so that people screw up their crops in China and that kind of stuff. And I thought that is horrible, I was thinking of those poor people trying to farm and getting this bad advice and how that would feel, maybe because I’d had that farming experience. (Laughter) I just thought it was wrong

and immoral.

Q: When you came in, did you have any particular specialty or area in mind or were you just going let it in the laps of the gods?

MULLOY: When I first came down I put it in the laps of the gods.

Q: Yes.

MULLOY: One of the guys that was in my graduate program in Notre Dame was Ted McNamara. He later came into State and became Ambassador to Columbia and Assistant Secretary of State for Political Military Affairs. It was a good group out at Notre Dame, smart guys. Ted I think went to Manhattan College. The Foreign Service really provided people opportunities that they would never have had if they did not have the exam system.

Q: One of the things I think I'm proving if I do these oral histories, that the backgrounds of people coming in are really across the board, particularly I think now it's going to be a little more homogenized, because more people are educated. You know, my parents didn't go to college, your parents didn't go to college, it was, now I suspect that 99% of the incoming people, parents went to college, it just shows the demographics of change.

MULLOY: My mother went to a normal school B a teacher's college. She never got a degree. She had some kind of associate degree. But that was going summers.

Q: Yes. Now while you were there, first place, was Vietnam intruding at all as far as when you talk about when you first arrived?

MULLOY: Let me go back a bit, one other event that hit me more than anything was the assassination of President Kennedy.

Q: Oh yes.

MULLOY: When I was at Notre Dame. I was in a library and I was going off to a class on Southeast Asian International Relations, and coming out of the library somebody said something about the President being shot, and then I raced over to the chapel in one of the dorms and said some prayers for the President. It's still painful when you think about that event. And then I went and watched the television and then saw that he was killed. That really impacted me and it still does, to think about those days. Because it was such a driving force to want to serve the Great Republic, and then to have him killed like that. It put me into a funk for some time. I think that got all mixed up with my going to Law School and doing some other things. But anyway, I got back on course.

Q: By the way, during all this time, was any significant other developing at that point? A young lady?

MULLOY: I always had various friendships and romantic involvements of one kind or another. But you should remember I was growing up in a culture that taught you did not get intimately involved with people until marriage, which I think was good. Kept me from?

Q: But it did often push people into marriage early, I think. But then women were coming out of colleges expecting to get married right away.

MULLOY: Well the girl I went with in high school, one of the girls I went with in high school, senior year, she went into being a Maryknoll nun. Ended up going to Taiwan. She went to Taiwan as a nun, met a Jesuit, and he was not ordained. A few years later they both left and got married, had two kids. And it's very interesting. She and her husband, later on in life, I was in Bangkok at a meeting of the Asian Development Bank and I heard they were out there and got in touch. She and her husband were out there as lay missionaries with their two children. And I'm still in touch and now she and her husband are going back to China as English teachers.

Q: How wonderful!

MULLOY: Isn't that interesting? (laughter)

Q: That whole thing reflects the course of history. Both social and international.

MULLOY: Right. But I had in my head I wasn't going to get married 'till age 30.

Q: Well now, the composition of your A-100 course, women, minorities?

MULLOY: There were a couple of women. If by minorities you mean, blacks?

Q: Blacks, Hispanics, Asian?

MULLOY: No. I don't think there were any minorities.

Q: Well, when you were there, were you figuring out where you wanted, as you went through this course, were you were figuring out what you wanted to do, were you forced, you had to make a decision about what sort of work you'd be doing.

MULLOY: During the A-100 course, well we used to have a softball team, play a lot of games in the evenings after these classes, and dinners and go out with people. For the first time in my life I had a little money in my pocket, you know? And then I got into French language training. There was a gentleman named Fred Day, who was in Personnel. I think they interviewed me at some point. Fred Day was a black man. He had a way of drawing you out. Anyway, I think somehow I might have mentioned that I had this problem I was worried about, the family and my brother. Somehow I ended up being assigned to

Montreal, and I think that was because of Fred, to take care of that issue for me. Well that worked out. Because you could still do the family issue as you weren't too far away.

Q: And you were also being able to work on French.

MULLOY: Yes. And so I took French, and got assigned to Montreal. Fred Day was on the school board in Alexandria. And I live in Alexandria now, and I'm active in the Alexandria Democratic Party and local politics. Sometimes I go to St. Joseph's Church, which is in the African-American community. And I see Fred at church. He remembers me, very nice man, nice to see him.

Q: You went to?

MULLOY: I remember they asked me, do you want to be an Ambassador? And I said 'You know, I'm not going to evaluate the success of my career on whether I become Ambassador, I just want to do interesting things and be part of interesting things.' So that was the way I think I dealt with that issue.

Q: I remember when they asked my class, you know, how many of you want to be Ambassador, we all raised our hand, but I kept thinking, you know, Consul General in Bermuda seemed great. (Laughter)

MULLOY: Yes, one of President Nixon's buddies got that job later.

Q: What about, so, your first appointment was up to Montreal.

MULLOY: Montreal.

Q: You were there from what, '65?

MULLOY: I left Washington in December '65, I remember it was very warm. It was right before Christmas, like 60 degrees. Went home to Pennsylvania for Christmas and then arrived in Montreal on January 3rd, and it was ten below zero when I arrived.

Q: So you were there from '66 to when?

MULLOY: I think I left there in March of '68.

Q: Who was Consul General?

MULLOY: Richard Hawkins, who was on my oral exam board.

Q: What was his background, do you know?

MULLOY: Consul General Hawkins. He was from Pittsburgh. I think he had gone to

Yale as an undergraduate. I didn't know his background within the Foreign Service. But he was a very nice man. I liked him.

Q: What was your job?

MULLOY: It was junior officer training program, where you were rotated. You would go through non-immigrant visas for four months, immigrant visas, then political reporting, and then commercial work. So it was like a two-year program and you'd gone through these different sections. I started out in NIVs. We had some good people up there.

Q: Well, you're talking about the people at the Consul?

MULLOY: Well, one of the guys there was Ray Seitz, who later on became Ambassador to the UK.

Q: The only career Foreign Service officer?

MULLOY: Ever to serve as Ambassador to the Court of St. James. I arrived there in January, as I said. Ray showed up in June, and I remember talking to him and thinking this is one smart guy. He was not only smart, but he was really smooth, he knew how to deal with people. You could see this guy was very, very good. Sam Hamrick was up there. Sam later became deputy assistant secretary for African affairs. My immediate boss when I started was Neil Parks, and that was in the Visa section, he was in charge of that area. There was a guy named Harrison Burgess, he was political and economic counselor. We were up on 1558 McGregor Avenue. And it was like an old mansion. And I'll never forget, NIVs, it was a huge operation, all these people would be coming from all these countries looking to get into the U.S., and they would go there.

Q: So essentially. Canadians can go in without a visa. So you were dealing with foreigners.

MULLOY: Yes.

Q: This must have been quite a challenge, I mean, all sorts of languages and all backgrounds.

MULLOY: Yes. I remember, there were a lot of Haitians, who would use Montreal as a place to try and come up and get a visa.

Q: How did, what were you doing? You say Haitians, was there pretty rigorous screening, or were you just?

MULLOY: We had had that training in the State Department, which we all went through the visa criteria. And so, you knew you weren't supposed to give a guy a non-immigrant Visa if he was going to stay. And so you try and make some judgments about that in your

interview with the person.

Q: Was there a pretty high refusal rate?

MULLOY: I think there was, for certain categories. I mean, you know, people were, there would always be people coming in calling on a weekend, you know, they've got a sick aunt, somebody's dying in a hospital. And you know, and you would almost make nationality judgments, you knew who that was going to be. You know it was a ruse. And so you learned all that.

Q: Was there much interaction with the political, what was going on politically in Quebec?

MULLOY: That was a very interesting period. It was the time of the so-called 'Quiet Revolution'. I think Jean Lesage was the premier of Quebec. It was when Quebec was getting out from under a guy named Duplessis who had been in charge. He had kind of a one-man rule, which was very dominated, by the church. It was a time when an intellectual awakening was going on in the French-Canadian community, also questioning why they should be part of this larger entity, Canada. And I remember there was a guy named Rene Leveque who was a separatist, he was on the scene. He did not become Premier of Quebec until I had already left. General de Gaulle, the World's Fair was going on when I was up there, expo '67, the 100th anniversary of Confederation. And General de Gaulle came. He arrived up at Quebec City and then came down visiting all these small towns on the way to Montreal and then he was supposed to go to Ottawa. And in each town he would say something more provocative about Quebec. And finally he arrives in Montreal and makes a speech at city hall, and then says 'Vive le Quebec libre' which means 'Long live free Quebec', which was the rallying cry of the separatists. And Lester Pearson, who was the Prime Minister refused to receive him in Ottawa and sent him home. That was very exciting.

Q: Were you getting any feel for getting out, you know, your young student groups and that sort of thing?

MULLOY: Oh, yes. I took courses. I took a French course at Montreal University, which was a French university. And then I had a girlfriend over at McGill University. In June of '66 two friends came up from the United States and I had a car and we drove all around Eastern Canada, we went up around the Gaspe Peninsula and went over to Prince Edward Island and went out to New Brunswick, just to see what was going on and get the flavor of these places. I read about Canada all the time, to get an understanding of what was driving its politics. I didn't know much about Canada before I was there. I mean, I read a lot of books about Canada. And would watch the news shows, and there were some in French and I would try and watch those in order to help myself learn French. And then the second year I was up there two friends came up and we took a 'You Deliver It' car to California, took a bus up to Vancouver and took a train back across Canada. So I saw most of, all the provinces while I was up there during that two year period. I didn't get to

Newfoundland.

Q: Did you get any feel as a Catholic for the rule of the Catholic church in the province of Quebec, because of what happened later, sort of implosion of the Catholic church there.

MULLOY: Yes.

Q: But, did you see it playing a different role than say the Catholic church where you grew up?

MULLOY: It seemed to be more rigid organization. You remember asking me about Irishness. You remember I went to that Central Catholic high school. I grew up in a parish in which there must have been must a lot of Irish. But I didn't know that until I went to that Central high school and there were kids from one of these parishes that were Polish. And they said you're from the Irish parish, I never thought of that before. But I guess, I just felt that the church up in Quebec Province was more rigid and more controlling than I can remember, you know my own experience growing up.

Q: Well, were you getting from your Canadian friends any feeling if they were Catholic of restiveness as far as the rule of the church?

MULLOY: It was more, there seemed to be a lot of different currents going on. One, there used to be a lot of demonstrations against the Vietnam War. And I can remember the Consul General asked me, you know, to go out and mix in with the students and wear casual clothes, and I had this nice fur hat that I bought. And you'd be out there and they'd be saying 'Johnson, Assassin' or 'Hey, hey, LBJ, how many kids you kill today?' So that was one thing that was going on, a very strong protest against our involvement in Vietnam. And I remember that night being out there with the demonstrators, and then some guys, people started throwing bricks through the Consulate windows, and then all these police came in on horses and were beating the crowd, and of course I'm in the middle of the crowd. And I skedaddled out of there, of course I lost that beautiful fur hat. But that was one strong element you had going on. Then you had the Quiet Revolution, I think they called it that in Quebec, which was get more to secularism and get from out from under the church and it's alliance with Duplessis. These people wanted to secularize the society. And then there was also the separatist element of 'Why are we part of this larger entity? They don't respect us.' I mean, the French Canadiens would tell me that the English used to say to them 'Parlez Blanc,' meaning 'Speak White.' And I was not unsympathetic with the French-Canadians in that regard, maybe because my own culture, the Irish had been kept down, and so you could have your insights, and to say well there are some legitimate issues here going on, and they're not totally wrong, that they should be getting a larger voice. You know the best areas of town were the English area, nicer homes and all that sort of stuff. And my understanding, and there was always a debate over this, the better jobs in the society were held by the English speaking Canadians even though they were a minority. I guess it was probably 80% of the people in the Quebec

province were French-Canadian. And then the English said 'You've got this narrow rigid classical education and you're not fit for these kinds of jobs', and that whole debate was going on. So there were all these different things, there was Vietnam, there was the secularism, and then there was the issue of taking Quebec out of the Confederation.

