

United States General Accounting Office

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History Program

March 1991

International Activities 1956 - 1981

Interview With
James A. Duff,
J. Kenneth Fasick, and
Charles D. Hylander



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Preface

The History Program of GAO uses oral history interviews to supplement documentary and other original sources of information on GAO's past. These interviews help provide additional facts and varying perspectives on important past events. Transcripts of the interviews, as well as the audiotapes and videotapes, become important historical documents themselves and are used in the preparation of written histories of GAO, in staff training, and for other purposes.

Although the transcripts are edited versions of the original recording, GAO tries to preserve the flavor of the spoken word. The transcripts reflect the recollections, the impressions, and the opinions of the persons being interviewed. Like all historical sources, they need to be analyzed in terms of their origins and corroborated by other sources of information. The transcripts in themselves should not necessarily be considered definitive in their treatment of the subjects covered.

GAO's audits of the government's international activities took on increasing importance with the opening in 1952 of the first overseas office in Paris. GAO established other overseas offices in Europe, the Far East, Latin America, and Hawaii in later years. GAO created a separate International Division in 1963 with responsibilities for auditing all international programs and activities. In 1983, the Comptroller General abolished the Division and transferred its functions to the new National Security and International Affairs Division.

J. Kenneth Fasick, Charles D. Hylander, and James A. Duff served in the overseas offices and subsequently held key management positions in the International Division. Through this interview, conducted on July 24, 1990, we revisited the more significant events in the international audit arena, which occurred during a period of about 25 years to 1981.



Werner Grosshans
Assistant Comptroller General
for Policy

Biographical Information



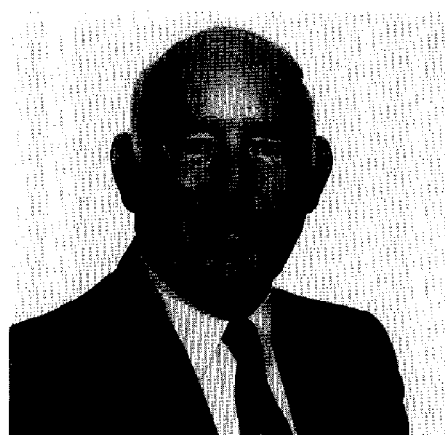
J. Kenneth Fasick

J. Kenneth Fasick served on GAO's staff from 1954 until his retirement in 1981. Early in his career, he worked for the European Branch and then joined the Defense Accounting and Auditing Division in 1958. Mr. Fasick became the Director of the newly created Logistics and Communications Division in 1972. From 1973 until his retirement, he was Director of GAO's International Division, responsible for overseeing the government's international programs and activities.



Charles D. Hylander

Charles D. Hylander joined GAO's Corporation Audits Division in 1951. He served in the European and Far East Branches, and among other assignments, he worked for the Accounting and Auditing Policy Staff from 1962 to 1964. Mr. Hylander joined the International Division soon after it was established and became its Deputy Director in 1965. From 1980 until his retirement in 1981, he was Director of the Office of Policy.



James A. Duff

James A. Duff served on GAO's staff from 1951 until his retirement in 1980. He had diverse assignments in the Corporation Audits and Defense Divisions and worked for the European Branch from 1956 to 1961. Mr. Duff joined the International Division when it was formed in 1963 and attained the position of Senior Level Associate Director in Security and International Relations.

Interviewers

Henry Eschwege

Henry Eschwege retired in March 1986 after almost 30 years of service in GAO under three Comptrollers General. He held increasingly responsible positions in the former Civil Division and became the Director of GAO's Resources and Economic Development Division upon its creation in 1972. He remained the Director after the Division was renamed the Community and Economic Development Division. In 1982, he was appointed Assistant Comptroller General for Planning and Reporting.

Werner Grosshans

Werner Grosshans is the Assistant Comptroller General for Policy. He began his diversified career as a government auditor in 1958 in GAO's San Francisco Regional Office and held positions of increased responsibility, including Assistant Regional Manager in 1967. In July 1970, he transferred to the U.S. Postal Service as Assistant Regional Chief Inspector for Audits. In this position, he was responsible for the audits in the 13 western states. In October 1972, he returned to GAO to the Logistics and Communications Division. In 1980, he became Deputy Director of the Procurement, Logistics, and Readiness Division, and in 1983, he was appointed Director of Planning in the newly created National Security and International Affairs Division. In 1985, he became Director of the Office of Program Planning, where he remained until 1986, when he assumed responsibility for GAO's Office of Policy.

Roger R. Trask

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in history from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or the editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.

Contents

Preface		iii
Biographical Information		iv
Interviewers		v
	Henry Eschwege	v
	Werner Grosshans	v
	Roger R. Trask	v
Interview With J. Kenneth Fasick, Charles D. Hylander, and James A. Duff, July 24, 1990		1
	Background Information	1
	Overseas Offices	3
	Creation of the International Operations Division	6
	Auditing Vietnam War Activities	17
	Audits of Nondefense Activities	22
	Changes in ID Management and Emphasis	26
	Sensitive Assignments	32
	Examples of Assignments in Later Years	37
	Limitations on Audit Activities	41
	INTOSAI and International Auditor Fellowship Program	46
	Interest of Comptrollers General in Audits	48
	Recruiting and Staff Development	50
	Looking Back and Ahead	55
	Conclusion	59
Appendixes		
	Appendix I: Comments of Oye V. Stovall	60
	Appendix II: Videotape Cross-reference	64
Index		65

Abbreviations

ABMC	American Battle Monuments Commission
ASO	Aviation Supply Office
CIA	Central Intelligence Agency
CINCPAC	Commander-in-Chief, Pacific Command
DEA	Drug Enforcement Administration
FAO	Food and Agriculture Organization
FBI	Federal Bureau of Investigation
FSI	Foreign Service Institute
GAO	General Accounting Office
GSA	General Services Administration
HUD	Department of Housing and Urban Development
IAEA	International Atomic Energy Agency
ICAF	Industrial College of the Armed Forces
ID	International Division
INTOSAI	International Organization of Supreme Audit Institutions
LOGCOM	Logistics and Communications Division
MAP	Military Assistance Program
NATO	North Atlantic Treaty Organization
NSA	National Security Agency
NSC	National Security Council
NSIAD	National Security and International Affairs Division
NWC	National War College
OPIC	Overseas Private Investment Corporation
R&R	rest and relaxation
S&L	savings and loan institution
TDY	temporary duty
U.N.	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USIA	United States Information Agency
WHO	World Health Organization

Interview With J. Kenneth Fasick, Charles D. Hylander, and James A. Duff

July 24, 1990

Mr. Eschwege

Good morning on this July 24, 1990. We are pleased to have you come back to GAO about 9 to 10 years after you three gentlemen retired.

Ken Fasick, nice to see you here; Jim Duff, I am glad you found the building again; and Charlie Hylander, I don't believe you have been back here for the last 9 years. You probably know, on my far right, Dr. Roger Trask, GAO's Chief Historian. On my immediate right is Werner Grosshans, the Assistant Comptroller General for Policy.

This morning, we will be discussing the activities of GAO's International Division [ID], created in 1963 and about 20 years later merged into what is now NSIAD, the National Security and International Affairs Division.

Even though we are focusing on the period from 1963 to about 1981, when you people retired, we recognize that each of you served prior to then in GAO's overseas offices. So you were involved in international activities before formation of the Division.

We invited Oye Stovall, who served as Director of the International Division from its creation in 1963 until he retired in 1975, to participate in this interview. Unfortunately, he was unable to join us. But he will provide written comments, which we shall put in an appendix to the printed version of the interview transcript.

Background Information

Mr. Fasick

I would like each of you, starting with Ken, to briefly tell us when you joined GAO and mention a few of the major assignments that you had from then until your retirement.

I joined GAO in 1954 and spent about a year working with Phil Charam on the GSA [General Services Administration] audit. Then I went overseas to our European Branch for 2 years. When I returned in 1958, I was assigned to the Defense Division. I was in this Division until 1972, when GAO reorganized and I became Director of the Logistics and Communications Division [LOGCOM].

In 1973, I was fortunate to be named the Director of the International Division. I was in this position until my retirement in 1981.

Mr. Duff

I came to GAO in 1951 and was assigned to the Corporation Audits Division. After spending 2 weeks in a bull pen [awaiting assignment], I was assigned to the Postal Audit Group. From there, I went to the GSA audit with Phil Charam. I went to GAO's Madrid office in 1956 and remained

there until 1959, when the office closed; in fact, I closed the office. Then I went to our Paris office. I came back to Washington in 1961 and was assigned to the Contract Audit Group of GAO's Defense Division under Harold Rubin and Bert [Robert] Hall. When GAO did away with that group, I was assigned to Ken Fasick in the Pentagon. He was in charge of auditing the Defense Department's general activities at the time. I took over the Military Assistance Program (MAP) under Ken. Then the International Division was formed, and I was assigned to that Division and became responsible for auditing international security affairs, the State Department, and related activities until my retirement in 1980.

Mr. Hylander

I came to GAO in 1951. My first assignment was housing, for Frank [Francis I.] Geibel, who left GAO many years ago. I worked with George Staples and Fred Rabel on the Economic Aid Program. I went to Paris in 1954, was there 2 years, came back, and worked with Ken Fasick at the Pentagon on the Military Assistance Program. I went to Tokyo in 1959, when our Far East Branch headquarters was there. I stayed 2 years; came back; and was assigned to the Policy staff, where I remained until 1964. I was asked to join the International Division in 1964 and became its Deputy Director in 1965. I stayed in the Division about 16 years. In 1980, I became the Director of the Office of Policy, where I stayed until I retired in 1981.

Mr. Eschwege

What made you come to GAO?

Mr. Hylander

My first job after college was with the New York office of Touche-Niven, one of the national accounting firms; it has experienced several reincarnations since then. I think it is Deloit-Touche now. Our partner in charge of personnel in the New York office, who recruited me out of college, was Charlie Murphy. In early 1951, Charlie joined GAO and came to Washington to spark recruitment for the Corporation Audits Division. A group of us were in Baltimore on assignment, when, one snowy February evening in early 1951, Murphy showed up at the hotel, socializing and doing some light recruiting. The place [GAO] sounded interesting. The public accounting work I was doing was certainly deadly dull; in contrast, he made Washington and GAO sound terrific. So he persuaded me without too much of a struggle. I never really regretted it.

Mr. Eschwege

Jim, how did you get to GAO?

Mr. Duff

Basically, by the same route. I was with a small public accounting firm in Alexandria, Virginia, where we had a standard 10-hour day, 6-day-a-

week work schedule. I thought that was too much for a young, newly married man. So I was looking to leave that firm.

I walked into the Post Office on the 15th of March with an armful of tax returns to get them stamped by midnight showing that they had been mailed prior to the statutory deadline. I saw this poster stating: "U.S. General Accounting Office looking for people with public accounting experience." So I got in contact with Charlie Murphy, the greatest recruiter I've ever met. The next thing I knew, I was sitting in the bull pen in GAO waiting for an assignment.

Mr. Eschwege

I see. Ken, how did you come to GAO?

Mr. Fasick

Same route as Charlie; I found public accounting dull. We wanted to go overseas. We talked to Charlie Murphy, and he said, "I'll get you overseas within a year. You can't go immediately. You have to get indoctrinated first." So after a year, he got me overseas. He kept his promise. I haven't regretted it since.

Overseas Offices

Mr. Eschwege

Let's talk about these overseas branches, because they were in existence before the International Division was established. The first one, of course, was in Europe, during Lindsay Warren's term. Some of you were already here, I guess, when that was established.

Mr. Hylander

George Staples and Hank [Henry R.] Domers made a survey trip to Europe in early 1952 and came back with the decision or the recommendation to set up a branch office. We had offices all over the place. The headquarters office was in Paris, but we had offices also in Frankfurt; Rome; London; and, a few years later, in Madrid.

I guess that the first staff went over later in 1952, and Domers became the first Director. He reported directly to Lindsay Warren, but then, when Joseph Campbell became the Comptroller General, one of his fairly early moves was to have the European Branch report to Assistant Comptroller General Frank Weitzel. And that is the way things stayed until the International Division was set up.

The Far East Branch was organized in 1956 as a part of the Defense Division, which probably wasn't established until late 1955. Larry [Lawrence J.] Powers set up the Branch with Bob [Robert F.] Brandt as the first Director. It had only the one office in Tokyo, where it stayed until we moved to Honolulu in 1965.