Q: Did, you say you had a girlfriend in McGill. Did you find that McGill, was this a bastion of Englishness?

MULLOY: It was. I met her when I went to Prince Edward Island. We checked in at what was called the Dalvey Inn, which is a beautiful place. They said, I think it was like fifteen dollars a day. And we went down and had lobsters for dinner! And we thought oh my god, we must have heard them wrong, and we checked, and they said no, fifteen dollars. But I remember she was working there, got her phone number, and when she came back I called her and dated her for a while. She was at McGill. A history major, she went on to get a Ph.D. in the University of London, and she wrote a paper on the role of the Episcopal church, the role of Church of England in keeping up the morale of the British people during World War I.

Q: Well, that's interesting. Did you get in the campus and all then?

MULLOY: Yes.

Q: I was wondering, was there a different feeling?

MULLOY: Montreal was a French University, quite a different feeling, mood. I could never really get into the culture at Montreal because my French wasn't good enough. But I did have, as I said, I never dated one woman steadily. And I did later have French-Canadian girlfriends, which gave me some real help. I used to have to do a lot of translating of Le Devoir which was the big French intellectual newspaper, and La Presse, translating articles and sending them into State. And my girlfriends always helped me do that sort of work.

Q: Well was there, at that time, what were, was there as far as you were seeing sort of a fresh intellectual Québécois intellectual community or something, because in France itself the intellectuals play such a role.

MULLOY: Trudeau was part of that. There was a Cité Libre or something like that, and there was?

Q: Were we watching this from Montreal, or was this the city of Quebec, our post there, was that covering the politics more?

MULLOY: We had a post up in Quebec City, and that's where the Government of Quebec was located. But the intellectual movement was more in Montreal. So we were, well, you got rotational assignments. So when I was in the political area I was reading all

these newspapers and trying to report on what I saw going on in terms of the development of separatism. And I remember I sent in a couple reports saying this is moving along, no one seemed to be playing attention, and then after President De Gaulle made that trip I remember suddenly there was a CIA officer who came up to talk with us about what was going on there, you know. It was very interesting.

Q: What was the feeling sort of within your group there about an independent Quebec?

MULLOY: I think we did not want to get involved and say that we opposed separatism, but I think we all felt that that was not in our interest to have that happen. We all felt that Canada was a good ally, a great friend, and that it would be better if they could accommodate French Canada rather than drive it in a direction where it was going to break off. It was very interesting. I recently read a book by former Governor James Blanchard of Michigan who became the Ambassador to Canada during the first Clinton administration. I knew the Governor from the Hill and he wrote a book called, I think it was 'Inside the Embassy Door'.

Q: Yes, I remember it.

MULLOY: Yes, and he got very active in trying to head off the separatists in 1994. I think that separatism may be over.

Q: It sounds like it has now.

MULLOY: I think 1994 was the peak, but I saw it in 1966 as, when you would look at it the French-Canadians were in a tough situation. Earlier they had a much higher birthrate than the English-Canadians. But then their birthrate was falling as part of their rebellion against the church.

Q: It's gone down to practically?

MULLOY: And the immigrants coming in were all choosing to go into the English community, nine out of ten. They felt they had to do something to get things the way they wanted to, or else they were going to lose control of the situation. So there was a certain amount of desperateness to get this thing worked out with English Canada before they became minorities or lost influence in their own province.

Q: Did you get, people have tried to serve in Ottawa, we're inundated with 'Oh, you're such a big country, when you sneeze we catch pneumonia, and it's like going to bed with an elephant.' And all this stuff, and there's an element of politicians and people saying to be Canadian is not to be American. But in the French-speaking place there seemed to be a little different, I mean you were getting a different?

MULLOY: Yes, Ambassador Butterworth was our Ambassador to Ottawa. We went up there, a couple times. English-Canadians in that era, they were always trying to define

themselves, just exactly what they were. And it was clear an important part of their identity was they were non-American. I love the Canadians, I think they're wonderful people. But it did create kind of an anti-Americanism that was part of being a Canadian. Because we're rejecting what you are, we're somehow more civilized, and different. The French-Canadians didn't have to do that as much, because they had their own culture, and they clearly weren't Americans, they were something else. And so they didn't, they didn't have that. But the thing that the French-Canadians had at that period in history, was I think they were being influenced by the French in France. That's when I really began to realize that we were off the tracks in Vietnam. When I got up there and start reading what the Canadian, and the French-Canadian press were saying, I began to say Jesus, God, what are we doing? We're off on a misguided venture. So that was an important thing that was going on up there too because I think they were influenced by the French. Of course the French always thought we were nuts because they had gotten out, and we somehow felt because we were better and technologically superior that we could pull it off where they had failed before.

Q: When you left there in '68 as an unmarried officer, was Vietnam hovering around?

MULLOY: Vietnam was hovering, yes.

Q: Because you would have been a prime candidate.

MULLOY: I was a prime candidate.

Q: So what happened?

MULLOY: I came down to Washington and was going to be assigned to Vietnam B to go into CORDS, Civil Operations and Revolutionary Development Support. And to be out there, winning hearts and minds was I think the way they described it. And so there are two things that were going through my head. One, I didn't think too much of this effort. Two, this constant worry about my family and my brother, and what if I got killed out there in this thing I don't believe in? Where does that leave all of them? And so I was in CORDS and I was thinking, it was a tense period, of what to do. Finally I went and talked with somebody in personnel, and I said this really is an impossible situation for me. And somehow or other they took care of me, they moved me out of that, and I got the assignment broken.

Q: And so where did you go?

MULLOY: When the assignment was first broken, I had a lot of guilt. I mean a lot of anguish going on in me at this point, because there were guys going over. And you see it as your patriotic duty.

Q: It wasn't easy to back away from.

MULLOY: No. So there was a certain amount of that guilt in your head. But there was also a thought that, I remember I used to think to myself, what if some Vietnam kid, who was like an American patriot trying to free his country, shoots you? Anyway, I didn't go, and they put me originally in the history office for a couple months. There was an office in State working on the diplomatic history of the United States.

Q: Foreign Relations series, yes.

MULLOY: I was there about two months and then there was the Office of Water for Peace, which was attached to the Undersecretary for Economic affairs. And it was mainly dealing with the Middle East, trying to solve the Israeli-Arab problem by building nuclear power plants, and providing more water for people. (Laughter) I was doing those kinds of studies. A good man named Dr. Dean Peterson, who was a Dean of Engineering at Utah State University was in charge. Then the election happened in '68 and Nixon was elected. And I kept reading the paper about all this stuff about Environment in the Congressional Record. And I remember I wrote a memo saying that we ought to have some kind of office to coordinate international environmental matters. Somehow or other the State Department put together an office like that. And Chris Herter, Jr. came in to head it up. He was a Republican, and his dad had been Secretary of State. And I got assigned to work with him. And he was a wonderful man.

Q: You did this from '68 to?

MULLOY: '71.

Q: '71.

MULLOY: Now, what happened here, was also, I put it in my own head, I'm going to get a law degree. Not because I want to be a lawyer, I want options. I never wanted to be a lawyer, but all my life I did want options. Secondly I saw the guys with power in Washington, a lot of them were lawyers. I said I'm going to get a law degree, and so I applied to Georgetown and GW, got into both, interviewed both, and decided that to go five nights a week at GW. It was a better choice, as it was within walking distance from the State Department. And I started in September of '68. And I went five nights a week for three years and got a law degree.

Q: Let's talk a little about, to get a taste of this water for peace and all that. Talk a little about what the plan was and what people were trying to do.

MULLOY: My understanding, I came into the middle of it because they needed a young officer, it was a Johnson initiative to talk about the scarcity of water and how that was important to agricultural development, and that they had some big worldwide conference, and this office came out of that conference. And one of the things that they got very interested in was in the Middle East providing more water with regard to Israel in the Middle East providing more water to Israel and the Arabs. And there was I think some

guy named Admiral Strauss who used to be head of the atomic energy agency who was pushing nuclear power as something that could help in that area. And there were feasibility studies going on if that would be something, and this office was coordinating that effort.

Q: But by late '68 you moved up to Chris Herter Jr.?

MULLOY: Yes, Nixon won in '68, right? He took office in '69, so Chris probably rolled in somewhere in '69.

Q: Where did the office fit?

MULLOY: Under Chris we were attached to the office of the Secretary with Secretary Rogers and staff. I got very active in the Junior Foreign Service officers club, called JFSOC. Also, Billy Macomber, who was the Undersecretary for Management, put together an effort to try to understand how the Department worked and how to reform it, apparently people believed it was a fudge factory.

Q: Fudge factory, yes.

MULLOY: Somehow or other because I think I got involved in JFSOC, I got put on one of Macomber's task forces. There were like thirteen different task forces that looked at the Department from different viewpoints. I got on the task force that looked at the Department from the 7th floor perspective. I think that was because I was attached to this office of Environment with Rogers. Elliot Richardson, who was the Deputy Secretary, was really in charge of that effort from the 7th floor. And that was just a hell of a learning experience, to go around interviewing everybody and be part of this- (end of tape)

I should say that I started as an eight, even with my Master's degree. I was 23 when I came in. Somehow or other I came in as an eight. A lot of guys came in as sevens who had masters' degrees. I think I was told it was because I was only 23. But anyway I got promoted to seven, I think I was a seven when that Vietnam thing happened, and then I missed a promotion. I think I was supposed to get to a six in two years. It took me three years to get to a six, and then I got back on track and I got promoted to a five in two years based on my work with Chris Herter. That was a tough period, let me tell you, that whole Vietnam thing.

Q: Well let's talk a little about JFSOC, because, this is a period, I was just a little bit older so I was a mid-career officer and?

MULLOY: Were you in personnel at that point?

Q: At one point, yes. And we kind of looked at the JFSOC, these were junior officers going around as the '60s generation, anybody who was under 30 had been born without original sin. And you were all, and people were paying attention to people under thirty.

So there was a lot of power, being young, people would kind of listen to you, because you belonged to somehow this generation, I remember a lady who later became Director General, Genta Hawkins, sort of a bomb thrower. Did you get involved in some of these politics?

MULLOY: I was very active in JFSOC. It used to be a social club. And I knew Bob Maxim, Frank Hodsworth, who later went on to work for Jim Baker, and Norman Achilles. Anyway, we looked at JFSOC as an organization to use to force AFSA to seek recognition as a collective bargaining agent for FSOs. In those days, everything was 'the needs of the service'. And if you wanted an assignment you didn't have much of a choice, it was all a closed process, and nothing was open about how you appeal, how you apply, it was all done within this apparatus. I didn't feel comfortable with such a closed system. I did not want to throw my life into an organization that I didn't know how it was going to treat me. I felt that FSOs needed a bargaining agent and AFSA should be that agent. And so we spent a lot of time and effort pushing that effort. I think it ultimately did some really good things for the service.

Q: How did you find, I mean, were you sort of up against real opposition?

MULLOY: In the beginning. And then we had some elections in AFSA and got control of that organization. I remember one time there was a big meeting in one of the State Department rooms and there was argument, a debate on whether we should seek this recognition, and it really got to people. I was in the audience, it turned into a shouting match, arguing these points. So it got very, very heated between those who were in the old system and felt it was fine and those who felt there ought to be some more involvement by the professionals in how they were being treated. Remember they began to break the service into cones at that time? Well the managers were in this administrative cone and they didn't have the interests of the political and econ officers at heart, and they were managing their lives without any input from them.

Q: Also, I think there was, particularly on the political and economic side was a younger officers felt an awful lot of dead wood up at the top. These are old guys, they were in their forties and fifties. And the idea is to get rid of them so they could move up fast.

MULLOY: Well, I can remember, another friend of mine in Montreal was Steve Johnson, his father was U. Alexis Johnson. Now his father went from like an 07 to an 02 in like seven years, because at that time in the early 1950s you had an expanding service. We in the late sixties, were in a shrinking service. And so Steve was an 05 at the age his father was an 01. And all that creates tension, so that there was that whole thing going on when you went into an organization that's not growing, in fact it's contracting, people get anxious. I took the FSEE management intern exam at age 21. I could have gone into these other agencies. I could have been promoted a lot quicker, and to see these friends at Law School who did that, and were promoted more quickly and then some of them could convert and transfer to State, it just seemed, this is crazy.

Q: It was the stagnation in the system.

MULLOY: And that was, that was part of the process. And then a part of it was, I think the Vietnam thing, where people didn't think that their elders necessarily had all the wisdom, that they had thought maybe eight years before.

Q: Were you involved in any sort of Vietnam demonstrations?

MULLOY: I participated in some anti-war demonstrations but did not sign letters criticizing the policy.

Q: That was in the spirit of 1970.

MULLOY: Cambodia.

Q: Cambodia.

MULLOY: I was going to law school at that time, and I remember, there were student demonstrations and riots. I did go down and participate in some of the anti-war demonstrations, but I didn't think it was right for a professional guy to be in the Foreign Service and openly protest the policy in terms of writing group letters.

Q: What about your work on this, I think in January, publication came out, Diplomacy for the Seventies. What sort of things were you gaining, insights were you gaining?

MULLOY: One, in participating in writing that report I met everybody, which was good. Secondly you get a better understanding of some of the problems that older guys were seeing and how the place was managed. You saw the role of the State Department vis a vis the other agencies was also changing. As we were moving into more and more commercial and economic issues, I felt, and I got that understanding that State's role was less important in these areas.

Q: Treasury and commerce.

MULLOY: Yes, Treasury and Commerce, and then USTR which was coming on. And so I got that understanding as well. But I love the State Department, I love the Foreign Service, I thought these were wonderful, talented, committed people. But the system wasn't treating them as well as it should, that was my judgment.

Q: Well, I think this is probably a good place to stop, and we'll put at the end here so I can play the tape, we know where we were. We're going to pick this up in 1969 when you moved with Chris Herter.

MULLOY: Chris Herter.

Q: To?

MULLOY: We called it the office of International Environment.

Q: So we'll pick that up and we'll talk about, we haven't really talked about it at all, what it was, and what you were doing, and the issues and all that.

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Today is the 10th of June, 2002. Pat, we're in early 1970 when your Water for Peace office was absorbed by what became the Office of Environment, or what was it called?

MULLOY: Yes, it was called the Office of International Environment.

Q: And how did that work?

MULLOY: Let me go back and just tell you, the Office of Water for Peace, I found some information in a file regarding the full scope of what we were doing in that office. We were developing water resource agreements with Libya, and also with Israel in terms of using perhaps an atomic energy plant to de-salt water and purify water, because that was a key commodity up there. My main recollection was there was a political guy named Dean Peterson who was in charge of that office, he was a good man, he was an engineer, and what we were trying to do there was try to figure out how to use the other agencies of the United States government to help in some of these larger environmental problems that were emerging, and I remember at one point we wrote a memo to Nathaniel Samuels, who was I think the Undersecretary of State for Economic Affairs, a memo saying that there was a lot of congressional interest in this environmental issue, and that maybe State ought to think about playing a bigger role in it. The next thing I find is in January of 1970, I'm writing to some dean of the Catholic University Law School, a letter that Chris Herter was coming on board, we'd just gotten a press release that Water for Peace was being absorbed into the new Office of Environmental affairs, and that Chris Herter was going to assume his duties on a full time basis in early February, 1970. And Herter was going to be special assistant to the Secretary of State, and head of this office. It was kind of attached to the office of the Secretary.

Q: At the time, how, the environment was such a major issue these days, how was it then?

MULLOY: Interesting, again, in looking back into some files, I have this, where in the January 1970 State of the Union message, President Nixon stated: 'The great question of the '70s is, shall we surrender to our surroundings or shall we make peace with nature and begin to make reparations to what we have done to our air, to our land, and to our waters?' And then in February of 1970 the President set up this cabinet committee on the environment and then he put State Department in charge of the international part of that cabinet initiative. There was a lot of public interest in this issue in that period of time. EPA had not yet been created.

Q: Of course part of this was that you were having a counter-cultural movement, which had a very strong environmental protection element to it. I mean, more simple things, you know, back to nature, but in that was some was silly, and some of it was, there was a core there. How about on the international field? Were we monitoring what other countries were doing over there, was there much interest, was there say a Green party in Europe and all?

MULLOY: No. My recollection is that the United States began to see this as an issue, I think there was probably a domestic constituency calling for this, and then we looked for an international institution to help us push an agenda. I think another part of it in looking through my papers was clearly the fact that we put men in space and men on the moon, and I remember that picture of the Earth from the Moon where the Earth clearly looked like a very fragile spaceship, and that we were all part of it. I think that touched people, and made an effort to think well we've got to find a way to preserve this happy place that we have for ourselves.

Q: So what were you doing? I mean first of all how did, it was Chris Herter Jr.?

MULLOY: Right. His dad was Secretary.

Q: What was his approach, I mean when he came on the board, how did he, how did you evaluate him and what he was after?

MULLOY: Okay, first thing, he was very well politically connected. And he was, we didn't have the expertise in the State Department to really do environmental things, and we needed to bring in these other agencies like Interior, the Council on Environmental Quality. And so what he did was have Secretary Rogers put together a cabinet-level international environment meeting that was held in the State Department in March of 1970, and Rogers said we've got some things coming up, we've got a U.N. conference, we've got some other issues we'd like to get your help in and try to move a U.S. agenda for. Getting that high-level attention to it was very helpful.

Q: And so what were you doing?

MULLOY: I was really kind of Herter's special assistant. So I got to see everything, and it was fun.

Q: How was he as an operator within the Department of State's bureaucracy?

MULLOY: I think in that period of time he was quite effective because he was seen as having close ties with the leadership, with the political leadership. And when you put in an office like that, there were all kinds of vested interests, I remember IO for example was a little suspicious of what we were up to as was SCI, which was the scientific office of the State Department. But I think because we had the blessing from on high, they

worked with us, and we cut out a pretty good role for ourselves.

Q: How long were you in that office?

MULLOY: I was there from when it was created in January 1970 until January of '72.

Q: What were some of the issues, again you were there mainly as a staff assistant, was that your job the whole time?

MULLOY: At one point we put together a working group, for cleaning up the Great Lakes that involved the Governors of the States on our side and the Premiers of the various Provinces on the Canadian side, along with both Federal Governments. And I was the Executive Secretary of the U.S. working group.

Q: Was the air pollution thing coming into the Great Lakes? Oil from coal burning, generators, was that, acid rain and all that?

MULLOY: Here's what was going on, the Great Lakes were a shared heritage between the United States and Canada. We were putting about 90 percent of the pollution in, the Canadians were putting 10 percent in. It became a very big political issue in Canada to get this handled. Lake Erie was actually dying and it was mainly, it was runoff from phosphate from fertilizing crops, it was oil spills, it was the fact that the cities weren't treating their sewage. There were a lot of different things that were causing the pollution of the Lakes. And the Canadians made a big political issue out of it. They filed a complaint in the International Joint Commission. And then the Joint Commission made some recommendations in 1969, and then the U.S. government picked up on those and put together an effort to work with the Canadians to clean up the Lakes.

Q: What was, how would you describe, I guess you were sort of sitting in on these meetings?

MULLOY: Yes, I'd write up what happened.

Q: At the sitting down level where people were really trying to do, how did you find, say, our governor sort of responding?

MULLOY: Well, what happened, it was the two federal governments that saw it as a problem, and then there was an office, I remember looking at a memo, there was a former governor who was head of the Office of Intergovernmental Affairs in the White House. And he was in charge of Federal Governmental relations with the states. And at one point we went over and met with him, and he said you must bring the states into this process, and here's how to do it. And so we held this big breakfast meeting with representatives of the Governors and they were very interested in it.

Q: Well, while you were doing this, how about the Canadian, the Canadian province

governors. What are they called?

MULLOY: Premiers.

Q: Premiers of the provinces. When you all got together, was it acrimonious, or how did it work?

MULLOY: Okay, first off the U.S. side pulled together what it wanted to get, and explained to the Governors and they're all on board. There was a lot of work being done before we brought in the principals. There was a big conference up in Mackinaw Island in Michigan where you had the Provincial Premiers and the American Governors and also the two federal governments. And it was all worked out, it was pretty much worked out beforehand, and so they were up there to kind of bless this program that was going to be adopted by both governments and then was going to be put into an agreement by the two federal governments. And that was in August '71, it was a two-year period that took to line this whole thing up.

Q: How did we work, say, with Chicago or Toledo or something like that, you know, Detroit which is dumping this stuff in?

MULLOY: Well, the federal government said, here were quality standards that had to be met, and then you worked with the governors on how to get there, on how to get their cities and states involved, that and they had to commit, and it was like, my understanding was the Federal Government would offer so much money and then the state would match it in terms of implementing the recommendations and getting the stuff cleaned up.

Q: How about, I would imagine?

MULLOY: When we did the Agreement, I think there was a circular 178 process in the State Department on how to do an agreement that's not a treaty. And you clearly have to have all of the authority already in place through other laws, and then you put the agreement together. So it wasn't like we were making a law, we were coordinating all the laws that were in place and putting them in a very defined manner to meet an objective.

Q: Were we getting things from industries like Ford or Proctor and Gamble or something like that, coming in and screaming and yelling, you know because these are the factories that are dumping stuff in.

MULLOY: You know, I was looking through again my notes on all this, we were clearly not being lobbied by outsiders in the State Department. Later I went to the Justice Department and actually handled these cases where EPA regulations were regularly challenged by Industry. Companies would challenge the validity of the regulations as to whether they were consistent with what the law was providing. Then there were enforcement actions. But at this stage it was clear there was a pretty strong national consensus that cleaning up the Great Lakes was something we wanted to do, that getting a

program in the U.N. to deal with some of these environmental problems, there was an ocean dumping convention to stop people from dumping things in the ocean. All of these, and I didn't see a lot of lobbying by industry.

Q: I mean, it got quite scary, there with lake Erie. It was a relatively shallow lake.

MULLOY: That's exactly the problem with Lake Erie and why it got more polluted than the others. It wasn't that it was getting a lot more stuff dumped into it but it didn't have the capacity to absorb what was being dumped in like Lake Superior, which was the deepest of the lakes.

Q: Did, by the time you left there in '73?

MULLOY: Let me just tell you, there were a couple things that were going on. This was an amazing period of life for me. I had a very exciting job, Chris Herter was a great boss, took me everywhere, took me to the Cosmos club, the Metropolitan club, introduced me around. I was going to law school five nights a week for three years during this period. I was also very active in the Macomber task forces on making recommendations on how to improve the running of the Department. We were supposed to look at the Department from the 7th floor. In some of our findings, based on our meetings with all kinds of senior people in the Department, we said there was an absence of esprit de corps, there was a strongly hierarchical system strangling creativity, there were feelings of non-participation by persons responsible for given areas and problems. There was a use of efficiency reports and assignment processes to punish dissent. There was a mistrust of the bureaucracy at all levels. I remember reading a book called the Fudge Factory and it became clear from that book and others that we'd read that these efficiency reports were a way of stifling creative thought in the service. We thought it was very important to find some way of dealing with that, because many of the young people at that point felt that that was part of the problem, that we went into Vietnam there wasn't enough dissent within the system to say God, where were we all headed with this one?