Mr. Eschwege Charlie, you served there, too, for a while?

Mr. Hylander I served there 2 years in the late 1950s.

Mr. Eschwege Interestingly enough, establishing the Far East Branch was also Lindsay Warren's idea. But GAO deferred action on it because the Korean War was still going on.

Mr. Hylander I didn't know that.

Mr. Eschwege Yes. Also, it was very difficult to get housing for our people in Japan.

Mr. Hylander That didn't change. That is why we got out of there finally.

Mr. Eschwege I think there was also some concern about the amount of travel that GAO staff had to do.

Mr. Hylander That was always a problem, particularly in the Far East. I believe that GAO also had a small office in Europe, perhaps in Paris, back in the 1920s. E. W. Bell, who later became the Chief of GAO's Audit Division, headed some kind of office in Europe back then. I don't know any of the details. The office possibly was a holdover from World War I. This happened long ago and had no relationship to more current activities.¹

Mr. Eschwege I see. Jim, you mentioned that you were in Paris, too.

Mr. Duff I was in Madrid and Paris.

Mr. Eschwege That Paris office was finally closed, wasn't it? Were you still there?

Mr. Duff No, I was not.

Mr. Eschwege You were there when the Madrid office was closed.

¹Mr. Bell went to Paris in April 1918 on an assignment by the Auditor of the War Department, one of the predecessor organizations of GAO.

Mr. Duff Yes, I closed the Madrid office. I was in Madrid from 1956 to 1959.

Mr. Eschwege Why was that office closed?

Mr. Duff The decision was made here in Washington, D.C. I got a call from Smitty [Smith] Blair [Director of the European Branch], who said, "We are going to close the office as soon as we can. When can we close it?" I said, "As soon as you tell me, we will close it." That is what we did. GAO gave me the opportunity to either come home or go to Paris. At the time, we had a policy allowing GAO staff to remain overseas no more than 4 years. I told Smitty that I wasn't going to move to Paris for just 1 year. When they agreed to let me stay for 2 years, I moved to Paris.

Mr. Hylander The Rome and London offices closed about the same time, too. I think people realized it probably wasn't the best idea to maintain all those offices. People were still traveling for most of the assignments. The cost of five separate organizations and administrative and secretarial staffs was probably not worth it. So GAO kept only its Frankfurt (where the big military buildup was) and Paris offices; later, only the Frankfurt office remained.

Mr. Eschwege But you did have to travel to North Africa and places like that.

Mr. Hylander No matter where you were, you were traveling most of the time. There was very little work in the capitals of these countries.

Mr. Duff That wasn't true of Madrid, though. We programmed, planned, and executed all of our work from Madrid. Our travel, for the most part, was to construction sites in Spain.

Mr. Eschwege Ken, where in Europe were you?

Mr. Fasick I was assigned to the Paris office, but I spent about 80 percent of the time on the road. We had a nice place in the Paris suburb of Saint Cloud, but we very seldom got to use it. But we didn't mind that. People went overseas with the understanding that they were going to be traveling. I think one of the rationales for the overseas offices was that this would make it much easier for GAO to recruit really good people and have them work in these difficult areas as opposed to sending them over from the states on temporary duty (TDY) assignments.

Often, efforts were made to close the overseas offices, with the idea that we'd use the TDY approach. When you go into that kind of posture, you

end up getting the same experienced people doing the job every year. You wouldn't have the diversity of people we've always had in the overseas offices.

Mr. Eschwege

Did Mr. Campbell visit the offices one time in Europe?

Mr. Fasick

Yes. I was on TDY at the time. They got me out of town. [Laughter] But I recall that he did make a visit over there. I think he had made a personal trip and just stopped by the office. It wasn't so much an official trip. Were you there at the time?

Mr. Duff

I don't remember Mr. Campbell's visit. I remember visits by Mr. Weitzel, Bob [Robert] Long, and also Bob [Robert] Keller.

Mr. Eschwege

In those days, did you have any contact with what they call INTOSAI, the International Organization of Supreme Audit Institutions?

Mr. Fasick

I don't think that organization existed then. Did it, Charlie?

Mr. Hylander

I don't know. Even later, Mr. Campbell wasn't a great advocate of it or the domestic professional organizations.

Mr. Eschwege

Were we a member at any time during Mr. Campbell's tenure?

Mr. Hylander

Not that I know of.

Mr. Duff

Not that I know of, but Mr. Staats advocated membership in such organizations.

Mr. Eschwege

He attended an INTOSAI meeting soon after he came into office.

Creation of the International Operations Division

Dr. Trask

Let's jump to 1963 and talk about the creation of the International Operations Division, which was later renamed the International Division. Campbell was responsible for this. At least, he was Comptroller General at the time. What was the rationale for establishing a separate division at that particular time?

Mr. Duff

I don't know about the rationale, but I can give you a story of how it was triggered. It really goes back to a U.S. assistance program in Spain whereby the U.S. agreed to give Spain \$350 million in foreign assistance. We had proposed to make a country review [a review of all U.S. assistance to a foreign country] of foreign assistance to Spain.

This proposal was submitted to our Paris office, which apparently consulted with GAO in Washington. We were told to make a review only of the Military Assistance Program and not of the economic assistance program. I believe Bill [William A., Jr.] Newman made a trip to Madrid about that time. I suggested to Bill that we make country reviews.

Then what really triggered it was our trying to make a country review—I believe it was in Latin America—wasn't it, Ken?

Mr. Fasick

I believe it was Thailand and the Philippines.

Mr. Duff

No, those are the countries we did later.

Mr. Fasick

What triggered the establishment of the new division was a conflict between the Civil Division and the Defense Division about their respective audit jurisdiction of overseas activities. The Civil Division claimed responsibility over economic aid, and the Defense Division over military assistance and military operations audits by the overseas offices. This conflict came to a head about 1962, when we were stepping on each other's toes overseas and when the Defense Division saw a need to make country reviews encompassing both economic and military programs. Bill Newman got the idea that maybe the Defense Division ought to take full responsibility for these countrywide reviews. He had me, along with Joe [Joseph] Lippman, write a three- or four-page paper to support this position. I've never found that paper. We sent it to Campbell, and shortly thereafter, evidently, [Adolph T.] Samuelson and Newman maneuvered to gain acceptance for their respective viewpoints. This disturbed Campbell to some extent, and apparently he said, "Enough of this. Go set up a separate division." And that is what he ended up doing.

That crushed Bill Newman because it took jurisdiction over the Far East Branch and the Military Assistance Program away from the Defense Division and gave it to the new division. I think that was really the rationale for establishing the new division. Maybe you have a different view, Jim?

Mr. Duff

What Ken said is exactly what was happening. I can add only that the Defense Division was trying to make country reviews, including reviews of the economic assistance programs. I went to a hearing on Southeast Asia before the chairman of a subcommittee of the Senate or the House. They were very much interested in overall country reviews.

So I came back and told Bill Newman that the subcommittee chairman was very much interested in our initiating a country review rather than just a review of the military assistance programs. Newman said, "Good. Let's go up and talk to Mr. Campbell." He picked up the phone and got hold of Mr. Campbell. We walked up there with no preparation whatsoever. Newman said, "Tell Mr. Campbell what you just told me." So I said that there was a lot of pressure to do these country reviews. Mr. Campbell seemed to just listen. But as we walked out of there, Bill Newman said to me, "You've got a green light. Go." I said, "What do you mean, I've got a green light?"

We went back and programmed countrywide reviews of the Philippines and Thailand. We had already started to assign people from my staff. I believe we were trying to get an audit manager from our Philadelphia Regional Office at the time. The original planning for both of those reviews had begun.

I had a couple more meetings with the congressional staff about the review, and I came back to brief Mr. Newman. He wasn't in, so I was waiting for him in Charlie [Charles M.] Bailey's office. Mr. Newman walked in, sat there, and said nothing for a few minutes. Then, all of a sudden, he said, "You don't work for me anymore; you are now working for some guy named Oye Stovall." He had just come down from Mr. Campbell's office. That's my knowledge of how the International Division was started.

Dr. Trask

How interested was Campbell in the international activities?

Mr. Duff

I wasn't really in a position to know.

Mr. Fasick

My experience with Campbell from the time that he set up the International Division was that every time I made a trip overseas, I had to go up and give him a report.

I think he was very interested in the overseas activities. He was very sensitive and didn't want anything to go wrong. It would be an understatement to say that when things did go wrong, he was disturbed.

Mr. Hylander

Soon after he came to GAO, there was a problem in the European Branch with the review GAO made of the American Battle Monuments Commission [ABMC]. That may be the reason for the trip he took over there. I think he went over with Albert Thomas and some other Congressman who had a special interest in the Commission. It was a little peanuts operation but certainly had all sorts of interests behind it. Basically, ABMC was setting up the cemeteries overseas and maintaining them.

At that time, in Europe, we had a separate investigations staff. Investigators got some leads about some shenanigans at the cemeteries. They seemed to have something to do with not properly disposing of crates. Anyway, it became a very big job. The head of ABMC was a very powerful person with relationships up on the Hill. A lot of Congressmen and Senators took trips over there. ABMC wasn't an outfit that you could monkey with unless you really had something serious to deal with.

The job got shut down just about the time Campbell came in. I think Campbell went over with the Congressmen on at least this one trip to alleviate the situation. I could be wrong about that.

I think that from that time forth Campbell was quite interested in overseas audits. He could see that overseas audits were somewhat sensitive, and as you know, he didn't want any surprises. He also had to deal with the zinc investigation² when he first came in, and he reacted pretty strongly to it. He didn't want any surprises, and he wanted us to foresee problems, where possible, before they arose.

Mr. Eschwege

You said the ABMC job was shut down. Does that mean GAO didn't get a report out?

Mr. Hylander

Yes, the report was never issued. I don't think the job ever came to anything. It was a situation when perhaps a couple of disgruntled ex-employees made certain allegations. In reviewing the situation, the investigators didn't come up with strong enough evidence to prove the allegations. We were spending an awful lot of time on the investigation, and it kept going and going. I think Campbell said, "Show me what you've got. After all this expenditure and investment, you don't have much. Let's consider where we will go from there." I think Charlie Bailey had recently become the Director of the European Branch. He got

²GAO investigated the stockpiling of defense materials, including zinc. GAO's data on zinc were questioned. Subsequently, Campbell, who had recently become Comptroller General, decided to abolish the Office of Investigations.

involved, although the work had been done while his predecessor, Hank Domers, was in charge.

Mr. Grosshans

Charlie, I want to come back to the relationship Campbell had with the overseas directors. Was it the same as with the regional managers? He was fairly close to the regional managers and ran the regional managers' conferences. He viewed the conferences as his opportunity to talk to that group. Were the overseas directors a part of that group?

Mr. Hylander

I don't think so. Campbell didn't go overseas very much. In those days, there wasn't as much travel back and forth as there is now. I'm fairly sure Domers came back only once during his 2-year stay in Europe. I don't think Bailey came back at all during the 2 years he was out there. Smitty Blair was out there for a much longer period and probably came back a few times.

Mr. Fasick

They reported primarily to Weitzel. They were in constant telephone communication with him.

Mr. Hylander

From 1955, when Weitzel took over in Europe, he handled almost all communications with our office there. The Far East Branch reported to Larry Powers [Director of the Defense Division]. Campbell let him handle the communications. Powers would visit the Far East; I don't think Campbell did.

Dr. Trask

Why was Weitzel given responsibility for the European Branch and not for the Far East Branch? I ask this also in the context of what we keep hearing about the Campbell-Weitzel relationship.

Mr. Fasick

The Far East Branch was originally set up to do defense work. The European Branch, I think, was set up for a different reason; it was to handle audits across the board.

Mr. Duff

Wasn't the Far East Branch in Tokyo more or less under Al [Alfred M.] Clavelli [Regional Manager, San Francisco]?

Mr. Grosshans

No, at the time, the office in Hawaii was a suboffice of San Francisco.

Mr. Hylander

When the Tokyo office was closed in 1965, the office in Hawaii became the Far East Branch.

Mr. Fasick

Clavelli was crushed then when he lost jurisdiction over the Hawaii suboffice.