Q: I had the feeling that many reforms in the State Department, when they come up, they usually seem to be, or some of them seem to be spearheaded by young upcoming political officers, equivalent to the Captain or early Major level and all to get rid of the deadwood at the top. And then a few years later they're the deadwood at the top and there's another group coming, and an awful lot of reform is to get rid of people at the top in order to make room.

MULLOY: I went back and looked through some of my files. You remember I told you we got control of the Junior Foreign Service Officers Club, and then used that as an instrument to try and get AFSA to seek recognition under the executive order to bargain for the rights of members of the service. And in this memo of November 1970, I think we were arguing that once you reached a certain level of the service you should not be selected out for time and grade but only for cause, so I don't think we were headed in that direction. We did feel that, I think there was a sense that maybe we should be like the

military, everybody should be able to get to a certain level, like Colonel or something if you did a good job, and then there would be a different process to get up beyond that. But we felt that if a guy got in and spent 6 years and got beyond a certain level then he should be guaranteed a full career, unless it was for cause. I think that was one of the things we strongly recommended. And I found this memo from Macomber. At one point in October 1970 there was a Presidential Executive Order permitting people to seek recognition, and he wanted to remove the Foreign Service from being covered by that Executive Order and went to the White House and others to try and get the Department removed from that. JFSOC wrote to Macomber protesting that and then worked to make that not happen, and it did not happen. We were covered by the Executive Order.

Q: Well, I always felt on this at the time, and one of the motivators at the more senior level there were people there who either had their own money or absorbed the mores of those who did have money, so if you didn't have money you didn't talk about not having money, and my feeling was hell, I depend on my salary, and I don't see any problem in trying to get a little fairer share because the people at the top tended to say, well, don't worry about that, you know, you had the feeling that they wouldn't listen, let's go with a few coupons and get a little business, of course you'll have to rely on your family funds.

MULLOY: There were a lot of things that were going on at this point, you had Vietnam going on, which caused part of the counter-cultural movement that you referred to earlier. You had the environmental movement that was a part of all that. And I think that people in the service, at least the young people would look at it and say this institution is too hierarchical and it doesn't want dissent. And the people were looking for channels. And I knew it was part of the rebellion against the establishment. People wanted to be able to say if I tell the truth about what is going on, I don't want to have one efficiency report by some guy who doesn't like me ruin my life. I want some way to be able to counter that and have channels, because I think people felt that was part of the problem in Vietnam. I remember there was a guy named Paul Kattenburg or something like that.

Q: Paul Kattenburg was involved in Vietnam.

MULLOY: And I think he was a non-believer in the policy. And I think he got hammered somewhere along the line, and his career was kind of set off on another track. And young people seeing that say we must find ways that we can tell the truth as we see it and not have our careers sent off the track. And we thought that would serve the American people better.

Q: I guess, way behind all this, way before everybody's time, was the example of the China hands.

MULLOY: The China hands. I read about that when I was in college.

Q: Yes. And I mean, people didn't forget that.

MULLOY: No. No, that was very clearly in our consciousness at that point. Because that was only fifteen years before.

Q: For those that are unfamiliar, we had officers that specialized in Chinese training before and during World War II and somewhat afterwards, and they were reporting, it turned out quite accurately, on the weakness of the KMT government, but Chiang was very popular with, the party, the Republican right wing of the party, and McCarthy picked this up and the people who had been reporting honestly?

MULLOY: There was a General Chennault, and I think he married a Chinese-American woman. She led the Committee One Million which was a lobby in favor of the Chinese Nationalists on Taiwan and against the Communists on the Mainland.

Q: And they, you know, the China hands were considered sacrifices, and it left a very bad taste, because they left the idea that you better report correctly, politically correctly or you're not going to move ahead.

MULLOY: Exactly.

Q: And this rankled.

MULLOY: Yes, it did rankle people. I think people felt, if you're going to put your career into this organization, and I loved the Foreign Service, you wanted to feel that what you were doing was achieving some higher purpose which was serving the interests of the country and the American people, and that if you couldn't tell things like you saw them, it would make that whole effort less meaningful.

Q: Yes. So you had quite a full plate.

MULLOY: I did. That two or three year period was a great period of life.

Q: They, by the time you left in '73, how did you feel sort of the environmental agenda was moving? Particularly from the State Department view, both in the here that was in the bureaucracy and internationally, was it taking hold internationally as an issue?

MULLOY: First off, in December '71, I left the Office of Environment and went down to UN Political Affairs. And I was assigned to a group working on the Law of the Sea Conference. And I spent my last year in the State Department working on that.

Q: That would be '73 to '74.

MULLOY: No, January '72 till January '73. I was in IO/UNP. And working on the preparation for the LOS Conference. And I remember, I went up to the UN for some meetings. This was the effort to deal with, mainly the resources of the seabed, they were getting the technology to be able to exploit that stuff, there was the whole issue of 200

mile economic zones that countries wanted. And so there was an effort to harmonize it, in some kind of International Agreement. It was an interesting period of life. It wasn't as exciting as the other assignment for me because you were down further in the bureaucracy. When I was working for Chris and really had a great access to all of the agencies around town. So that was my experience.

Q: Well, while you were working for Herter, were there embryonic counterparts developing in governments, say, in Europe, Japan, elsewhere?

MULLOY: I remember, I went to Europe right after, I got out of law school in August 1971. It was a personal trip. I went to Berlin, I went to Bonn, and I went to Ireland and England and Edinburgh, Scotland. And each place I'd go and talk with the political sections and their impressions on what was going on in environment. And then when I came back I wrote a memo to Herter saying that, you know, the Europeans had done a lot better managing their environment up till now than we have. My impression was they did a lot more careful thought about industrial planning and where they were going to put different industries, and that they weren't as exercised about these issues as we were, and therefore pursuing our own agenda we have to take account of that. The other thing I found a memo was in China. China, we thought was going to be part of the UN Conference on the Human Environment, which took place in June of 1972 in Stockholm. And China we were worried was going to lead the developing countries to be hostile to that effort. The developing countries took the view that you guys, in your industrialization didn't take care of these issues. Now you're suddenly developed and you have money and you want to deal with them, but we're still trying to get rich, we're trying to get out of poverty, and you want us to take on the additional costs of dealing with the environment? And we were very worried that the Chinese were going to lead the LDC's in that effort.

Q: Of course, the argument was right on, the problem was that the overall impact didn't allow for us to say okay, let's take a century off and go ahead and do it and then run along together.

MULLOY: That was clearly an issue that was going on at that point, and I think it's still going on now. But there was a lot going on, there was another, you remember Pat Moynihan who became a great Senator, on the Finance Committee. He was in Nixon's White House at this point, heading up something called the Committee on the Challenges to Modern Society (CCMS). I found this memo, he was at that first interagency meeting in March 1970 that Rogers chaired. He came over to that meeting and was very helpful to Chris Herter in terms of getting the White House to take an active interest in these environmental issues. So there was a lot, it was an interesting period.

Q: It's interesting that Moynihan was quite an intellectual gadfly or whatever you want to call it in the Nixon administration, many people point to the Nixon administration, and say, you know, this guy for all the fact that the liberals hated him was really one of them, and really an awful lot of environmental social things.

MULLOY: President Nixon set up EPA. My memos show he was very interested in trying to use these international organizations, to deal with what was seen as a developing problem. Obviously political reasons were part of it, to get a constituency that was growing and was pretty active in the United States. But he took account of it and tried to move it.

Q: Did, were the Canadians sniping at us the whole time, and various things, did you?

MULLOY: Yes, they would, my memos reveal that they at one point said that we should divide up the ability of the Great Lakes to absorb pollution, figure out how much they could really take, and then you have to clean up 90 percent of it, and we have to clean up 10 percent of it, because we only put in 1/10th of what you guys do, or 1/9th or whatever it was. 1/10th. And we didn't like that. But it did get us off the dime, because taking a position like that did reveal that we were the culprit, and that kind of got us moving to say ok we've got to respond to this problem. But once we began to respond it looks to me like it was a pretty good working relationship with the Canadians. And the fact that I'd lived in Canada in my first assignment, I had a pretty good sensitivity to their concerns and how they looked at the U.S. I told my children that when I die one of the things I want in my obituary is my role in the Great Lakes Agreement, because I felt good about that.

Q: Well now, did you find yourself getting a law degree and getting involved in environment and all, was this kind of moving you away from the Foreign Service?

MULLOY: Yes, in fact, what I clearly wanted to do, and I find it in the letter, my resignation letter. I mentioned to you before, I had some family responsibilities that led me to think a career being abroad an awful lot of the time was not one that I could do. And so I wanted to get into the Legal Advisor's office, and continue to work on these environment and law issues. Chris Herter and others worked to make that happen, but it didn't happen, so at that point I had my law degree. I had taken the Pennsylvania Bar and the DC Bar and passed them and then I began to look for others ways, and I talked with the Justice Department and they offered me a position to be an environmental litigator over there, and even at that point I did not want to leave the State Department, so I worked to get leave without pay so that I could go over to the Justice Department and do that, but still not break my affiliation with the Department. And I got leave without pay from the Department, but then after I was over there, Justice said you can't do that, you can't hold down two federal jobs at the same time. And I said, well State doesn't have any problem with it, but they said 'Well, we do.' And so at that point I submitted a letter of resignation to the State Department.

Q: Well since these interviews are focused sort of on the international side, you worked for the Department of Justice for how long?

MULLOY: There were two parts of my time in the Justice Department. I worked as a litigator in the Justice Department doing EPA's litigation until August of 1977. And I had some interesting cases doing EPA's litigation. I got involved in a case that was in the

Supreme Court. Vermont sued New York over the pollution of Lake Champlain in the Supreme Court. The Supreme Court appointed a Special Master, and we in the federal government intervened in that case, to look out for federal interests. That was a pretty good experience.

Q: Was the final result a cleaner Lake Champlain?

MULLOY: I think it was, the International Paper Company was located on the New York side of the lake and they had to put in all kinds of pollution control equipment. The issue left over was there was a sludge bed based on the stuff they used to put into the lake on the bottom of the lake, which was leaking nutrients into the lake which fed?

Q: Weeds and?

MULLOY: Yes, eutrophication, the dying weeds sucked the oxygen out of the lake and then the fish died. And the question was whether they should remove the sludge bed or not, and after the suit it was decided it should be monitored but probably not pulled out and over time I think it did rectify itself. And so I was an environmental litigator at Justice until August of '77, somewhere in that period I decided that I wanted to get back into international things, and I figured out how to do that. I decided to try and go to Harvard Law School and get a Master's degree in international law. And I applied and got in. So in September of '77 I got leave without pay from the Justice Department and took a year off at my own expense and went up there.

Q: Now, at Harvard, what was international law? The idea was to serve as a consular officer, the Napoleonic code was something that we kind of learned to live with if you serve in lots of Europe, but what were they teaching at international law, was this trying to reconcile common law vs. Napoleonic law, or was this international law mean something quite different?

MULLOY: Well no, it was much more practical than that. I took one course called the International Legal Process with Professor Abram Chayes, who was the Legal Advisor in the State Department under President Kennedy. He was a policy-oriented guy. And his casebook was divided up into showing how to use legal institutions to respond to real world problems, like the chicken war with the European community.

Q: This is, you know, the major challenge for Kennedy at the time.

MULLOY: It gave you a look at what was going on in Europe and how the EU was being created, and the different institutions that were in place to try and manage EU relations. So you were really looking at real world political issues and how legal systems were kind of structured in order to put these political disputes in kind of a structure.

Q: Well now, you got out of there in what, '78?

MULLOY: ‘78.

Q: What were you doing, were you able to put this to use?