- Mr. Grosshans So was I. [Laughter] I was to go out there and take over that suboffice. I already had the boat reservations and had made all other arrangements when GAO decided to pull out of Tokyo and make the office in Hawaii the Far East Branch. I was given an option to go out there and work under Charlie [Charles H.] Roman.
- Mr. Hylander Mr. Clavelli was a gentleman about it. He didn't like it. But he and I met out there with Ken Pollock and Roman, the crew came in, and we had a fairly harmonious get-together.
- Mr. Grosshans I think Ken went out there to help the transition. Hal D'Ambrogia was actually in charge when the decision was made.
- Mr. Hylander Ken was the one I was dealing with at the time. Getting back to your point, the rumors were that Campbell, to some extent, did freeze Weitzel out of participating in substantive issues back in Washington. Perhaps he gave him the European Branch —not exactly to keep him occupied— but to assign him to one office over which he would have complete responsibility. None of us was really in a position to know the facts.
- Dr. Trask Let's talk about the initial staffing of the Division and the delineation of responsibilities. How was the staff put together?
- Mr. Duff When the Division was first set up, they transferred the entire Military Assistance Program Group, which was in the Defense Division, to the International Division. They also transferred the Civil Division staff assigned to the State Department and the Agency for International Development, which I believe were under [George] Staples at the time.
- Mr. Hylander The Export-Import Bank and miscellaneous audit activities were also transferred.
- Mr. Duff But there were no staff involved in that transfer.
- Mr. Hylander That's because the audits were done only on occasion. The Export-Import Bank audit involved just a corporate audit, which was done only once a year.
- Mr. Duff According to the original announcement, the International Division had responsibility for international security affairs, which included the group that I was in—the Military Assistance Program Group. The audit groups assigned to the State Department and the Agency for International Development were also transferred in total.

Then all audit responsibilities for international activities of agencies such as Agriculture, Treasury, and Commerce were also transferred to the new division. GAO interactions with foreign governments also became the responsibility of the International Division. Audits of the Peace Corps and the USIA [United States Information Agency] were also assigned to the International Division.

Dr. Trask

How did the Civil and Defense Divisions feel about this new Division and the transfer of people and responsibilities?

Mr. Duff

I don't think that in the early days we had any problems with the Civil Division. Originally, we did very little work involving Agriculture, Commerce, and Treasury, so there was no problem.

But in the military field, we did have problems because one of the first things we did was to change the name of the Military Assistance Program Group to the Defense International Activities Group. Then we started to carve out separately all other international security affairs activities, but we worked things out.

Mr. Fasick

There was some difference of opinion between the Defense Division and the International Division during those years. A lot of areas, like military sales and construction, had been transferred from the Defense Division to the International Division, and that created a constant irritation between the two Divisions.

Mr. Hylander

I think a conflict of interest was probably more of a legitimate concern than the delineation of functions and the initial problem with the Defense Division. The International Division was staffing and running the overseas branches and was also programming work for them. The staff over there were also going to do the Defense Division work. At issue was whether ID would use its best staff on jobs it programmed and whether it would use the remaining staff on jobs programmed by the Defense Division.

Newman felt, I think, very strongly about this, to the extent that he announced that wherever possible, he was going to use his own or regional office staff to do the work overseas. He was going to get TDY teams from the regions and from Washington and go over and do Defense Division work. He wasn't going to rely on the International Division to do his work overseas. That was a problem, but Stovall handled that very quickly and smoothly. He got Mr. Staats and, before him, Mr. Campbell to agree that all overseas travel would have to be approved by

ID. ID got the travel budget for all international travel. So nobody could go overseas unless we approved it.

Mr. Fasick

That was pretty annoying. Every time I wanted to go overseas, I had to write a three- or four-page justification for going overseas.

Mr. Duff

We used to do that before for Mr. Weitzel when we traveled.

Mr. Hylander

I think it worked out fairly smoothly. You had to give credit to Stovall for handling it. I think one of his management approaches was to be really firm on principle but then rather relaxed and pragmatic about specific applications. I don't think we turned very many people down. There were some efforts to have eight or so people from Boston or somewhere else go to Paris or Frankfurt for an extended period, which didn't get approved.

But we were pretty liberal in approving supervisory trips and sending staffs over when ID could not staff the work overseas or sending supplemental staff from the region to do some work. I don't think it got to be any great problem as to who got the best staff and the good staff. We argued that all the staff overseas were specially selected and were highly skilled. Things worked out.

It wasn't any more of a problem there than it was in the regions, where we had those problems every day. All staff had more work than they could possibly handle. There were a few occasions when we had problems concerning which division had audit responsibility for a certain program. Jim, you might have had some in the Pentagon. But for the most part, there was so much work for staff to do that they weren't too concerned about who was doing what back here.

Mr. Fasick

My experience with the ID overseas staff being assigned to our defense work was favorable. Charlie Roman was a legend in the Far East Branch; he was there for 12 years. When I worked closely with him, he always put good people on our jobs.

Mr. Hylander

He came from the Defense Division and was very strong on defense work. He knew it and was very capable.

Mr. Fasick

I had a little more trouble getting what I thought were competent staff in the European Branch. Over the years, you had to work pretty hard with some of the directors over there to be sure you got good people.

But, as Charlie said, the people that went overseas were generally excellent people.

Mr. Grosshans

Why don't you elaborate on why that was the case? I agree that the people were generally handpicked. When you were dealing with overseas branches, you were generally dealing with the cream of the crop. We didn't experience many problems with them.

Mr. Hylander

We had more of a problem in staffing and recruiting for the Far East Branch.

Mr. Fasick

There was a limitation—even in the early days—in the European Branch. Staff members could not remain there for more than 4 years. So you had a lot of turnover in the staff.

But that also gave a lot more people in GAO an opportunity to go overseas. It was an incentive to those who went overseas to do a good job because they wouldn't be retained for the second 2 years if they didn't work out.

Mr. Hylander

They could assume responsibility more quickly over there than perhaps back here, where they were sort of held down in the hierarchy of the organization.

Mr. Grosshans

I was going to ask you about that later. But since you brought it up, I might as well touch on that. The tours generally were 2-year tours with 2-year extensions if both parties mutually agreed. Generally, there were no renewals after that. This arrangement had certain advantages. You got new blood and new thinking, but it also presented problems from the standpoint of continuity and institutional knowledge. To what extent was that a problem?

Mr. Fasick

I don't think it was a problem because the movement of people was staggered, so that a complete staff wasn't moved out and a new one put in at any one time.

It also gave GAO an opportunity to provide experience to people, including the directors. Giving more people overseas experience was very beneficial in developing staff.

When I came to ID, Charlie Roman was a problem because we had the 4-year rule. He had been in the Far East Branch for 12 years. He kept negotiating new contracts. I don't think Charlie Roman likes me to this

day because we said, "Look, other people have to have a chance to get this experience." Staats agreed with us.

Mr. Hylander

Honolulu was at least a partial exception because people stayed longer than 4 years there. You could say that was really a domestic office. It wasn't quite the same.

Stovall, back in the mid-1960s, did have in mind developing a permanent foreign corps of GAO, letting people get the experience and the insights and acquainting them with people in the Foreign Service. But he got sandbagged at one of the regional managers' conferences. The managers said, "There are no openings for our people overseas. We've got some good people here. They want to go." That was either in 1968 or 1969.

He came back from that regional managers' conference, as I recall, and talked to Staats; John Thorton [Director, Field Operations Division]; and others. It was decided that 4 years was the absolute limit on overseas service. It was a problem mainly in the European Branch. There was no question that the opportunities to go overseas were important in some of the regions, as well as in Washington, and the staff were anxious to go. It was a trade-off between gaining more experience and giving more people a chance to go.

Mr. Fasick

My observation was that overseas offices in other agencies had people that you just couldn't budge to leave. As a matter of fact, the Defense Department came up with a 5-year rule sometime during our tour, Charlie, to get people to move because they were becoming a permanent staff. A certain staleness in the staffs had developed.

Mr. Hylander

Well, the State Department has that problem. Its staffs are sometimes accused of being advocates more for the foreign countries than for the U.S. when they stay in countries forever. They do try to bring them back to Washington for a tour of duty every now and then to let them see what this country is like.

Mr. Grosshans

Ken, that is right. Even on some of the trips that we took to Europe before they came up with that 5-year rule, we met civilians working in Defense who had been there since World War II.

Mr. Duff

The State Department had people who had never been back to the States from the first time that they went overseas.

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- Mr. Fasick I think our experience shows that our policy during those years, and I think it still applies today, was the right one. You still have people lining up and wanting to go overseas, and you have to be very selective about who goes.
- Mr. Grosshans Was that true of both offices? Europe always seemed to have more of a variety of work and more work in Germany, and some of the depots were close to our office location.
- Mr. Hylander There was never that much work in Honolulu. There was some, but if you left Honolulu, you were going far away. We generally had a rule for those on TDY that they would not have to stay over 4 weeks without coming back home for at least 1 or 2 weeks, after which they would go back out again. That was an informal rule, at least in the Far East Branch in Tokyo before it became a part of ID. Recruiting was always somewhat of a problem in the Far East, even with a home base like Honolulu. If you were going to be away 75 percent of the time, it was not ideal.
- Mr. Grosshans Did that present problems for family life, particularly for those families with younger kids?
- Mr. Hylander Well, I'm sure it did. I'm amazed at how few personal problems we had in all the time I was associated with overseas branches, considering the absence of the normal lifestyle staff were used to, the cheap liquor in the commissaries, and that sort of thing. We must have sent some pretty conservative people over there.
- Mr. Fasick We tried to alleviate that to some extent by having offices at different times and in different locations overseas, for example, Bangkok and the Philippines.
- Mr. Hylander Family life was a consideration.
- Mr. Fasick There was always pressure from elements in GAO, though, to close those offices. They kept looking at the situation from the point of view of expense. We tried to point out that from morale and efficiency points of view, it was wise to keep the offices open. Fortunately, Comptroller General Staats agreed with us.
- Mr. Grosshans While you are on that subject, can we talk about the early days of the Division, when the Far East Branch was still in Tokyo? What were the primary type of jobs or assignments done by the Far East Branch? As

you mentioned before, obviously the Defense Division scheduled a lot of work.

Mr. Hylander

In the early days, about two-thirds of the jobs involved the U.S. military, dealing mostly with supply management and a few procurement activities and the rest with military assistance. The remaining resources were applied to reviewing economic aid. There was very little nonmilitary work other than that scheduled by George Staples and Fred Rabel on economic aid programs.

Auditing Vietnam War Activities

Mr. Grosshans

GAO got into reviewing the Vietnam War activities. You established the Saigon office and then the Bangkok suboffice. That was the first time GAO staff were located in a combat zone. What were the considerations leading to that decision? To what extent was staff safety a factor, and was the decision reviewed periodically?

Mr. Hylander

With the congressional pressure, we had no choice but to set it up.

Mr. Grosshans

Did the pressure come from Congressman John Moss primarily?

Mr. Hylander

Senator Edward Kennedy and his subcommittee dealing with the refugee problem were also interested in doing a lot of work in Vietnam, but Moss and his subcommittee had the primary interest in our being there.

The decision was periodically reviewed. Almost immediately after the cease-fire in 1973, we did close the Saigon office. We always felt that we couldn't really recruit and staff it with enough people to do the work that needed to be done there. Honolulu was a backup office. We had planned to open an office in Bangkok to serve as a backup to do work in Vietnam and to do other work in Southeast Asia. We couldn't get into Bangkok right away, for some reason, so we opened an office in Manila for 2 or 3 years until we were finally able to move to Bangkok.

You can debate whether we accomplished much in Saigon other than being there as a general deterrent or whether it is possible to audit a war. I wouldn't want to conclude that we accomplished that much there,

but we certainly had a general deterrent effect. Under the political climate at the time, there was no question that we had to have staff there.

Mr. Fasick

I recall going to Vietnam on TDY even before the Saigon office was set up. We worked closely with the military in Vietnam. It was one of the first times we worked constructively together—believe it or not, the attitude was “we’re here to help” as opposed to being utterly critical. I think it gained us a lot of respect and an entree into the defense area that we didn’t have before. Of course, in those days, General Joe Heiser, the Deputy Chief of Staff for Logistics, was in Vietnam, and he had a positive attitude regarding GAO’s ability to help improve logistics management. That relationship didn’t compromise our independence.

Mr. Duff

I think our presence there had a lot to do with improving the management. For instance, I think we wrote an excellent report on our review of the construction program in Vietnam. I think the fact that we were there and that Defense knew we were going to issue a report at the end of the review had quite an effect on the management program. The fact that Vietnam was a war zone didn’t mean that you could throw the management tools away, but I think that is exactly what Defense was doing in the early days of the Vietnam War.

Mr. Grosshans

I want to come back to that in just a minute, Jim, because I know that Charlie was involved in it. I worked with both of you in the San Francisco office on those construction contracts. But wasn’t the Defense Department against our going into the Vietnam zone and setting up audit capability? Did you and Hugh Whit go over there on one of the first trips?

Mr. Fasick

I don’t recall that, Werner, and I don’t recall that the Defense Department objected to our being there.

Mr. Grosshans

Staats, in talking to us [GAO/OP-1-OH, Spring 1987], mentioned that there was considerable concern, and apparently he and the Secretary of Defense [Robert S. McNamara] got together and were able to work out some agreement on that. But apparently that understanding was hard to come by.

Mr. Fasick

Let’s go back, just for a moment, and look at GAO-Defense relationships. The agencies were at arm’s length for quite a while. Prior to Charlie Bailey’s taking over the Division, the Defense Department had some reservations about our management in the Division. Things were strange. Before the Saigon office was set up, we ended up making a survey. We

sent about 50 people to look at everything in the Defense area in the Pacific region. We worked with CINCPAC [Commander-in-Chief, Pacific Command] and the Army, the Navy, and the Air Force components out there. We gained a lot of confidence at that time so that when the ideas to establish the Saigon office came along, there was no question about it. We had developed a mutual respect for one another and understood each other's rules. I didn't have any trouble at all.

Mr. Hylander

That Defense supply and manpower review was one of the first big jobs we undertook after Staats came to GAO, wasn't it?

Mr. Fasick

Yes, we were trying to understand what was involved and what GAO should be doing. It was the most remarkable thing. We had a conference of about 50 people in Honolulu. Do you recall that airline strike? Bill Newman got a ride back, but the rest of us were stranded. We had to find our way home from Honolulu. We got to the West Coast, and we were trying to rent cars and do everything to get back. We finally made it back over the weekend, one way or another. Bill Newman was very proud of us. He said, "That just shows the ingenuity and innovativeness of Defense-type people."

Mr. Duff

Werner, you referred to Mr. Staats's comments in the oral history transcript in which he mentioned this meeting with McNamara. I was really surprised to read that; I was in charge of all work involving international security affairs. I did not know about this meeting until I read about it in the history transcript.

Mr. Hylander

One definite problem we had was getting an office established in Bangkok. I think it was mostly the State Department that said, "Absolutely not. We've got too many Americans here. We've got all kinds of staff going there for R&R [rest and relaxation]. We've got all kinds of problems. You just can't come to Bangkok." So we had to bide our time in Manila for 2 or 3 years.

I don't recall any great problem in Saigon. Staats did such a good job; I guess he cleared all the brush away. The rest of us had no problems there.

Mr. Grosshans

From a standpoint of attracting staff to go there, was safety any real concern?

Mr. Hylander

Oh, I think it certainly was. We ended up with the office being staffed mostly by bachelors, didn't we?

Mr. Grosshans Yes. Assignment was strictly voluntary.

Mr. Hylander Well, all the overseas branches are always staffed by volunteers, but this was especially true in Saigon. We preferred all to be bachelors.

Mr. Duff We had people volunteering to go over on TDY teams. Like Charlie says, our presence there was a deterrent to some extent. But from talking to the people who were doing the fieldwork, I don't recall anybody having any real problems with going out there.

Mr. Grosshans I remember being over there. Just a week after we were at Long Binh and Bien Hoa, these areas had quite a shelling. Didn't we have an incident also in Saigon, a bomb explosion near the quarters?

Mr. Hylander Yes. There was also some incident in Da Nang where Stewart Tomlinson [GAO] and a group were shelled.

Mr. Duff Right.

Mr. Fasick There was also one incident where a GAO group had to arm themselves.

Mr. Hylander You've also got to remember that only about a year earlier, Stan Warren [GAO] was killed in a helicopter crash in Korea. That put a little bit of a damper on recruiting.

Mr. Eschwege That crash did not occur as a result of a military action.

Mr. Hylander Oh, no. But he had been on a military helicopter, just a routine flight. I do think that was in people's minds.

Mr. Grosshans Stan Warren carried out one of the early readiness reviews staffed by the San Francisco Regional Office. In fact, Dick Sheldon from that office was in charge. He was in a helicopter behind Stan.

Mr. Hylander That concern came up in recruiting quite a bit. Potential applicants would say, "Look, where are we going to be? Even if they aren't shelling at us, it is enough danger just being there and using military facilities." So that was a concern at the time.

Mr. Fasick I don't believe people really felt threatened in Saigon to the extent that you might have perceived. They used common sense and good sense. I recall being in Manila on my way to Vietnam. I was in a hotel on the sixth floor, when there was an earthquake about 4:32 in the morning. I

was really frightened. I didn't know what to do. But my reaction to that was, "I can't wait to get out of here and get to Saigon. It is going to be a hell of a lot safer." [Laughter]

Mr. Duff

My experience with the operating staff on the assignments in Saigon was that they had no reservations whatsoever about going places they thought they should. They had problems with the military's agreeing to let them go, rather than the other way around, not wanting to go.

Mr. Eschwege

Did they get any extra pay for being out there in the battle zone?

Mr. Fasick

No, I don't think so. The military did—and I think even Defense Department civilians might have if they were there permanently—but not our TDY people.

Mr. Hylander

I don't recall any special benefits being allowed at all.

Mr. Grosshans

Most of the work that we were doing in Vietnam was on procurement, supply management, transportation, and of course the big construction contracts. I recall our work on contracts with Raymond Morrison and Knudson, Brown, Root, and Jones, the main contractors in Vietnam. We reviewed Kaiser contracts in Thailand, and I think that in Cambodia, the contractor was Utah, Martin, Day. The contracts were all Navy cost-plus-award-fee contracts. ID asked us to take a look at them. They were all administered out of San Bruno, California.

Some interesting findings came out of that review. For example, the contractors' procurement procedures completely disrupted the market for plywood. They were all ordering top-grade exterior plywood, but the supply just wasn't there. So their procedures just ruined the whole market during that particular period.

Mr. Duff

In addition, all the framing lumber, including lumber for all of the inside construction, studding, and so on, was required to be construction grade or better. It all had to be pressure treated. That also took away the capability on the West Coast to get what we called then salt-treated lumber. They called it something else. That framing lumber of construction grade or better was the highest-priced lumber that you could buy. Every stick that went over there was construction grade or better. There was no excuse for that whatsoever.

foreign currencies in foreign countries for agreed-upon local projects and programs. Any comments on these ID audit activities?

Mr. Hylander

It was a major audit activity for us for quite a while. I don't recall any special problems, such as internal office conflicts or conflicts with the Department of Agriculture. The program was just another area for audit, which I think went fairly smoothly. There was a fair amount of congressional interest in it.

It was sort of the equivalent of the earlier economic aid programs. You gave them dollar aid, and the country put up the local currency equivalent or counterpart funds, which you then spent for mutually agreed-upon activities to help the country. Public Law 480 became just another source of the local currency to keep these mutually agreed-upon projects going in the countries. In some places, the projects were almost always helping the country's defense. That ran into problems up on the Hill in the 1960s, of course.

Mr. Eschwege

You were talking about billions of dollars. They were not considered small amounts in those days.

Mr. Duff

The recipient countries were very happy to negotiate these agreements because they could conserve their use of hard currencies by paying the U.S. in local currencies. At least in my area, we never questioned the projects provided for in the agreements. We focused on the use of the local currencies.

A lot of the projects were very questionable. There was a lot of support on the Hill and in the congressional districts for those projects because people administering them locally were selected from U.S. universities.

I remember one project in Brazil that we reviewed involved not only the construction of buildings but bringing in teachers to provide manual training rather than academic training. That was a real fiasco. In fact, I'm not too sure that it ever really did get off the ground. Yet, all the local currencies made available for the project were spent.

Mr. Fasick

Those local currencies were very useful to congressional travelers, though. They landed in Paris and were given a handful of francs or other currencies and hardly had to account for them.

Mr. Hylander

The economic aid program generating counterpart funds had been discontinued, so this Public Law 480 Program and similar programs were a

new source of foreign currencies. It was a boon to our academic community back here. We hear so much about Fulbright scholars. I would guess that the local currency generated by U.S. aid programs was used for these educational projects and probably resulted in more academics going overseas than would have gone there if dollars had to be used.

Mr. Eschwege

And it also helped to export U.S. agricultural surpluses by exporters that received payments in dollars while the government got stuck with the foreign currency.

Mr. Hylander

The project having the highest priority in almost every country was to use the currencies to generate interest in and a demand for additional agricultural commodities, including other U.S. commodities.

Mr. Eschwege

There were other activities. We were quite concerned about the financial conditions of certain corporations and funds. For example, we audited the Export-Import Bank and OPIC, the Overseas Private Investment Corporation. The latter insured American corporations investing funds in foreign countries.

Then there was the Exchange Stabilization Fund, which I mention also because I think GAO recently got involved in that again. There seemed to be always a question about whether GAO would have access to records to that fund. Do you recall that?

Mr. Fasick

Mr. Staats took a great interest in the Exchange Stabilization Fund and so did Paul Volcker. Paul Volcker didn't want us to do anything in that area when he was in the Treasury Department. We got involved in it for the first time when the fund provided \$120,000 for a house to be provided to a Treasury Department attache in Tokyo. It was sort of luxurious, particularly when everybody else was struggling to get housing in Tokyo.

Mr. Hylander

That housing shortage was one of the reasons we were able to persuade Mr. Campbell to move the office back to Honolulu.

Mr. Eschwege

Joe Lippman was in charge of the Far East Branch at the time?

Mr. Fasick

Yes. He came after Bob Brandt and was the second Director.

Mr. Hylander

We had only three directors in Tokyo, Charlie Roman being the last one.

Mr. Eschwege

Where did this money for housing come from?

Mr. Fasick It came from the moneys appropriated for the Exchange Stabilization Fund. Of course, the appropriation of moneys raised a lot of questions. Now, I don't think we ever audited the Exchange Stabilization Fund as such. There was one little segment we looked at, didn't we, Charlie, the administrative and personnel end of it? But the real substance of the fund was very closely guarded by the Treasury Department. We did little, if anything, with it.

Mr. Eschwege Was it designed to stabilize the exchange rates or something like that?

Mr. Fasick It was designed, I think, basically to protect the dollar in times of crisis in overseas markets. The idea was to intervene in markets.

Mr. Hylander After the fixed rates were wiped out in 1970 or 1971, trying to keep the rates within a reasonable range and provide some stability became a major issue.

Mr. Eschwege You also started to get into foreign trade and the trade deficit. These trade activities really did not involve too many federal program funds, but they did concern our economy. For example, we reviewed compliance with the Buy American Act. Do you recall any of those studies?

Mr. Fasick The Commerce Department had a program to promote U.S. exports. Is that the type of thing you are alluding to?

Mr. Eschwege Right.

Mr. Fasick Many of our efforts in the International Division when I was there were self-initiated. But a lot of them also came about because of the concerns and interests of Mr. Staats. He would bring things to our attention. He suggested areas for us to get into that we otherwise wouldn't have gotten into, and he gave us an entree and the backing we needed. So that accounts for our getting into trade and other areas. He involved us in any number of things, like burdensome taxation of Americans abroad, which had an adverse impact on our ability to get contracts for work overseas because the Americans couldn't be recruited to go overseas or the U.S. couldn't compete in the markets. The other countries were beating us. I enjoyed getting our staff to do that kind of work.

 From what I read in the newspapers, the work being done in GAO on trade has expanded substantially in the last couple of years.

Mr. Hylander

After assuming audit responsibility from the Civil Division, we expanded the audit coverage of the international organizations' aid programs, the U.N. [United Nations] programs, and the World Bank. Frank Conahan and Jim Duff worked in these areas in the late 1960s and early 1970s. That became a major review effort in ID and resulted in a fair amount of success.

Changes in ID Management and Emphasis

Mr. Grosshans

Ken, you briefly mentioned earlier that you took charge of the International Division in 1973. I remember it very vividly because you were the one who brought me back to GAO from the Postal Service in 1972. I came back to Washington, D.C., in September. I was up at ASO [Aviation Supply Office] in Philadelphia when the announcement came that Ken Fasick was leaving LOGCOM and going to ID. What prompted all of that?