MULLOY: I wrote my L.L.M. thesis, on the International Energy Agency(IEA). It was created by the consumer governments after the OPEC oil embargo of ‘74. That event made us realize that the governments really didn’t know how oil markets were managed. It was all subcontracted out to the seven sisters as the major oil companies were once called. Governments needed their advice on how to deal with oil shortages caused by the OPEC cartel. We needed their advice and they wouldn’t come to meetings with the Governments without having an anti-trust defense. And the Congress wouldn’t give them an anti-trust defense without having the Justice Department monitor these meetings. So I just happened to write a paper on the IEA and then used that paper to get hired by the anti-trust division to be part of their international oil team. Ultimately I got the assignment of going to all these meetings at the IEA in Paris and finding out how oil markets worked.

You have to remember at this point in the American psyche, when we got hit with those oil embargoes, a lot of people felt that the oil companies were making huge profits and that they were somehow behind all this. Clearly it seemed to me they were not. They lost control of this commodity when OPEC and these governments took it over. A lot of people didn’t want to accept that fact and attacked the oil companies. So they didn’t want to go anywhere near joint meetings on how to manage short supply during an emergency without having an anti-trust defense.

Q: So, when you came here, you were what, you sat there and monitored it?

MULLOY: We used to go to these meetings, a lot of them in Paris, but sometimes they would be in Oslo or London or even Tokyo. Our job was to get the agenda beforehand, find out what items were being discussed, and then sit there and monitor them and give a report to Congress every six months on what was going on.

Q: Did you have a whistle that you blew? (Laughter)

MULLOY: We would sometimes say that that appeared to be what you needed. If we did not understand some item on the agenda we told the companies not to discuss it.

Q: I would imagine, I mean it was all the very careful set of conferences that was, I mean, how about the European companies like Shell and British Petroleum and all, were they at all concerned, or was this our problem?

MULLOY: They were very concerned because at one point as part of the Antitrust Division’s international oil investigation they issued a subpoena like demand for documents from those companies. America contends that our anti-trust laws apply abroad. And some of these governments like the U.K. put up blocking statues that

prevented their companies from cooperating with our anti-trust investigations. And so yes, those companies were very concerned about the reach of our anti-trust laws. And ultimately later on the EU and Justice department reached a common agreement about how they would handle these anti-trust investigations in each other's markets, but at that time we didn't have those agreements.

Q: Well, did you have a feeling that the United States in was sort of in advance of the Europeans particularly?

MULLOY: On anti-trust? Oh, yes. I mean, I think it was Article 85 and 86 of Treaty of Rome, which set up the EC's anti-trust provisions. But the EC was not as active in enforcing the anti-trust laws as we were, and secondly the EC kind of restricted itself to it's own market in the enforcement of its anti-trust laws.

Q: It so often happens that what the United States decides to do like enforce no bribery, enforce anti-trust or something, we get howls of protest yet within about four or five years or maybe ten years the rest of the industrial world seems to come along, so I don't know what the system is that particularly, maybe it's because we've got such a large country and we were concerned about these things or something that once the political system kicks it up, but we seem to be ahead. And despite protests, whatever this is eventually the Europeans and others sort of come along.

MULLOY: Well, it's very interesting talking about that because in the new WTO round, the Doha round, there have been discussions on whether the Round should discuss Competition Policy. This is because if you're trying to get into the other guy's market and he's got a cartel operating, it's a market entry problem. It's a market access problem. And so that's what people now are realizing, we've got to have some international rules on how to handle these matters.

Q: I'm not quite sure why our system, I mean it's not trying to brag or anything but whatever it is it clearly, when we had a drug problem with young people we got it before most other countries did, and now of course they've got it, or the people who sell the clothes they wear, we seem to be in this, we seem to be the avant garde of the good and the worst.

MULLOY: A couple reasons I think about that. Being the largest economy, which then gives you the role to play politically in the world, and that happens like when the Edwardian age, I guess the U.K. had that role, they set the styles and the way people wanted to look and behave. And I think we're at that stage in our own history and we have enormous influence. The other thing I think is our system is more open for thinking and creative thought and pushing ideas forward politically, much more than most other political systems. And therefore I think we have an ability to address future problems more quickly than some of these other countries. Now you mentioned the bribery, well when I went to the Hill, and we'll talk about that later, I worked for Senator William Proxmire, who wrote the Foreign Corrupt Practices Act in 1977. He said 'I can't control

what the British do with their companies. But I want to control what American companies are doing in their behavior abroad, and therefore we're going to make it a crime to use bribes as a way of getting business.' Now whether that's always enforced is another issue.

Q: But now, at one time our people were screaming bloody murder, because they felt, and it was, a constraint on doing business. But now it's become pretty well accepted, I mean, you don't pay bribes anymore, you pay commissions and all that but it's a little more regulated and open.

MULLOY: I didn't get up there and start working for Senator Proxmire until '83. But in the 1988 omnibus trade bill there was a provision to try multilateralize the anti-bribery effort. And people had been trying to do that in the UN. And I remember talking with the Senator and saying, because I had had this experience in the State Department, and the OECD, and the UN, I said 'The organization to go to is the OECD. We should charge the administration to go there.' And so he put a provision in the '88 Trade Bill saying the administration should go to the OECD and get an anti-bribery convention. And under the Clinton administration, they got that Convention, and now State reports to Congress once a year on how it is being implemented. It'll be a long-term effort, but I do think it's a building block.

Q: Well then, you were with the Department of Justice until '83?

MULLOY: Yes, I was in the Lands Division doing EPA's litigation until '77 and then I took that year off to get an L.L.M., and then I was on leave without pay and then came back and got picked up by the Antitrust Division in September of '78 and then I got this congressional fellowship, political science fellowship in September of '82.

Q: While you were in the Department of Justice, you'd been in the State Department. Were they, as far as bureaucracies and people, different breeds of cat?

MULLOY: Oh, absolutely. The culture, when I first went to the Justice Department, we would be having lunch and all the people would be talking about a district court decision, and did you see the 9th Circuit opinion on this? I liked the global political issues much more than the narrow world that we had in the Justice Department. And we were taught that the study of law sharpens the mind by narrowing it and that appeared to me to be the case, you know, Justice lawyers are in a much more narrow world. So it was culture shock for me when I first got over there.

Q: Did you, when you moved out of the, you moved in anti-trust division, you did that until you got the fellowship?

MULLOY: I was in the Antitrust Division from September '78 'till September '82, right, when I got this fellowship.

Q: Were you dealing with any international affairs in that period of time?

MULLOY: In the Justice Department?

Q: Yes.

MULLOY: Yes, it was in the International Energy Agency, and traveling to these other countries as part of that effort, that was the main thing in the international areas that I dealt with.

Q: Did you find, did you have counterparts in other ministries of interior or justice or something?

MULLOY: With the EU, we used to work with the EU anti-trust officials in our monitoring of the International Energy Agency. Not the individual countries.

Q: Well this is, was it the European Union at that time?

MULLOY: Well it, I think it was the European Community.

Q: I mean, it was still a kind of embryonic forum wasn't it, or not? I mean, did you find it?

MULLOY: It did not have the centralization of power that it has now. They still had the idea that you needed unanimous consent among the Council to get things done. They changed that now where they have a weighted voting system in the EU, so even if everybody's not on board they can still do things.

Q: Were you sort of a missionary, or were you dealing with the converted, the people you were talking to at the time?

MULLOY: Well the oil company guys were all converted because they were scared as they clearly realized the liabilities out there. They were good men in terms of they wanted to help the consumer governments know how to deal with oil shortages that might be imposed by OPEC. And they helped put together mechanisms to help do that. The idea with oil is that it is such an important commodity that when there is even a small shortfall the price could be bid up dramatically and then have very detrimental effects on economies, on national economies. So the idea was each IEA member has to build its strategic petroleum reserves to be able to deal with shortfalls, and then you've going to have a system that we're all not out there bidding against one other raising the price when there are oil shortages. Then we all suffer. We must find a way of sharing the available supplies during a period of emergency like this. And that was the sum and substance of what they were trying to do within the IA.

Q: Were you getting any flack when you took this congressional position?

MULLOY: You know, when I left the State Department I wrote in my resignation letter, 'I'm sad in submitting this resignation but I hope at some future time I may resume a foreign affairs career.' And the State Department wrote back to me on February 2, 1973, if you should wish to rejoin the Foreign Service at some future date your application will of course receive every consideration, best wishes.

My first love was things international. When I went to the Hill, I felt it was very important to understand the Congress, because everybody in the bureaucracy was very aware of the Congress and the power it had. I wanted to get an understanding of that, and I wanted to get back in things international. So that was my aim, to use that year on the Hill to do that. And I saw international trade was becoming an increasing issue that dealt with all aspects of the domestic and foreign economies. So I said that's the area to try to get into. So under my Fellowship I was supposed to spend half a year on the House side and half on the Senate, and I sought my first assignment with the House Ways and Means Committee because it was the lead trade committee on the House side. And I did get on to the staff of that Committee. And so I spent half a year from, probably November '82 until April '83, there and then I went over to the Senate.

Q: Well, on the house, ways and means committee, again we're talking, oh, about cultures. What was your impression of how it operated?

MULLOY: Well, Rostenkowski was chairman at that point.

Q: Dan Rostenkowski from Chicago.

MULLOY: Chicago. He was a congressman from Chicago. It was very interesting. I tried to get on the democratic staff and wasn't able to, and the republican staff offered me a position, so I was actually working for the republican members of the Ways and Means Committee so I was working for the Minority. But I was up there just trying to understand how the whole system worked. And they were doing some major trade legislation at the period I was up there. I think it was the Caribbean Basin Initiative. Rostenkowski was a very effective chairman. I soon began to see all of the lobbyists, and the role that they play in the process. I still never got a good understanding of the fund-raising that goes on, because I was never involved in that. But you saw all these lobbyists around trying to influence things. But I thought Rostenkowski really ran a tight ship and was able to get pretty much what he wanted.

Q: Did you see while you were there much connection with the State Department economic side or not?

MULLOY: I'll tell you the truth, USTR B they paid attention to. But they were dismissive of the State Department. They felt that State had too much myopia in terms of the foreign interests rather than U.S. interests. Of course I now see USTR focused on U.S. corporate interests not necessarily our larger national interests.

Q: Then you moved over to the Senate side.

MULLOY: You had to find your own assignments, so I went over and interviewed. I had an offer from Senator Bentsen to work on his staff and I had an offer to work on the Foreign Relations Committee staff with Senator Pell. I wanted to go to the Finance Committee as it was the leading trade committee in the Senate. I tried to get on that staff and wasn't able to. I went to the Banking Committee, and there was a man named Lindy Marinaccio who was the chief democratic council. Lindy said 'You come with us, we'll bring you into everything. And we have great international jurisdiction, we have the Export Administration Act, we have exchange rates, we have the Export/Import Bank, we have the Foreign Corrupt Practices act, we have a lot of international work going on, and we'll bring you into it all.'' So I said ok. And he said something else. He said 'If you come with us you may be coming to the right place at the right time.' So I said okay, I'm with you guys. And within a couple weeks I was on the floor helping the chairman manage the IMF recapitalization bill of 1983.

Q: Well, how did you find, was the Senate a different?

MULLOY: Oh, the Senate is a much different animal than the House. The Senate is a much more collegial organization. What struck me on the House side, and I think we see some of this now, the Democrats who were in the majority were contemptuous of the Republicans and you did not share what was going on. They decided what they were going to do and did it. The House is an institution that's structured with the Rules Committee, that you could do that. In the Senate, any one Senator can tie up things because the Senate rules require unanimous consent for many matters. Secondly there's open debate on the Senate floor and any Senator can offer any amendment. So you want to work with people and bring them on board with what you're doing rather than cut them out of the process. I liked the Senate. I was more comfortable in that kind of institution.

Q: Did you find that you were bringing something to the Committee?