Mr. Fasick

I have no idea. I just was fortunate. I liked auditing logistics and communications activities. But it was quite a challenge to further develop a relatively new division. When Oye Stovall, for reasons I don't know yet—I doubt whether anyone else knows the reasons—abruptly retired as ID's Director, I was fortunate to be picked by Mr. Staats to take over the job. That's all I know. I was delighted. I was brought in from my vacation to be told this, which I didn't mind.³

Mr. Grosshans

Tell us a little bit about what you found in ID and the actions you took. Particularly I'm referring to the Deputy Directors who were already there and the roles they played. Charlie, of course, was one of the deputies, and Frank Conahan had been appointed recently as the second deputy.

³Mr. Stovall states: "In the summer of 1973, I came to a full realization that after a decade of Vietnam and world travel, I was exhausted—'burned out'—and that I should retire in July as soon as I was eligible, not only for my own well-being, but for the good of the Division also. I communicated this with ample advance notice to the Comptroller General, but to no one else since I considered that any publicizing of my intended retirement was a prerogative of Mr. Staats. Since he, for his own good reasons, did not disclose it until just before I was to leave, it might appear to have been an 'abrupt' development, but it definitely was not. Since Mr. Fasick's use of the term 'abruptly retired' could convey an erroneous impression that I simply walked out or was pushed, I would hope that the facts as I have indicated them above might now be disclosed and put into perspective without any negative implications, since there were none."

Mr. Fasick

When I came to the Division, it wasn't my intention to change anything for a while. But after being there about 3 months, we decided, with Staats's approval, to realign the Division to some extent. I was a person who liked a deputy director to be a partner in running the Division. Charlie was the Deputy Director and I think he can address this better than I can. I wanted him to know everything I knew and to be involved in every decision to the extent possible. He was.

We ran the Division as a partnership, I thought. That even extended to the associate directors. We tried to be as open with everybody as we could. I don't know whether that was different from the way Stovall worked; that observation will have to come from these gentlemen.

Mr. Hylander

I don't think there was any great change. Perhaps Ken, unlike Stovall, had more of a direct interest in jobs. But that was a difference only of degree.

Mr. Grosshans

Ken certainly did more traveling.

Mr. Hylander

Yes, he needed a partner back here because he was out of town quite a bit. [Laughter]

Mr. Grosshans

Our roving ambassador, as some of the agencies would call Ken.

Mr. Fasick

It paid off. It made me a more knowledgeable Director.

Mr. Eschwege

You indicated that you didn't really know why you were picked, but we all knew. It was because you were really a diplomat, and that was the kind of job that required a diplomat.

Mr. Fasick

You can get some arguments from people on that. [Laughter]

Mr. Eschwege

Even now as you speak, you're the diplomat. [Laughter]

Mr. Grosshans

Let's talk about GAO's involvement in the phasing out of the Vietnam activities and the Vietnamization Program.

Mr. Fasick

The Vietnamization Program was nothing more than a decision on the part of our government to turn over to the Vietnamese complete responsibility for the activities in Vietnam. It took only about a year before that effort fell apart. We were forced out of the country. As I recall, we almost had to drag Fred Lyons out, didn't we, Charlie? He didn't want to leave. He was our representative in Saigon at the time.

As for the Vietnamization Program, we tried to audit, critique, and evaluate it, and we issued a number of reports during that period. Maybe you have more knowledge of that, Charlie.

Mr. Hylander

No. It was just that as the war wound down, our efforts there did too. Fred Shafer led a big GAO effort to review the Vietnamization Program in 1972 or 1973.

Mr. Fasick

Tom Morris [Assistant Comptroller General] thought it was important for GAO, as an independent organization, to capture what he thought was a history of the Vietnamization Program, particularly in the area of supply, logistics, and support. We assigned Fred Shafer to that job full-time for 1 year. I thought he did a very good job. He came up with a report that pleased Tom Morris.

Mr. Duff

I think it is important to note that the Vietnamization review was initiated by the International Division. Most of the fieldwork had been completed at the time that the decision was made to issue an overall report. Ken certainly knows more about that than I do.

Mr. Fasick

What Jim is saying is that he made substantial contributions indirectly to that report and to the concept of the report.

Mr. Grosshans

How about the refugee program work that evolved as part of that review?

Mr. Fasick

We did an awful lot of work in the refugee area. And that is, again, an area where Mr. Staats showed a great deal of interest, particularly in the refugees from Vietnam and Cambodia.

The Cambodian program involving refugees flowing into Thailand was a big one. We did quite a bit of work analyzing these programs and suggesting ways they could be run better. After the Vietnam War was over, Vietnamese people inundated the States.

Mr. Duff

We issued the first report. There were two different types of reviews made at the time. There were a number of reviews that had been made of the refugee program in Vietnam at the request of Senator Kennedy. We issued three or four reports on that phase of it.

But then when the Vietnam War ended and the people were evacuated, we immediately started a review of the refugee program. The Vietnamese used three entrance points to the United States; one of them

was Camp Pendleton. We staffed the review basically with people from the regional offices. We also had a staff in the Philippines, which was the original entrance point for refugees.

My recollection is that we quickly issued a report within 4 or 5 weeks following our initial review, which I think was somewhat of a first for GAO. We issued two or three follow-up reports after the initial report. We visited the refugee camps in the United States and followed up on anyone released from the refugee camps to religious and other organizations. We even went into these organizations to see whether the intent of the refugee program was carried out and whether funds were used appropriately. I think GAO did an excellent job.

Mr. Grosshans

Another body of work that we haven't touched on is the review of U.N. organizations. This didn't come easily because of access and possibly other problems. You might comment on how we got involved in some of those organizations and how we gained adequate access to their records. Of course, the one that comes to mind is UNESCO [United Nations Educational, Scientific, and Cultural Organization]. That review may have been performed after all of you had left. The United States pulled out of that organization as a result.

Mr. Duff

We were involved in that first report on UNESCO. The first GAO review of international organizations was a review that I started in 1959 in Paris. That was the NATO [North Atlantic Treaty Organization] infrastructure program that financed construction of the NATO airfields in France. We had no real problem with access to records on that particular review. We undertook the review because at the time, the United States was contributing 25 percent of the funds.

Mr. Grosshans

Wasn't there a concern that if NATO allowed the United States to have access to its records, every other country would also want access?

Mr. Duff

Not with the NATO review. There was this concern when we wanted access to the United Nations. On the NATO review, we worked with the NATO Board of Auditors. We received most of our information from the Board, and then we gained access to France's records. France really had no particular problem with it.

Basically, we made a financial review of the contributions, rather than a review of the construction of the air bases in France. I do remember comments I received from some members of the NATO Board of Auditors. They didn't particularly like our involvement. The head of the NATO

Board of Auditors at that time was a retired Air Force colonel who had been a comptroller. We became very good friends after we got in there and started the work, and we experienced no particular problems. As a result of the review, the U.S. received a refund of \$8 million from France.

We made those U.N. reviews under the umbrella of reviewing how U.S. contributions to these organizations were being spent.

At the time, a lot of the work was done by UNDP [United Nations Development Program]. We had a really good relationship with the head of UNDP. At first, he was very reluctant, but we explained what we were going to do and how he could use our work to good advantage—especially since, in my opinion, we were doing a much better job than the UNDP auditors. He was very cooperative.

We made several reviews of UNDP. Then we did WHO, the World Health Organization; the Food and Agriculture Organization [FAO]; UNESCO; and others. Later, Senator [Abraham] Ribicoff requested us to review U.S. involvement in the United Nations in connection with hearings he was holding. We did a lot of work for him and his staff, and we testified at his hearings. I think we addressed six reports to Senator Ribicoff.

Mr. Grosshans

You mentioned an \$8 million refund on the airfield construction project. What other accomplishments could we point to on this type of work? Wasn't one of the concerns that GAO might not have the leverage to get these organizations to make suggested changes?

Mr. Duff

I think that the leverage came mostly from the reports that we issued. Also, while the separate United Nations organizations had a lot of support on the Hill, individual Congressmen and Senators expressed concern about some of the deficiencies that we were spelling out in the reports.

The other effect that we had was within these independent agencies themselves because they were somewhat embarrassed that we went to the grass roots, out in the corn fields and so forth, to get our information. None of their auditors, to my knowledge, had done that before.

Mr. Hylander

We strengthened the hand of the representatives of the State Department in getting reforms made in these countries. If we gave them ammunition to use, some of them used it and some of them didn't. I think that

when they used our work, we, secondhand or thirdhand, had quite an effect on the administration.

Mr. Grosshans

Wasn't Staats also very much interested in strengthening the international audit organizations, like the NATO Board of Auditors? The U.S. headed that.

Mr. Hylander

He also was interested in the U.N. Board of Auditors.

Mr. Fasick

He was interested in having a Comptroller General of the United Nations.

Mr. Duff

He and the Auditor General of Canada.

Mr. Fasick

I think it is fair to say, Jim, that we had less trouble with the international organizations when it came to access than we did with our own U.S. agencies.

Mr. Duff

Oh, I would agree with that. We had more problems from the State Department on access to records than we did with the international agencies themselves. When we first started a review, we notified the State Department and the U.S. mission in New York. Through the U.S. mission in New York, we would then set up a meeting with the head of the international agency and explain exactly what we were doing. I don't remember any real problem with these agencies.

Mr. Eschwege

GAO did not make a full review of an agency; it looked only at U.S. participation in that agency's activities.

Mr. Duff

That was how we started. But in the actual review, we did a little more. Let me give you an example of that.

UNDP was set up as the focus of all United Nations assistance efforts in a country. These independent agencies were very, very independent. They wanted little to do with UNDP as a focal point for programs within the country.

That is one of the things that we faced when we went into these countries. If we were reviewing FAO, in addition to going to FAO, we would go to UNDP to find out what input it had into the FAO program in that country. And for the most part, it had none. I think that we, as a result of our efforts, helped strengthen to a great extent the UNDP activities in the recipient countries.

Mr. Hylander

We felt it essential to get into the multilateral organizations because bilateral aid in the late 1960s and early 1970s was reduced substantially. Most of the money went into multilateral aid. We thought it was essential to refocus from examining just economic aid to examining country X to examining the multilateral programs.

Mr. Duff

That's a good point, Charlie, because one of the things we did look at was the coordination between the United Nations programs in these countries and bilateral programs in those countries. We found very little coordination between those programs.

Sensitive Assignments

Dr. Trask

One of the sensitive assignments in the immediate aftermath of the Vietnam War was the sinking of the U.S. merchant ship Mayaguez in 1975. That brought some interesting jobs to GAO. Representative Dante Fascell of the House International Affairs Subcommittee made a request, which GAO handled with some difficulty; it had other ramifications. I wonder if we could talk about that. First of all, what was GAO expected to do? What were the assignments?

Mr. Fasick

You know, when that request originally came through, it was couched in terms of reviewing crisis management in the federal government. At first, a lot of people in the organization thought that this kind of review was beyond what we should be doing. On the other hand, I think the people in the International Division displayed a great deal of enthusiasm for making the study.

Dr. Trask

Why did some people think that GAO shouldn't do that?

Mr. Fasick

Well, you are getting into judgment areas. You are getting into very questionable classified national security decisions. They thought that we would have difficulty making an appropriate analysis because of the limitations that we might have on access to people and records. That would be one of my reasons for thinking people would have problems with it.

Nevertheless, with the encouragement of Mr. Staats, who was fully supportive of making the study, we undertook it. It was something new and different. We issued a good report, but we had some problems with the Congress and the release of the report. It changed some things in GAO

concerning our relations with the Congress. But the report was one of the efforts in the International Division during my tenure that I was very proud of.

I was talking to Frank Conahan recently about this. He said he was in a seminar where General [Brent] Scowcroft, former and now again National Security Advisor, was addressing key top-level government officials. Following the seminar, he said to these people—they were talking about crisis management in the government—“One of the best documents on crisis management in the government was a report GAO put out on the Mayaguez.”

Maybe these gentlemen can address the composition of the staff and how we went about the study.

Mr. Duff

We did have some problems with access to records. [Lawrence S.] Eagleburger, if I'm not mistaken, was the Assistant Secretary of State at the time. Scowcroft was at NSC [National Security Council]. Scowcroft didn't help us in any way to obtain access to the records involved. Like you said, one of the objections they had was our reviewing the decision-making process. That's not really what we reviewed. We reviewed the process set up for crisis management and how it operated. I agree with you. I think we obtained the information that we needed and developed a good report.

Mr. Hylander

The problem was within the executive office; the President had more of a problem with it than the State or Defense Departments. The basic information and the basic decisions were documented in NSC records located in the White House. [Henry] Kissinger was then Secretary of State. Scowcroft was, I think, the head of NSC then. They never said no, but they sure stonewalled us a lot. Weeks and months went by.

Mr. Fasick

They insisted that everything be classified as “Secret” or higher. That's when we got into some problems later on.

Mr. Hylander

As for how the report was released, we had issued the classified reports weeks or months before. They kept stonewalling us and the Subcommittee in our efforts to issue an unclassified version of the report. Finally, a Fasick staff member, just a day before the presidential debate between Gerald Ford and Jimmy Carter, released the report on his own as an unclassified document.

Mr. Fasick We were busy too. I was on the phone. Charlie, you probably were on the phone too with different media people to get the straight story out. Because of that, the Comptroller General made a decision that within so many days of a report's issuance, no matter what a requester says, we have a right to release that report.

Dr. Trask That was the 30-day release rule that was developed right after the events we have been discussing.

Mr. Eschwege I can't help putting a footnote on this one since you mentioned Eagleburger. As good as that report was—and a lot of people said it was good—he had to say that GAO's effort was “an ex post facto diplomacy by political amateurs.”

Mr. Fasick Maybe if we talked to him today, he wouldn't say that.

Mr. Hylander That is a self-serving statement if I ever heard one.

Mr. Eschwege He's our Deputy Secretary of State today. Let's discuss one other issue, though not of the same significance. But still it would seem to have been of great interest to the Comptroller General. He was quite involved in a series of reviews of Radio Free Europe and Radio Liberty, starting in 1971, and lingering for almost 10 years. This was an issue because of questions of consolidating these broadcast stations and of relocating them. I wonder if you could shed some light on these GAO efforts.

Mr. Duff Yes, I think I can. The original review was requested by Senator [J. William] Fulbright. He had a real interest in the radio stations. We made a review of the management of Radio Free Europe and Radio Liberty and issued a report addressed, I believe, to Senator Fulbright.

One of our major findings was that consolidating the management of the radio stations would save a substantial amount of funds, improve the programs, and strengthen overall management. I think we made two or three reviews.

Mr. Eschwege At least three that I know of.

Mr. Duff Mr. Staats was very, very much interested in this work. I had a very good relationship with the Senate Foreign Relations Committee. A lot of the work that we did, although it was self-initiated, reflected the interest either of the Senate Foreign Relations Committee or one of the

appropriations subcommittees in the Senate. Mr. Staats was interested in the original report, and I remember that we discussed it with him.

He was very much interested in the follow-up reviews, especially regarding how these stations were managed. Each station was autonomous, and I don't think they were particularly interested in coordinating their activities. They especially did not want a single management team over them.

Mr. Fasick

The Congress was interested in this too. You had the Voice of America of the USIA. You had a similar station in Berlin. The Congress often raised questions about possible duplication and about whether all of these stations were necessary and effective. Were they really beneficial to the United States? That was a very hard thing to measure.

Questions were raised with us about what the stations were doing, whether they were reaching the intended audience. We depended upon, I guess, the intelligence community to give us what information it could about the results.

But those were the kinds of questions constantly being raised by the Congress every time the appropriations came up. I think Mr. Staats, justifiably so, felt that this type of effort was beneficial to the United States. Each year, when questions surfaced in the appropriations process, we all showed an interest in it.

Mr. Eschwege

I found it very interesting that as early as 1973, you apparently did a report on international control of drug traffic. Do you recall any work in the drug area?

Mr. Duff

Very definitely. We did a series of reviews on international drug trafficking. I believe we issued three or four reports. The policy review staff that had been set up at that time was really concerned because we were doing report after report after report. Those reports, in my opinion, were absolutely necessary, especially when the administration had the problems of setting up the DEA [Drug Enforcement Administration] and taking responsibility away from the Customs Bureau. I recall being in Rome one day when I was invited to go out with a DEA agent on a drug seizure; I refused to go.

I think we made an excellent contribution through our reports to the overall interdiction of drugs. The countries we reviewed were very reluctant to cooperate with the U.S. In fact, there was practically no

surveillance or seizures at the Rome airport. They did not want to discourage tourists. France was another country reluctant to cooperate. Most of the drugs seized in Europe were processed in laboratories in France. France did not want to cooperate with the U.S. I think we diplomatically pointed that out in our reports.

Mr. Eschwege

Finally, I noticed that we started to address, more and more, the U.S. military sales. I'm sure, Ken, you were involved in reviews of sales to countries like Taiwan, Iran, and Saudi Arabia. What was the gist of some of these reports? What were we trying to do?

Mr. Fasick

Getting a fair price for the products we were selling was one of the key issues, as I recall. These were government-to-government sales. Some of them were for large amounts of money. For example, sales to Iran amounted to billions of dollars; they involved very sophisticated equipment. The question also came up as to whether the U.S. was compromising this modern equipment by selling it to countries that possibly couldn't be prevented from reselling it to third countries. It was a very significant issue for a number of years.

Mr. Eschwege

I would think there is still concern about such military sales.

Mr. Duff

There was concern about international agreements the U.S. had with the countries. They provided that none of the equipment supplied, either under the Military Assistance Program or the military sales program, could be scrapped or transferred without permission of the United States. There was a considerable amount of evidence that some of the countries were receiving much more equipment than they could possibly need. Therefore, the likelihood that some equipment was being transferred to third countries was a major concern.

Examples of Assignments in Later Years

Mr. Grosshans

Another issue that has been in the forefront, even within the last year or so, is the Panama Canal Treaty and GAO's financial and other audit activities. In the early 1970s, there was considerable regional office involvement in staffing some of the Panama work. Who in GAO was

responsible for making these audits, and what was the extent of GAO's involvement?

Mr. Fasick

The original Panama Canal audits were done by the Civil Division and TDY teams that went to Panama. In 1975, the International Division set up the office in Panama.

Mr. Duff

The New York Regional Office staff assisted in auditing the Panama Canal operations.

Mr. Fasick

We would send teams by ship sailing from New York through New Orleans and down to the canal.

Mr. Eschwege

Staff from Dallas also did the audits for a while.

Mr. Fasick

After we set up an office in Panama, the International Division took responsibility for all Panama Canal audits, including management reviews and the required annual audit of financial statements. When the treaty was being negotiated, committees on the Hill asked us to analyze and assess some of the alternatives being considered for eventually relinquishing U.S. control over the canal.

We worked extensively, both formally and informally, with the committees on the Hill. GAO's work had some impact on the treaty itself. Of course, we didn't make the decision on whether there should or shouldn't be a treaty, but we analyzed and commented on the proposed provisions and suggested what the consequences of adopting them might be.

Mr. Hylander

The temporary duty staff was there for only part of the year to supplement the regular staff during the height of the annual financial audit required by the Corporation Control Act.

Mr. Grosshans

Some of our staff from San Francisco helped out on that for a couple of years.

Mr. Hylander

Recruiting for this work in Panama was not a problem.

Mr. Grosshans

To what extent did ID get involved in reviews of implementing the Nuclear Nonproliferation Treaty and the role of the International Atomic Energy Agency [IAEA]?

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- Mr. Fasick Senator [John] Glenn was always interested in nuclear nonproliferation. Some of our work was done in response to his interest. We testified several times before Senator Glenn. We also assessed IAEA's competence to monitor nonproliferation and the actions of the member countries. I don't know of anything unusual that came out of that, except that for GAO to be involved in that area was something new. I think we handled it very well.
- Mr. Hylander It is going to be a real hot issue in the next year or two. If GAO isn't already involved, it ought to get back into it.
- Mr. Duff As a matter of interest, when we issued a report on nonproliferation, I got a call from a member of the Russian Embassy who wanted to come over and talk to us about it. I immediately called the State Department and got in touch with the CIA. The Russian did come over, and we had a nice little discussion. The next day or a couple of days later, I got a call from an FBI [Federal Bureau of Investigation] official who wanted to talk to me about the Russian's interest.
- Mr. Grosshans Another area GAO got involved in was the Third Law of the Sea Conference. Do you recall that?
- Mr. Fasick That was always an area of interest to Comptroller General Staats. I don't think we ever assessed or evaluated those conferences. We monitored them. We tried to keep abreast of the proceedings and report on the progress being made. The negotiations petered out, as I recall. They were concerned, for example, with how to allocate the rights for mining the seas and the resulting profits.
- The Third World countries wanted the African countries to get all the money. The negotiations lost impetus because of the conflicts between countries like the United States and the developing nations.
- But I just characterize that work on our part as staying on top of it and being able to answer questions that the committees on the Hill might raise.
- Mr. Grosshans Another body of work that we undertook during those years was sharing the cost of defense with other countries, coproduction of airplanes, and military base negotiations. Base rights agreements in the Philippines are very much in the limelight right now.

Mr. Duff

We did a lot of work on these agreements. We worked very closely with Senator [Stuart] Symington and his staff for about a year and a half. He was interested in the presence of U.S. bases overseas and especially in the negotiations with foreign countries for obtaining their use or continued use. He held hearings on the agreements. I think we did the reviews and gave informal reports to Senator Symington's staff. I believe we made a big contribution to that area.

Mr. Grosshans

We made a number of reviews of the extent that NATO, and more recently Japan, were sharing in the cost of U.S. defense activities. How effective was some of that work and to what extent did the Hill really use it?

Mr. Duff

I don't really recall any review we made specifically on cost sharing. Are you talking about the cost sharing between the United States and a foreign country?

Mr. Grosshans

The effort to have foreign countries absorb some of the U.S. costs for stationing troops in Europe or the Far East, for example, having them share the costs associated with housing and base operations.

Mr. Duff

Now I recall a review that was made of the stationing of U.S. troops in Europe. I wasn't involved in that.

Mr. Fasick

I think we did a number of studies that involved the adequacy of other NATO countries' payments vis-a-vis those of the United States. You asked whether we got any beneficial results from them. Maybe the pressure we kept on them caused them to at least do what they did and not less. Congressional pressure was always there, raising the question about NATO and certain countries and why the United States should be paying so much of these costs. Questions always arose as to why the U.S. gave nuclear umbrella protection to these countries while they got off scot-free and could develop their economies at our expense.

Mr. Grosshans

Now that you touched on the NATO defense commitment, do you recall our efforts to get the NATO countries and others to commit a larger percentage, around 6 percent, to the defense area? At the time, Japan's share was 1 percent and some of the NATO countries contributed 2 to 3 percent.

Mr. Fasick

Werner, weren't you involved in that with Fred Shafer? You were in our area of responsibility. Fred Shafer raised some good and profound questions, as I recall. I think you answered your own question. We were concerned and raised questions about cost sharing.

Mr. Grosshans Maybe this should have been a joint defense and international type of interview.

Mr. Fasick We could work toward that. [Laughter]

Mr. Grosshans I remember readiness used to be a defense type of job. As soon as you went down to ID, you insisted that the Korean readiness review ought to be a joint effort, and Harry Finley and I had to negotiate base rights to that particular review.

Mr. Fasick It worked out all right, didn't it?

Mr. Grosshans It did. [Laughter] How quickly we change, though.

Mr. Fasick Yes, that is true.

Limitations on Audit Activities

Mr. Eschwege Maybe these in-house jurisdictional questions come under the category that I just wanted to talk about, that is, the limitations placed on the International Division's audit activities, be they by statute; by regulation; or, as you mentioned, because of turf problems. One of the limitations was the degree of our involvement in audits of the intelligence agencies—the CIA, the National Security Agency [NSA], and the Defense Intelligence Agency.

Mr. Fasick I don't think we ever audited the intelligence agencies. We used intelligence agencies. There was a period when Frank Conahan was our liaison with the CIA. He had access to material that was very useful to us in our audits. We never compromised the agency. He had a good relationship working there. I don't know whether you have that arrangement today.

 We never audited the CIA, for obvious reasons. You have the intelligence committees up on the Hill and the jurisdiction problem. When I worked in the defense, logistics, and communications area, we tried to look at the administrative and management activities of NSA. I think we drew a blank. We assigned some people and tried to get security clearances, but we didn't get very far. The bottom line is that we did not audit intelligence agencies.

Mr. Eschwege Did some members of the Congress ever ask whether GAO should get into these areas?

Mr. Fasick I don't recall ever being asked.