MULLOY: Yes, let me give you an example. I was on the floor in June of 1983 when the IMF bill was being debated on the floor. The Staff Director Ken McLean and I were there on the floor with Senator Proxmire who was managing the bill for the Democrats. Senator Heinz was managing it for the Republicans. The managers of the bill sit down in front, and then their staff had two chairs next to them. So Senator Helms came and offered an amendment that said 'No IMF money for any country that is not a democracy.' Senator Proxmire turned to me and he said 'Mulloy, you were in the State Department, how many democracies are in the world?' I thought we were having a private chat. And I said 'Senator, I don't think there are more than twenty-five.' Two seconds later he was on his feet saying that he opposes the Helms amendment because there were only twenty-five democracies in the world. I thought oh my god, what have I done? (Laughter) And so I ran out and got on this phone and called the State Department and asked someone whether I was right or completely off the mark. Do we have to go back and correct the Congressional Record? Someone told me no, you're in the ballpark, and I felt much more

relieved.

Q: Because once you start interpreting views you can bring it down to almost anything you want.

MULLOY: That episode clearly meant that you're in a different organization here. People aren't researching everything before they say it. You know when you're a lawyer and you're filing briefs, and State when you're doing memos you double-check everything before you say it. On the Hill it was a different atmosphere, and I loved it, I thought god, this is fun up here.

Q: Before we move on to what you did after this, just to go back to Justice and your dealing with litigating on it, did you notice a change when the?

MULLOY: Oh, I was in Justice during the Saturday Night Massacre.

Q: Yes, I was going to ask you about that and also the change when the Carter administration came in and then the Reagan administration came in, did you?

MULLOY: When I came in to Justice, President Nixon was president. Mitchell was still Attorney General. He left shortly after I got there. My first Assistant Attorney General was a political guy from out west somewhere. After Mitchell left there was a reception for his successor Richard Kleindeinst. I went up to him and said, 'I know before you came to Washington you were very active in politics. Do you plan to go back to Arizona and run for office when you finish your job as Attorney General?' This is a true story, he looked at me and he said 'If I can keep my ass out of jail, I'll probably stay here in Washington.' (Laughter) And I thought what have I got into over here? Then at one point my boss in the Lands Division was a guy named Wally Johnson who had worked with John Dean's staff in the White House. He was our assistant attorney general for environments. I'll go back and tell you, I was actually in the Department working on a brief on Saturday night in October '73, because the next day I was leaving for Russia as part of an American Bar Association group to go to Russia. And I got there and all of a sudden all this turmoil was going on the courtyard, the courtyard's in the middle of the Justice Department. And I went out to see what was going on. Elliott Richardson and Ruckleshaus were driving out and the press was all over them, and they had just been fired. It was the Saturday night massacre. And then the next day I went off to Russia. But the amazing thing that was going on, when we got to Russia, we were supposed to land in Moscow, we landed, couldn't get off the place, went over to Leningrad, couldn't get off the plane, came back to Moscow, and finally got off the plane but nobody knew what was going on. At that same period the Yom Kippur war had happened. And we had our forces on red alert, and the Russians set their forces on alert, and so there was a lot going on in that October of '73 period. I was thinking when I was in Moscow I'm going to get killed by my own country's nuclear weapons.

Q: How about when the Reagan group, Reagan became President. This was in January?

MULLOY: ‘81.

Q: ‘81. Well, in Justice was there much effect?

MULLOY: We had a new Assistant Attorney General named Baxter who was very interested in the AT&T case. He got very interested in trying to get that case settled. I think he got a pretty decent settlement.

Q: Was there any feeling when the Reagan administration came in, what you were getting at your level, oh boy things were going to change, we’re going to take a different cast in that, or?

MULLOY: I did not get any strong feeling at my level.

Q: Well that’s a good answer, because you know I mean, the ARA bureau of the Department of State had really felt it. But other places didn’t, you know there was a lot at stake, giving Nicaragua to South America. Well then, let’s move ahead to, after you finish this time as a fellowship, what did you do?

MULLOY: Then, the guy who said I might be coming to the right place at the right time, Lindy Marinaccio, he got an appointment to the SEC as a Commissioner. And so that left the General Council position open. Senator Proxmire called me down to his office and said, ‘Would you be interested in staying here rather than going back to the Justice Department?’ I was very interested in doing that. So I resigned from the Justice Department and threw my lot in with Senator Proxmire, who was then the ranking member on the Senate Banking Committee. The Republicans were in control of the Senate, we were in the minority. Proxmire was a wonderful man. Very good senator, and a good human being. He was the best boss I’d had since Chris Herter. You just felt energized because he was a man who, if you came up with good ideas, he’s going to try to implement them. So it was fun. And then he became chairman in ‘87, Jake Garn was chairman of the committee when I arrived there as a fellow in 1983. The committee actually hired me in June of 1984.

Q: Well then, you moved in ‘84, and how long did you stay with the Senate?

MULLOY: I left the Senate in May of ‘98.

Q: Did you find when the Democrats took over, did this make much difference, or was this sort of collegial atmosphere?

MULLOY: Each committee on the Hill had a different culture. Judiciary is a much more partisan committee because the issues with which they’re dealing can be quite partisan. You get into gun control, you get into abortion, you get into all those kinds of issues. The Banking Committee at that point was a very bipartisan committee. It didn’t mean that

there weren't differences. They often broke down to big states vs. small states or guys with more ties to Wall Street or more ties to the banks, or more ties to the insurance industry. Those were the types of disputes that would come up on the Banking Committee, so it was not a partisan Committee. It was a pretty good place to work. I had ties on both sides of the aisle. Republican senators after a while look on you as a professional who knows his stuff and can help them. They would send their staff over to seek advice. I tried to be helpful to both sides, but clearly I was a Democrat and worked to achieve the agendas of the Chairmen or ranking members for whom I worked. But we always tried to be very forthright as to how we treated members and staff of the other party.

Q: How did the Trade Bills work? What were we trying to get out of it? How did it come out?

MULLOY: In the early 1980s, we were beginning to run huge trade deficits, with Japan in particular. This was a new phenomenon in recent American history. I think a lot of it was related to the Reagan economic policy of deficit spending. U.S. interest rates went up, foreign capital flowed in, drove up the dollar value, but there were all kinds of groups who would be hurt by this. It made imports cheap and exports expensive. Our trade deficits grew. The Democrats became the Senate majority in 1987, and Senator Byrd, the majority leader, said 'What can we do? What can we do to strengthen our trade position internationally? The Senate Finance committee would have loved to have taken on this job. But Byrd said: 'No, I want all the Committees involved, and then I want Senator Lloyd Bentsen, the Finance Committee Chairman, to be in charge of a 'Chairman's Committee,' where both the chairman and the ranking members of all the Senate committees involved in trade will sit in, and each committee has to report what's it's doing.' Chairman Proxmire did not like to go to these kinds of meetings, and he sent me, so I would always be sitting on these meetings for the Banking Committee.

Some Republicans on our Committee and the Reagan Administration wanted to dramatically amend and make less stringent the Foreign Corrupt Practices Act, which was in the Banking Committee's jurisdiction. Senator Proxmire resisted that since he authored that law. But we did make some minor changes. We did modify our export controls law. At that time DOD was trying to stop our companies from selling anything that would be helpful to the Russians and Eastern European economies, and the industry was screaming, because the Europeans or somebody else would be selling stuff they felt we should be able to sell. So those become some of the issues we wrestled with. We tried to strengthen and put more money into the Export-Import Bank. We tried to loosen some of the restrictions on building export-trade trading companies. We put in a provision dealing with the international debt crisis. At that time Latin America was being killed by the international debt crisis, so we put in an institution to buy some of this debt at discounted prices from some of those countries. So those were some of the kinds of provisions that we developed in the Banking Committee. The Senate bill also made changes to Section 301 of our trade law.

Section 301 involves identifying unfair trade practices in the other country's market and if they don't respond then you can put sanctions on them and restrict their imports into this country. We put a 'Super 301' to deal with intellectual property rights violations. We put Commerce Department people in the World Bank and the other multinational banks so they could help monitor potential contracts for American companies to bid on.

Q: As you were working on this bill, what was the input of the business community? Did they have input?

MULLOY: Yes. Definitely in the export-control area. And of course, DOD would have one view on that, which was, don't sell anything. Commerce wanted to sell everything and State was often the honest broker.

Q. I talked to people who dealt with trade policy, particularly in this time of the Cold War, saying that as you put it? DOD essentially is: 'Don't sell anything because it will help the communists.' The Department of Commerce is saying 'For God's sakes we got to sell and make money.' And state was usually put in the position of finding the compromise.

MULLOY: Right. Yes, that's about right.

Q: Yes, I interviewed him now, and he has a distinction of being watch-officer in Saigon. He and?Ted: an economic officer back pretty new to the place so all of a sudden there he was in the embassy by himself? with about three marines. And they were fire fighters? and they didn't have anything to fight with and they were just kind of sitting there. The lady was the ambassador to Slovenia. But did you find the states that were acting as a modifying role between some of the government departments and other?? Well we didn't play out that way as far as you?

MULLOY: I remember the State Department clearly having a role in the export control area. There were two kinds of export controls B there were the national security controls, which would control exports to the Soviet bloc. There were also foreign policy controls to countries like Syria or Libya because they sponsored terrorism. State played a big role in the foreign policy controls, less so in the national security controls. DOD would block exports. State and Commerce would appeal to the NSC. A lot of the people in the NSC were State Department people. So they did play that role, but a lot of it was institutionally at that point in the NSC rather than the State Department.

Q: How did you feel when the Bill came out?

MULLOY: I think President Reagan vetoed that bill and then we passed it over his veto. The Congress passed it over his veto. I began to use 'we' because you get the feeling 'We', even if only a staffer. That was the other thing. I always had to remember that nobody elected me to do anything. My job was to keep the Senators fully briefed on what I was doing and making sure they were comfortable with it. I wasn't an elected

representative.

Q: Did you get involved in something that is now forgotten but it was a horrendous thing and that's the savings and loan?

MULLOY: Oh, yes.

Q: This is domestic but it was so awful, what has to? were you there in the beginning when they served gratuitously allowed savings and loans to have 1) to be unsupervised 2) to have their deposits insured.

MULLOY: God, I wish I had gotten my files on this, because this is a fascinating era. I have looked into it because I lectured over at the National Defense University they have a financial services working group. Once a year they put these people through and they're always interested in this so I have pulled out files on it. I arrived on the committee in '83. The real problems with the S & Ls came in when inflation hit under President Carter. Due to oil price increases inflation was raging. And then Chairman Volcker came as chairman of the Federal Reserve Board. And he said I'm going to break the back of this inflation, and interest rates as you might recall were up 18-19%.