Mr. Hylander I think most members of the Congress are happy to look the other way and set up their own intelligence committees and give them the problem. I don't recall ever being called on by the intelligence committees to do anything.

Mr. Fasick We were asked several times to look into some divestiture efforts of an intelligence agency. Do you recall that? We looked at efforts to sell something, like one of their companies.

Mr. Duff Get rid of their front companies?

Mr. Fasick Yes. We would do that in a classified way and issue the report. We did sporadic projects like this, but we never looked at those agencies as a whole. At one time, we thought we could do some work in NSA, but that wasn't work done by the International Division; it involved the communications and logistics area.

Mr. Duff On a number of occasions, we did run into their activities. If we were asked to back off, we did, provided they had what we considered a satisfactory reason for keeping us out. We got most of our information in the field.

For instance, if we ran into something that involved the Defense Intelligence Agency, we worked with the local people to gain access. If the local people did not give us the information and the matter was referred to Washington, we usually did not get the information. I remember, however, one excellent report we developed on Vietnam. We noted that the Vietnamese were charging U.S. planes landing fees at their air bases. We thought that it was ridiculous for us to be over there and pay landing fees.

We followed up on that and found out that it involved a CIA operation of a private airline that operated in Vietnam. We issued a report on the matter and got a reply signed by General [William] Westmoreland, in effect stating that no further fees would be paid.

Mr. Eschwege What were some of the problems in obtaining access to agency records?

Mr. Duff

I remember that when I was in Spain, we tried to get the war plans to evaluate the missions anticipated for bases being constructed. We never did get the war plans. Most of the access problems we had were not with classification but with efforts by the Defense or State Departments to stonewall us and delay our getting certain information.

However, we did have things going for us. In the Pentagon, there was what I call the "political shadow administration" that reported to the White House and another group that reported to the Secretary of Defense. We had made a request for some information as part of a review in the Philippines. This was when the Philippines had a military contingent in Vietnam. We were looking at the moneys paid to the Philippines for having that particular contingent in Vietnam. We were stonewalled, even to the extent that I was told the information was put on a slow boat from China, and they didn't know when it would arrive here.

There was some provision in the Foreign Assistance Act stating that GAO had the authority to suspend appropriation payments to a particular country if a request for data by GAO was not answered within a reasonable time. I delivered a demand letter in draft to the State Department and the Pentagon saying that if we did not have that information within 7 days, we would suspend payments. The draft was prepared for Mr. Staats's signature. We got the information.

Mr. Eschwege

This classification process has been of some concern to me and, I guess, to others in GAO. When GAO sends draft reports to the Defense and State Departments, it is they who decide what classification the final reports should have.

Mr. Duff

Not quite. We would send them draft reports showing the classification of the information in each paragraph. In the transmittal letters, we usually stated that we had classified the paragraphs on the basis of the source documents. In numerous instances, we stated, however, that as now written, the reports or certain paragraphs should not be classified. So then they gave us paragraph-by-paragraph classifications of the reports.

Of course, the reports carry an overall classification based upon the highest classification in the reports. We wouldn't necessarily accept their classification when they said, "This paragraph remains 'secret' or 'confidential.'" We would sit down with them and ask them what they considered to be "secret" in that paragraph, and we would try to rewrite

to remove the "secret" material and thus get them to eliminate the classification. So a lot of negotiation was going on. Of course, we couldn't override their classifications.

Mr. Eschwege

But that is my point. Were you concerned about this process, or did you feel that because of these negotiations, you usually got the classifications you wanted?

Mr. Duff

It all depended. I guess I used one of the best examples that I could think of when I mentioned our report on the payments to the Philippine contingent in Vietnam. We found out that those moneys were going into a Philippine bank account controlled by President [Ferdinand] Marcos.

We worked with the State Department. It controlled the classifications of the reports. To a great extent, we did get them unclassified by changing information in them. The State Department was more concerned in this case that the Philippine Embassy would become aware of the type of documents we had looked at, rather than what information the documents disclosed.

Our statement of the actual use of the money could not be unclassified. However, we obtained the canceled checks that had been delivered to Marcos and photostated them.

We wrote a report using these canceled checks as supporting evidence. We had a man reference that report who had never participated in the review or known anything about it. We told him that we did not want him to look at a classified document under any circumstances.

So, without using any classified document as a reference, we were able to issue an unclassified report. The next day, Mr. Staats had a call or a letter from the State Department alleging that we had violated security regulations. I met with Mr. Staats and told him that 90 percent of that report was referenced to the canceled checks and that the man who had referenced the report had never looked at a classified document. So we got around the allegation.

Mr. Eschwege

We've talked about turf problems, so I'm not going too deeply into it. But back in 1973, after the energy crisis developed, Mr. Staats established first an office and then a division, the Energy and Minerals Division. This Division had responsibility for the energy issue area and focused on energy supply problems, conservation matters, and international energy problems. We recently interviewed Monte Canfield, who was the

head of that Division. From his point of view, there were some concerns and objections by the International Division when he got involved in international energy problems and programs. Do you have any reaction to that, Ken?

Mr. Fasick

We did have some differences of opinion with Monte Canfield, his people, and his Division. Our charter was very explicit. It said the International Division was responsible for the international activities of all the agencies of the federal government. When issues arose involving international activities in the energy area, we felt that it was our responsibility. We tried to, and in some cases did, work things out with his staff when there seemed to be a conflict. We would identify what they would do and what we would do.

Monte Canfield, I think, would rather have had a blank check to do whatever he pleased in the international area. That gave me problems because we had developed an excellent rapport with a number of committees on the Hill. Once these people looked on the International Division and our staff as the experts in this area, I foresaw a number of problems with having another division try to deal with those same committees on those same issues. There we had some differences of opinion.

Monte and I did have some clashes. Several of them we took to Bob Keller. We sat in his office and thrashed them out or didn't thrash them out. We agreed to disagree on one occasion. But you know, aside from that, I think things worked out, at least during my tenure.

Mr. Eschwege

Of course, other divisions had concerns as well. It wasn't just a problem for the International Division because the Energy and Minerals Division, by its very charter, did have access to a lot of other departments and agencies that were, for instance, under my responsibility. Did you think that there was additional concern because it involved the sensitive international arena? Perhaps that is why your differences with Monte became more pronounced.

Mr. Fasick

I don't think our differences had any reason to be any more pronounced than differences with GAO divisions having jurisdiction over audits in the Departments of Agriculture or Defense.

Mr. Duff

An interesting note on that, Henry, was that the International Division had issued the first report on the international energy crisis before there was a GAO energy office or division. In fact, I think it was the very first

report that GAO did on the energy crisis; it was a very good report that pointed out future problems.

Mr. Fasick

Let me say this. Werner alluded to it earlier; once I moved from the Logistics and Communications Division to the International Division, I changed. If I had been in Monte Canfield's shoes, I would have done what Monte Canfield did. Does that answer your question?

Mr. Eschwege

Completely. [Laughter]

INTOSAI and International Auditor Fellowship Program

Dr. Trask

There was mention earlier of INTOSAI, and the consensus seems to be that it was not until the Staats period that GAO became interested in that organization and began to participate. What kind of INTOSAI activities were there that GAO was interested in or participated in? Another question: What was the basis for Staats's interest?

Mr. Fasick

I think Mr. Staats was very much interested in the basic objective of government auditing. He thought it was in the interest of the United States to encourage the development of this capability in other countries, advanced as well as developing countries. INTOSAI was a vehicle for doing what he thought had to be done. I thought he did a good job. As we all well know, he got very much involved in INTOSAI and its activities.

I don't know if that answers your question, but involvement with INTOSAI ended up being taken away from us and being transferred to a separate office in due course. There were some administrative responsibilities involved with it. Maybe we were pleased to lose that aspect of it, but not the basic thrust of it, being an international operation.

Mr. Hylander

We had always had the responsibility for entertaining foreign visitors. The Policy staff had the responsibility, and then, when the International Division was set up, we assumed it. A lot of people were coming here, so we tried to confine these visits to half a day at the most.

going pretty much down the tubes. Mr. Staats's real interest was in assisting the U.S. in that, rather than assisting GAO in any narrow sense.

Mr. Duff

There was another item that Ken touched on. When we were making reviews in a country where we either knew a person because he or she had participated in the Fellowship Program or where we knew the auditor general in that country, we would meet with the person. Also, a number of our reports suggested that countries would benefit from better auditing of the programs. I think there was mutual benefit. We were identifying some of the problems that their auditors were experiencing, and we helped to make them stronger within the countries.

Dr. Trask

INTOSAI also started the International Journal of Government Auditing, which continues to be published. I think the Journal is of great benefit to those countries, as well as to the U.S. and GAO. GAO has managed the editing and the publication of the Journal from the beginning; as a matter of fact, it is published in several languages.

Mr. Fasick

Morse was the first editor. Who is the GAO representative now on the Journal?

Dr. Trask

It comes out of Peter Aliferis's Office of International Audit Organization Liaison. The editor is Donald Drach.

Interest of Comptrollers General in Audits

Mr. Grosshans

Some of you, Jim and Charlie, worked under three Comptrollers General while you were here—Warren, Campbell, and of course Staats. Would you like to comment on their different styles and approaches and what you saw during those three eras?

Mr. Hylander

I was working at a junior level and never saw Lindsay Warren. I never had any ideas about the pros and cons of what he was doing. Of course, he started the big reorganization of the Office, going from voucher auditing to comprehensive auditing.

We all had quite a lot of contact with Mr. Campbell and Mr. Staats. Mr. Staats was certainly more of a hands-on person and was interested in

specific assignments; he had an agenda. He had a lot of background in government and a lot of friends in the international area. He came to GAO with some definite views about what we should be doing, mainly that we should be doing more broadly based work than what we had been doing under Mr. Campbell. As far as I know, Campbell was not that involved in international work. As I said before, "Don't get me into any problems overseas," seemed to be his way of looking at it. Aside from Mr. Staats's being much more involved, both of them approached specific jobs in about the same way and had the same problems and incentives. If GAO was going to be involved, they wanted the staff to do a good and thorough job and to be accurate and objective.

Mr. Fasick

My experience with Staats was that he took a substantial interest, possibly more than Campbell, in international affairs. He took an interest in the types of reviews that we were undertaking. He encouraged us to be innovative and to address new areas, which pleased me. He also encouraged us to improve and enhance the capability of the staff, to do other than traditional audits, and to hire people from different disciplines.

It was during that period that our work began to change. I guess it is substantially different even today from when I left the Office. I am referring to the mixture and the technical expertise of staff in what is now NSIAD. He would recommend people to us, but he never forced us to hire them. We would interview them, and if we didn't think they would fit into our plan for enhancing and developing the Division, we didn't hire them. Some we did hire.

We were encouraged to do our own recruiting and look for people with capabilities other than just accounting. I think Mr. Staats's input in the international area was substantial and very beneficial to the International Division and to the international coverage by GAO.

Mr. Duff

Like Charlie, I had little or no contact with Mr. Warren when he was in GAO. My contacts with Mr. Campbell were limited. However, I did experience the policies and types of reviews under both Mr. Campbell and Mr. Staats. The big difference was that Mr. Campbell's policy was simply keeping at arm's length with the agency you had under audit. When Mr. Staats came aboard, it was a completely new ball game. He was trying to get us to have closer relationships with the agencies under review. I think there is a lot to be said for Mr. Campbell's reign here.

I think that at the time, it was probably a good idea not to get too close with the agencies under review. I think the same thing can be said about Mr. Staats. I think that during his time we benefited from having a closer relationship with the agencies and especially from his own personal relationships with people in the administration and on the Hill. Although Mr. Campbell had also been in government before he came to GAO, I don't think he kept up any personal contacts developed prior to becoming the Comptroller General. I may be wrong.

Recruiting and Staff Development

Mr. Grosshans

Ken, you touched on GAO's recruiting and staff development, which is one of the areas we are trying to get a little more information on. You talked about a special type of recruiting. Didn't we target some of the schools that were heavily oriented toward an international relations curriculum?

Mr. Fasick

Indeed. We didn't have as much luck with Georgetown as we did with Thunderbird.

Mr. Grosshans

That is right. That's the one I had in mind.

Mr. Fasick

We did quite a bit of recruiting there. Thunderbird was fine, but I think our recruiting in other schools probably was just as beneficial, if not more beneficial, considering the type of expertise we needed to advance the state of the art.