The S & Ls at that point would take in fixed rate deposits and they were able to pay a slightly higher interest rate than banks. So they would take the money, and they would lend it out for home mortgages, just like that famous movie with Jimmy Stewart *It's a Wonderful Life.* And then what happened was that inflation hit and they could not get new deposits as people wanted a higher rate of return and could get it in the money market deposits. The S & Ls became decapitalized. They could not pay off depositors. So in the early Reagan years, the question was what do we do with these institutions? Do we shut them down and pay off their depositors? They had no capital. And the decision was, you know, we'll let them get into more profitable businesses, and make more money doing other things, and that way we don't have to spend federal funds shutting them down, because it would have been a hit to the budget. The problem was, many of these S & Ls were state chartered and state supervised, particularly in California and Texas, but they were federally insured. These states gave their S & Ls enhanced powers, let them have these enhanced powers, but nobody was supervising them. And they were into windmill farming, they were into commercial building. It was like having a piggy bank for real estate developers. Over a period of time these guys lost more money and you had a bankruptcy problem. And so the hole got deeper and deeper every year. We didn't really get a clear sense of what was going on until '87 when Senator Proxmire became Chairman of the Committee. Under Republican control of the Senate there wasn't as much of an incentive for Republican senators to be looking into this. The majority party in the Senate controls the hearings. When the Democrats became the majority party in 1987 we looked into this S&L problem. We brought in the Reagan administration and said, you know, what are we going to do here? And they said a minimal capitalization of the S & L insurance fund. And we passed that into law. And then we came back and we looked at it again, and the hole was much bigger than they had said. We brought them up

and they said, Undersecretary Gould of the Treasury Department said, 'I urge you in the strongest possible terms to avoid any budget busting bailout of SLIC'. I will never forget that. He meant do not appropriate new funds to close down ailing S&Ls. We can deal with it with existing resources. The Reagan administration ended that year and the Republicans got through the election without this becoming a big political issue. And then almost immediately President Bush raised it as a big item that needed to be dealt with immediately. It was very clear when you go back and look at the record. I think it was Secretary Brady came in to office before Reagan left, and later on he said that as soon as he got into office he was planning on how to deal with the S & L problem. But he knew there was a problem there, they did not want it to be an item in the 1988 political debate, and then in 1989, President Bush took the attitude that this is a problem I must get behind me as quickly as I can, and he did, he came up with a very good plan. The Committee worked with him and we put a bill through, and in August of 1989 that bill was signed into law. It set up the Resolution Trust Corporation to buy up all this bad debt.

Q: Now why did the federal government have to do this?

MULLOY: It wasn't bailing out the S & Ls. It was bailing out the depositors who had put their money into the S & Ls. They had insurance, up to a hundred-thousand dollars per deposit, and you had to take care of the depositors, because that was a federal commitment. People often confuse that. It wasn't to bail out the S & Ls, many of those went down, many people went to jail, but you had to take care of the depositors.

Q: We move on, after the omnibus trade bill, on the international side did you get involved in any other legislation?

MULLOY: In the '88 bill there was a provision that we put into law, which we required the Treasury Department to report annually with an update every six months on international economic policy. We felt this was an area that was being ignored in terms of making trade policy in this country. The value of the dollar, and why it went up and down and whatever, and also whether countries were out there manipulating their exchange rates to gain trade advantages against the United States. So we required the Treasury Department to give us a report and have the Secretary of the Treasury testify every year with an update every six months about who was manipulating their exchange rate to gain trade advantage and what was going on internationally and economically, why the dollar was up or down, etc. And until we lost control of the Committee in '94, we used to do regular hearings on that, and the Treasury actually identified countries like Taiwan and Korea that manipulated their currencies to gain trade advantages. Actually, our legislation helped the executive branch to be able to go forcefully and deal with those countries to stop these practices or else they got identified.

Q: Well, over the years we have developed two laws, and cadre of people, a much more sophisticated apparatus to deal with trade wars essentially, I mean taking care to make sure other people didn't gain advantages through various things, this was a corrupt fact, this was by regulation, by ability to respond and all that.

MULLOY: You know trade policy used to be in the State Department before the creation of USTR. The Foreign Commercial Service used to be in the State Department. State was the biggest player in trade negotiations. But the Congress and business interests lost confidence in State. I think there were a number of reasons. One was the political guys would get the better promotions in State rather than people who did trade work, so the culture did not reward it and thus States best people did not do it. Secondly I think congress lost confidence that the State would manage it properly because State people are trained to look at problems from the other fellow's perspective. But you're right, we have developed institutions, I'm still not sure that we're managing the problem the way it needs to be managed. I mean we're running current account deficits of over 450 billion dollars a year. Now people say, the dollar will at some point come down in value and the system will self-correct. But why should people in manufacturing lose their jobs because other people are bidding up the dollar's value. That has no relation to the ability of our workers to compete against the guys in the other country in making an item. In the early years after WW II we had fixed exchange rates, remember?

Q: Yes.

MULLOY: That all collapsed in '71. But we'd lost sight of that, I think at some point we're going to have to come back and have to deal with that issue of currency values.

Q: Did you get involved in the development of the World Trade Organization?

MULLOY: Yes, I was actually in Geneva for the meeting at which it was created in December 1993. A couple of the international things that we did on the Banking Committee, there was an issue called BCCI, it was the Bank of Credit and Commerce International, it was a Pakistani Bank.

Q: Pakistani bank.

MULLOY: And they were involved in illegal activities. When that happened, Senator Riegel was then Chairman of the Banking Committee and Senators Kerry and Sarbanes said we must deal with this problem. You remember Clark Clifford got caught in all of that. A lot of people were focusing on what did Clark Clifford know and didn't know and that. We on the Senate Banking Committee said, you know, we're not going into that. Our Senators said 'What is the policy here? What does this reveal about the failings of our bank regulations?' And we wrote to the Banking Agencies. And the Federal Reserve B God bless them, a great bureaucracy by the way B came back and said the problem here is you have all these States regulating these foreign banks. They weren't subject to any federal supervision. And the states used these foreign banking licenses as part of their economic development plans, They do not have the ability or the incentive to control money laundering and other bad behavior by foreign banks. And the Federal Reserve said what you ought to do is put us in charge. Then we can determine what foreign banks can come into the country. And we set up an international standard that they had to have

comprehensive supervision on a consolidated basis, meaning that somebody's got to be the main regulator of each foreign bank and know what's going on in each institution. We passed that into law in 1994. That was a pretty good provision. I was very happy with it.

Q: Screams of the States?

MULLOY: Oh, yes, the states?

Q: I assume particularly some states, this is a piggybank they could raid.

MULLOY: Before Congress passed the International Banking Act of 1978, foreign banks could come into the country and were not subject to interstate banking restrictions. In 1978 Congress passed the International Banking Act to make a policy of national treatment, that foreign banks could do what American banks could do, but no more. But the Federal Reserve in 1978 tried to get a provision that they should regulate foreign banks. They couldn't get it because of opposition by the states. When we had the BCCI problem, it was an opportunity. When you get something like that you grab it and you try and get good policy done quickly, and that's what we did.

Q: This was something you had in your hip pocket, but it wasn't, you couldn't do it until, some of you really screwed up big and then you could?

MULLOY: Then you could do it. I wasn't there in '78 so I didn't have this institutional history, so I didn't know until after we got into it. The Fed said 'Well, oh, yes, we have a remedy'. That's the value of these good bureaucracies like the Fed or the State Department because they have these institutional memories. And they came back and we put that through and got it into law.

Q: World Trade Organization, did we play a role in getting it started, did we see it as something we wanted, or did we come in kind of reluctantly?

MULLOY: After World War II, they wanted to create the IMF, the World Bank, and the International Trade Organization. And they got the IMF and they got the World Bank and the International Trade Organization was supposed to have been done about 1948. President Truman tried to get it approved by the Congress and Congress would not approve the International Trade Organization.

Q: We had a rather isolationist congress.

MULLOY: Well the fact is, I guess we had a Republican Congress at that point.

Q: It was sort of a reaction, I mean, you had people who had been isolationist during, before World War II and they were out to get revenge or something.

MULLOY: Right, exactly. And they were really suspicious that FDR had abused the

executive agreements and so anyway, the ITO got rejected. Now the way that Truman handled that was that he had authority under the Reciprocal Trade Agreements Act to reduce tariffs. So they set up the GATT. It was not an international organization, but it was a forum where countries could get together internationally and agree on tariff rates on a multilateral basis.

Q: There has to be general agreement on?

MULLOY: It worked pretty well on tariffs, but in the '70s and '80s, people began to realize the problems in trade were no longer tariffs, they were these non-tariff trade barriers, and how to deal with those. The fact was that GATT did not cover agriculture and GATT did not cover services. So in the '84 Uruguay Round of GATT negotiations we pushed to get agriculture and services covered. Agriculture because we felt the Europeans with their common agricultural policy was creating enormous surpluses in agricultural products. We didn't expect to sell that much in Europe, but they were driving us out of other markets because of under pricing with their subsidized stuff. So that was the effort and those were two of our key objectives. We on the Banking Committee got involved in this because we said 'You're dealing with financial services, the Banking Committee's going to see what's going on there.' And so we broke into the international process. I remember when we first went to Brussels and Geneva and these meetings, USTR was not too pleased to have us there, and there was a struggle going on between Treasury and USTR. Treasury wanted to be the chief negotiator on financial services. So we did get involved and I was present in Geneva in 1993 when the Uruguay round was ending up. And the reason I was present was because one of the key issues was whether financial services was going to be covered by this agreement. We on the Banking Committee did not want it covered because none of the other countries were giving good financial services openings to our firms. And once we were in, we were locking on market open, because you have to give all signatories MFN. So anything you gave the Europeans we had to give to the Japanese and anybody else, without getting market openings in their markets, which is crazy. And so we were over there to prevent that from being done. Larry Summers was the Undersecretary for International Affairs at the Treasury Department, and he was in Geneva to negotiate this issue. My job was to be present to prevent Larry from including financial services in the final agreement. We organized a lobbying campaign with all the investment banks who didn't want it in. It was a fun process, very political, just like working a bill in the Congress. It required the same skills. We kept financial services out of the 1993 agreement. It was later included in 1996 after we got better market opening commitments. When the Uruguay round began in 1984, they had no intention of creating a World Trade Organization. Somewhere along the line, about two years before the round was completed, that idea was introduced. So somewhere about two years before the round completed, people began to think we ought to use this occasion to create this organization, because just dealing with tariffs, we've going to have an organization to deal with these broader issues of international trade, and that's kind of how the WTO got off and now it's running.

Q: Did you get involved in the?

MULLOY: I remember being in that room when the agreements were signed?.

Q: Including the WTO?

MULLOY: And I thought to myself, this is a historical moment.

Q: It really is. How were we viewing European, as the European Union, by the time you ended up there in '98, how did we view the European Union, from the perspective of the Banking Committee?

MULLOY: You know up until 1994, our banks could not branch inter-state. We were paying close attention to what the Europeans were doing in their Second Banking Directive. They were permitting their banks to branch throughout Europe. And the banks were saying, we've got to have this ability to consolidate our home markets. It will help us compete internationally. And we did some hearings, we brought in officials from Deutschebank, the Royal Bank of Canada, Barclays Bank, and we brought in the Bank of Tokyo. We also brought in some of these international groups to say what was going on in their markets, what did they think of it all. So in one way we admired what the Europeans were doing and paid attention to it. During the final night of the WTO negotiations in December 1993 the EU wanted to complete the deal but the French would not cave to Hollywood's demands for more market access, and to get the deal we stopped insisting on that.

Q: And who was the lobbyist for the Hollywood Crowd? Valenti.

MULLOY: Yes! Jack Valenti! He was over there, and I remember the last night because I was keeping a close watch on the international financial issues. He got called in by Mickey Kantor, our chief negotiator. Kantor said you know, we love you Jack but we can't get the agreement we want if we insist on getting what you want. We have to throw you over the side. I don't think he was very happy, but they wanted to get the agreement concluded.

Q: How about the North American? NAFTA

MULLOY: The first thing we did was the U.S.-Canada Free Trade Agreement. That was done in 1988. There were financial services parts of that Agreement and our Committee wanted to review it. So Majority Leader Byrd said he wanted each committee to look at those portions of the overall agreement that were within its jurisdiction. I was very surprised when the Canadians came out for this, because when I was in Canada, the last thing they wanted to do was to integrate their economy with ours. They were always thinking that they would lose their national identity. And suddenly here we had this U.S.-Canada free trade agreement, and I was very happy that we got it. To tell you what kind of a man William Proxmire was, I played a role in all that, getting our provisions through the Committee, with Proxmire being Chairman of the Committee. President Reagan sent

him a signing pen for the agreement, and Proxmire sent a nice letter to me and transmitted the signing pen to me. In a note he said you were involved in U.S.-Canada relations from an early age and I want you to have this pen. I think that was a good agreement between the U.S. and Canada. The next step of course was NAFTA, and I think that was not good. It was the real beginning of the poisoning of support for trade in this country.

Q: Well, I mean, because they're two quite different economies.

MULLOY: Right. That was the problem. The Europeans of course, when they were going to bring in a country like Portugal, they insisted that these countries have democratic governments, and they insisted that they come up with a certain standard of living, and they provided subsidies to do all that. Here were we were going to merge our economy with, essentially a third world country with workers making one-eighth of what American workers make. It wasn't a trade agreement. It was an investment agreement. Our CEOs wanted to be able to go down there and invest and be sure that they could ship their stuff back here. And that's what happened. And it began the poisoning of support for international trade in this country.

Q: You, you left in '98, and was this election motivated or was this personally motivated or?

MULLOY: No, in '92 I had helped in the Clinton campaign, those guys were all down in Little Rock and we used to send them stuff, help them develop issues. I was on the transition team in the Treasury Department after the election. You know, to help prepare the briefing books for the new guys who were coming in. I was very interested in trying to come into the Clinton administration at that point. I had my eye on the job as Assistant Secretary for International Affairs at the Treasury Department. When Larry Summers got the Undersecretary job, Larry has such a vast array of acquaintances and friends who were quite competent that I knew he would not select me. They did offer me a job as Deputy Assistant Secretary of Commerce, and I talked with some folks, you know, Senators, and they thought Pat, you ought to just stay here with us and make another run. And so I did, and I was happy I did because we got the Interstate Banking Bill done in 1994 and we got that Foreign Bank Supervision Enhancement Act done that year as well. But then in '96 I helped in the campaign again, and Senators Sarbanes, Dodd, Bryan, Daschle and others supported me and the White House appointed me to be an Assistant Secretary of Commerce for International Trade.

Q: How did you find that?

MULLOY: Well, one, it was fun going through the process, I was confirmed through the Finance Committee. I had my hearing, and I had Chairman D'Amato, who was then Chairman of the Banking Committee on one side, and Senator Sarbanes, the Ranking Democrat on the Banking Committee on my other side. This said to the Finance Committee, this is a guy that works well with both parties, which sent a message to get

him through, and I got through pretty quickly. And then, rather than have my swearing in down in the Commerce Department, I insisted that we do it on the Hill in the Banking Committee, because I said we're going to work with the Congress. And so I did, I had my swearing in, Secretary Daly came up there, and Senator Sarbanes was the master of ceremonies and Senators Dodd, Reid and Breaux came by. It was clearly a very high point in my own life to have that.

Q: Absolutely.

MULLOY: You make a speech in front of your friends and colleagues. It meant a lot to me because I'd always been a public policy guy and this was kind of a recognition that you'd done something useful.

Q: Culture of the Commerce Department?

MULLOY: That was a little different. I remember getting down there, and if I'd gone back to State, I knew the culture, it would have been a little different. I didn't really know the culture of Commerce. I remember being in these huge halls, and on the Hill, when Congress was in session, there were just pulses of energy going through the building, and then being down there in Commerce, you didn't find that. But I learned great respect for the Commerce Department and the people they have there. But when I first got there I began to think what have I done? But then once you get thrown into the work, and all these things are coming at you, you have to sign or move it forward you don't have a lot of free time to be thinking about your raison d'etre, and you are just trying to keep up with the job. The International Trade Administration is in the Commerce Department. They have an Undersecretary. Stu Eizenstat had had that job, and then Stu got the job as Undersecretary for Economic Affairs in the State Department. David Aaron came back from our Ambassador to the OECD, he was our Undersecretary. So I worked directly with David. David was a young FSO when I was a young FSO, and when I went through my files, I found he used to run something called the Open Forum Panel. So I had known David through the years. I was one of four Assistant Secretaries. I was the Assistant Secretary for Market Access and Compliance, which used to be called International Economic Policy. We had the Foreign Commercial Service, run by an Assistant Secretary. We had Trade Development, run by an Assistant Secretary. Now they were the industry experts B your e-commerce experts, your computer experts, your aerospace experts. Then we had the Import Administration, which administered our anti-dumping laws. I had all the country experts, so I had a little miniature State Department under my supervision. And the culture we were trying to inculcate there is that it is our job is to be the junkyard dogs fighting to make sure we get what we bargained for in these international trade agreements. You know, we don't make nice, we're the mean guys, you know, we bargained for this, you better deliver. So that was the role I had at the Commerce Department. And my main realization was, ITA got a combined budget, but each unit got a separate line. Import Administration, they had the dumping trade bar interested in what they did. You know all the guys that do the anti-dumping cases, so they make sure that I.A. got the money they needed. Trade Development had all the industry

people interested so they got their money. The Foreign Commercial Service had built their own constituency, and they actually, at one point, they had these district export offices, you know, that tied them into the network of trade promotion around the country. At one point they hired lobbyists to lobby for FCS and their budget. And I get in there and found out 'Nobody gives a damn about Mac's budget.' and as a consequence, my unit was a shrinking organization. And I said 'This is crazy, because Congress wants these trade agreements enforced.' So I really set out over the next couple years to develop relations with the Congress as to what this unit did and why it was important. And I have to admit we got a lot of money. That was one of the big things I think I accomplished over there.

Q: With the Foreign Commercial Service, first place, by the time you had it?

MULLOY: I didn't have the Foreign Commercial Service.

Q: Oh. But did you find the Foreign Commercial Service, which is generally though of as pushing American trade, and I would think being the mean guy on the block and looking about how countries are not complying with it would be something they'd rather not have to deal with.

MULLOY: Yes, I think that there's a certain culture. At one point, you know, because MAC could not get funded, Commerce was thinking of merging MAC with the Foreign Commercial Service. It would be a bit like a little State Department, you have the jobs here and jobs out in the field. Maybe that does make sense, but part of the problem in doing that is that the cultures of the two organizations are quite different. The Foreign Commercial Service is a trade promotion group. And they didn't conceive of themselves as necessarily being market access people. It was interesting in China and Japan they are market access people. In Latin America, they're solely trade promotion, mainly because State, I think, doesn't want them getting into anything else. The other thing I saw was in the EU, it was very important for us to get into the regulatory process at the EU and head off bad things before they were put into directives or regulation. Because I realized it was just like American lawmaking, once you put it into law, it was very difficult to change it. You've got to head off bad things before they happen. And that came from, again, my experience on the Hill. When we were going to put a provision in a law, sometime the foreign banks would come to us and say there's a problem. They would say?

Q: Often you wouldn't understand what the problem was.

MULLOY: You'd blow them off. Then they would bring in the EU guys, or their Embassy. You'd pay a little more attention, but maybe you'd blow them off again. Then they'd bring in the Fed and the Treasury. And you'd pay attention and try and take care of it. And I felt that's what we needed to do in their process. We needed to be more omnipresent. And that was what I conceived of MAC doing, having our guys out there more into the process of developing and heading off bad things.

Q: Well this of course is, you know it takes both skill, diplomatic people, but it also, it's changing priorities, isn't it?

MULLOY: You know, your point is well taken. Currently up until like '94, and I think partially in reaction to NAFTA, people said 'Well, are we enforcing our agreements?' And there was no institution in our government that even had copies of all of the trade agreements and what we were doing with them. And then USTR and Commerce both tried to get the lead on it, and they both created units. USTR's could not be very big and effective, because their power is staying within the White House. And when they stay within the White House they can't grow. So it really has to be the Commerce Department that's going to have to do this kind of grunt work that was my realization. I emphasized this in my efforts to solve our budget problem.

Q: You left there when?

MULLOY: On January 20 of 2001 at the end of the Clinton administration.

Q: By the time you'd left, did you feel we were developing a more responsive instrument or aggressive instrument to get out there like EU and World Trade Organizations and other things, to see that we were, our needs were being met?

MULLOY: I do. In the, my last year there, one, I began to send people up for assignments on the Hill. I remember Senator Dorgan whom I knew pretty well and liked very much. He needed a trade guy, and I sent him a trade guy. He liked what he saw. That guy was very helpful to him. Then when we needed some help, he had a very clear idea we were pretty good people, and then he helped us get money. Senator Byrd and Senator Sarbanes also helped. And then I sent people up to work on the Finance Committee. Grant Aldonis is now the Undersecretary of Commerce for International Trade, used to work on the Finance Committee. My special assistant was a woman named Holly Vineyard. I sent her up to work for Finance for six months. So Finance wrote letters to our appropriators and helped us get the money we needed to build our unit. She's now special assistant to Grant Aldonis. So getting that kind of broader experience for your folks is very, very important to make them effective and not just isolate them in some little part of the Commerce Department. That's what I was trying to do with MAC, i.e. give our people broader exposure as to what these trade issues really meant to our country. Getting our people on the Hill helped MAC and the Congress. When I arrived at Commerce I found we had only five people on China. We had nobody out in the field in China. The Chinese wanted to get into the WTO in 1999 and we had to give them PNTR.

Q: What is that?

MULLOY: Permanent Normal Trade Relations, or MFN. I began to meet with China experts around town, how would we enforce this? Part of the key thing was, they don't have any legal institutions in China. And so, again, we got money out of the Congress to beef up our desks in Washington to put people in the Embassy and the Consulate in

Shanghai to work with American companies on the ground. And that was very important. And our current Ambassador out in China went to college with President Bush, and then went into the Air Force and learned Chinese and then became a lawyer. He was in the Foreign Commercial Service in the early part of his career. So he was very happy with that effort. In fact we met with him just last week, and he wants more people out there to work with the business community. Both State and Commerce help them implement this WTO thing. So I felt pretty good about some of the things we accomplished in the Commerce Department. A lot of it was building a sense of what we were about. So we had a contest to come up with a mission statement, and our mission was to 'obtain market access for American firms and workers, and to achieve full compliance by foreign nations with trade agreements that they sign with our country.'

Q: Now all this, keep talking about the culture, the culture has changed. Well, you left in 2001, and I take it you feel some of the institutionalization that you put in place has taken root?

MULLOY: The key was money and culture. I do think its taken root. People who were in the Department, the career people, liked me because I was a career guy myself, essentially, even though I was a political appointee I knew the system. I took an interest in trying to get them language training, trying to get them educational training, trying to get them higher grades. My thought was we lose a lot of our good people to USTR, or to other organizations, because we couldn't promote them. The average grade there was like a twelve, and you could not be a thirteen unless you supervised. I said 'That's crazy. The institution needs people's abilities. This hierarchical thing makes no sense.' And so we were trying to get the salary caps off and get people higher grades and keep them so that they don't leave the institution just when they're really being effective. And the troops tell me, the guys that are over there, it was very helpful and very effective. I know that Grant Aldonis, who again is essentially a career guy, he was in the Foreign Service. He's following up and trying to get those promotions and other things. So I think it's been pretty good for the organization.

Q: Well, I think this is probably a good place to stop, don't you?

MULLOY: I do. Let me tell you, when I finished my career and had to resign at the end of the Clinton administration B that was a hard thing, to feel like your public service career was over. I mean it was everything I'd done. I resigned, went around and talked with some law firms and other places. I had an offer from a firm to go in and make more money than I'd ever made before. But it really didn't interest me, what they wanted me to do. Then Senator Daschle appointed me to this U.S.-China Commission, where I am now, which is a Commission set up by the Congress to look at the overall trade and investment relationship with China and its impact on our country and to report to Congress once a year. So I got appointed to that, and that's what I've been doing, and it's a fascinating experience. We're coming out with our first report in July. And we do hearings like a Congressional Committee and we bring in all the experts. We've been out to China and we've been to Taiwan. I was just over to Geneva to meet with the WTO officials. So it's

really a way to continue in public service even through formally your career is over. So it's great.

Q: Thank you.

MULLOY: Thank you.

End of interview