Mr. Grosshans

Were we successful for the most part in keeping those individuals from Thunderbird?

Mr. Fasick

Yes, I think so. Most of the people that have come with us have stayed with us. We didn't lose too many.

Mr. Grosshans

I can think of a couple.

Mr. Fasick

Well, the Division lost Eleanor Hadley.

Mr. Eschwege

Was Thunderbird a part of a bigger university?

Mr. Fasick

No, it was in Arizona and it specialized in foreign affairs.

Mr. Grosshans

I remember a couple of individuals we got from there who didn't think much of our rotation policy. They wanted to come here and work solely in the international area. They didn't like this moving around their first 2 years. We lost a couple of them as a result of that policy. I am curious as to how big a problem that may have been at the time.

Mr. Fasick

I don't recall much of a problem with rotation policies. In the early days, people moved up so fast in this organization that they rotated through promotion. That isn't the case today. You have to manage people better today. Evidently, you are doing that. We had some people who came here with certain expectations, and when the expectations weren't met, they left. But more stayed and were happy with GAO. Just like the three of us here. We were all pleased that we had the opportunity to serve.

Mr. Grosshans

Another thing Mr. Staats initiated was to send some of us to specialized training institutes. I know that two of you went to the Foreign Service Institute [FSI]. Mr. Staats started that about the same time as he sent people to the Industrial College of the Armed Forces [ICAF] and the National War College [NWC]. I think you, Jim; Charlie; and Frank Conahan got this training. How did that all work out? Did we get the benefits from that?

Mr. Duff

Oh, I think we did. I attended the first session in 1968 and 1969. There were 25 senior people in the international field attending the program. They were from the State Department, Agriculture, the military services, the CIA, and so forth. We lived with these 25 people for a year.

We traveled all over the country. We were here in seminars for maybe 2 weeks, and then we were on the road for 2 weeks. Practically all the State Department people who attended that seminar had been tagged to be future ambassadors. They were brought back to find out what was going on in the United States so they could better represent the United States in their countries.

After I got out of that seminar, I traveled to 14 countries to reacquaint myself with what was going in the field. In three of those countries, there was a charge d'affaires or an ambassador who had been in the seminar with me. In Frankfurt, there was an Army general I knew. In another place in Europe, there was an Air Force general. So to be able to walk into an embassy and say to the ambassador, "Hi, Pete, how are you?" paid off. Everybody would hear that and doors would open to me.

- Mr. Grosshans Oh, I think so too. I was at ICAF at the same time you were at FSI, and I had the same experience. No matter where I went in my travels, I'd run into classmates. That would open doors that just weren't open before. Just the contacts that we made really paid off, and it was a fabulous experience on top of that. It was a good payoff for GAO.
- Mr. Fasick Is GAO still doing it?
- Mr. Grosshans I'm not sure if we still send people to FSI, but I'm sure we are still sending people to ICAF and NWC.
- Mr. Fasick Here again is an example of encouragement from Staats. Anytime you talked about these schools, he was for it.
- Mr. Grosshans Absolutely. He paved the way to get us into some of those schools. We didn't have those entrees before. One thing we probably should have covered before is the big GAO reorganization in 1972. Divisions were created to deal with reviews of defense and civil programs and activities, but there really was no impact on ID. Was there a reason why ID wasn't affected by that reorganization?
- Mr. Fasick The purpose of that reorganization in 1972 was basically to create a functional approach to the programs in the government and governmentwide. The International Division was already doing this. Our charter said that we were responsible for the international activities of all federal agencies. I think it was natural not to change the International Division at that time. You might tell Monte Canfield that.
[Laughter]
- Mr. Eschwege Mr. Stovall was on the group that developed the plan for this too. I'm sure he made that point very clear.
- Mr. Fasick Oh, I would bet on it.
- Mr. Grosshans We've talked about some of these offices that were closed, such as the one in Madrid and the Tokyo office, which was moved to Hawaii. We also had a Panama office, which was closed, reopened, and closed again, and the New Delhi office, which was open for a while. How were the decisions made to open, retain, or close those offices or suboffices?
- Mr. Hylander New Delhi was the one office that just didn't work out. There just wasn't that much work in Southern Asia. The office was there for 3 or 4 years and really not a lot came out of it. So that decision was easy to make.

As for the other offices, time just caught up with them, I think. In Saigon, the war was winding down. Moving the Tokyo office back to Honolulu was primarily a matter of economics, and to some extent, it was influenced by problems with staff recruiting and the quality of life there.

In Europe, GAO probably just had overexpanded a little bit in setting up all the offices there. Offices in Frankfurt, Paris, and Madrid were probably set up to handle special situations and activities, but the work handled out of London and Rome was never that significant. So each case was somewhat different. You could argue that in some cases, we should have had more office locations or that we should have opened the offices sooner or closed them later. There were not any hard-and-fast rules to go by.

Mr. Grosshans

Was the Comptroller General heavily involved in those decisions, or did the initiative come from the ID directors?

Mr. Hylander

To my knowledge, all the recommendations came from ID, and the Comptroller General either bought them or he didn't. I don't recall any instances when he said, "Set up an office here" or "I want an office there."

Mr. Fasick

But the Saigon office was sort of forced on us from the outside. The Comptroller General didn't initiate it, but once we went to him and explained that there was congressional interest in opening the Saigon office, he was very supportive.

The offices were usually opened or closed on the basis of work load or travel requirements. For example, we proposed to open an office in Bangkok to reduce the amount of time staff would have to be away from home and to shorten the travel time to the audit sites, considering the lengthy travel required from staff then located in Honolulu.

The situation with the Panama office was the same. We thought we needed coverage in Latin America. We considered Caracas, Venezuela, and a number of other locations, including Miami, Florida, to cover the Latin American scene. We finally prevailed on the State Department to let us open an office in Panama. The State Department always objected no matter where we wanted to go.

Mr. Hylander

Yes, the Department's objection complicated the matter to some extent.

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- Mr. Grosshans Ken, Henry paid you quite a compliment when he said you were a diplomat. How did you as a diplomat deal with Rensis Likert [a contractor engaged by GAO to improve organizational development]?
- Mr. Fasick That was one of the toughest periods in my life. I had to deal with people like Jim Duff. [Laughter]
- He said, "How dare you change me. I know I'm right." We brought in Rensis Likert with the encouragement of the seventh floor [the Comptroller General's office]. I volunteered ID because I thought the study would be very useful. One of the problems of almost every division in GAO was communication and interaction. Likert stressed the theme of working together as a team.
- We went through, I guess, what some of the staff would consider hell. We had lots of meetings that we thought were useless. But we were honestly trying to adopt some of the principles of participative management in the Division. I don't think everything we tried worked, but a lot of good did result. I think that probably more interaction and communication occurred later on than before.
- Mr. Grosshans Did you extend that effort to the overseas branches, or was it limited to ID headquarters?
- Mr. Fasick It was primarily an effort in ID headquarters, but we involved people overseas at one time or another. Didn't we, Charlie?
- Mr. Hylander Likert himself resided in Honolulu. That is where he started his survey. I don't know if he and Charlie Roman got along that well. But the Honolulu office did get involved to some extent. Because of the heavy travel in that office, it was a little difficult to work with the staff.
- Mr. Fasick This organizational development effort faded out after a while. You can push the staff only so far. I don't think I was held in high regard by some people on the seventh floor because I started not to push it as hard. Was it you, Henry, who ended up trying to introduce Likert's organizational development ideas in your division?
- Mr. Eschwege Yes. I agree with you that after a certain time, such an effort kind of withers. When we were asked after 2 years whether we wanted to renew the Likert contract for another year, we finally said, "It's been very helpful." And we meant it. "We can point to a lot of good changes,

but enough is enough." If I recall correctly, you had the contract only a year or so.

Mr. Fasick

Oh, no, we had it at least 2 years.

Mr. Eschwege

Then maybe it was Hy Krieger's Federal Personnel and Compensation Division that had it for only a short time.

Mr. Hylander

Didn't the Office establish its own in-house staff with Larry Hillman to pursue this organizational development effort?

Mr. Eschwege

Yes, we actually continued the effort in-house after we finished with Likert.

Mr. Fasick

It was useful to me as the new Director of ID to have Likert because it gave me entree to management techniques that otherwise would have been more difficult to apply.

Looking Back and Ahead

Dr. Trask

We are winding down here, but there are a couple of other questions we'd like to ask you. One relates to events that have taken place at GAO since all of you left GAO. What are your views on the decision in 1983 to merge in one division the international and defense efforts?

Mr. Fasick

I applaud that. We tried to do it in 1962 and 1963, and they wouldn't let us. [Laughter]

There are some things that happened, though, that I didn't agree with. I didn't agree with taking the overseas offices away from NSIAD. From what I can discern today, almost all of the work is still being done for NSIAD. The offices are really an extension of the Division's staff. Now they go through this falseness or some other mechanism to get to the staff overseas. But evidently, it's working out. That's one thing I wouldn't have agreed with. I think everything else stayed pretty much as it was.

Dr. Trask

Any other comments on this?

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- Mr. Hylander I'm really not familiar enough with what's been going on here to have a comment. I knew about the merger. I'm a little surprised to see that 80 to 85 percent of your audit staff-years are now devoted to congressional requests. Do you still have the detailed, internal planning system?
- Mr. Grosshans More so, Charlie. Mr. Bowsher has really perfected the planning system.
- Mr. Hylander The planning is coordinated with people on the Hill?
- Mr. Grosshans Yes. His thought is that we ought to be proactive and suggest to the Hill the type of issues that we should be requested to address. I think we are successful in doing that. A lot of times, the committees may not focus far enough into the future. They may be more concerned with current issues, unless we can lay out a plan suggesting also emerging issues.
- When our issue planning directors go up to the Hill and lay out a plan of action, the committees are very interested in buying into that. As a result, a lot of the work we are doing flows from the work planned by us. We are having our cake and eating it too. We can do what we want to do, but we've got congressional sponsors who strongly support our efforts and are willing to take action on our recommendations. In the past, reports might just sit there without being effectively utilized.
- Mr. Fasick I discern that you feel comfortable with this approach and that you are having an impact in what you do. Before Bowsher came, we were concerned that we had too many congressional requests to do things that weren't emphasizing issues that we believed, in many cases, to be more important to address.
- Mr. Duff There is a comment I'd like to make concerning the difference between self-initiated and congressional request work. I'll speak for the area that was my responsibility when I was here. Many, many of our reviews that were self-initiated actually started with the committee staffs. I personally tried to avoid getting formal requests from a particular committee because I wanted our reports to be disseminated to all the committees. For the most part, I was very successful in discouraging the committee staffs from making formal congressional requests.
- Mr. Fasick The International Division had an excellent relationship with cognizant committees on the Hill. We went to a great deal of trouble to brief them each year in a broad-based way about what work we were doing and what we were planning to do to make sure that our work would be of interest to them. When we did our planning, we would always ask how

this self-initiated work was going to help the Congress. Maybe you are reaping the benefits of that today, when they are telling you what they would like you to do because they were educated in the earlier days.

Mr. Eschwege

You might take that a step further. Today, before GAO even develops the plan, its staff goes to the committees and, particularly, to their staffs and says, "Now, what is it we might put into this plan that would be of interest to you?" So the final plan in effect becomes really a series of potential requests. The completed plan includes a menu from which the committees can formalize their requests.

Mr. Fasick

Do you recall the first time we briefed Congressman Dante Fascell in the House Foreign Affairs Committee? All of us went up there, and we briefed him about all the things we were doing. He was impressed. He said, "We've got to do this every 6 months." Although he was too busy to do it that often, he and his staff really appreciated that and were impressed with the array of things that we were addressing that were of interest to the Committee. Without the briefing, the Committee wouldn't have known what we were doing until the reports came out.

Mr. Grosshans

I recall we did the same thing in the LOGCOM Division. We had appropriations staffers come over, and we briefed them about our activities every 6 months or so.

Dr. Trask

I wonder if you'd like to comment on GAO's efforts in the 1980s—and certainly some of it started in the 1970s—to address the big issues of the day. Some of these had policy implications, not only in the international/defense areas, but in the domestic area too, like HUD [Department of Housing and Urban Development] programs, S&Ls [savings and loan institutions], weapon systems, and deficit and budget problems.

Mr. Fasick

I think these efforts were excellent. When the new administration came in, you issued a number of major transition reports that captured these major problems and issues. I think that in the old days, we tried to do something similar but not in such a formal and sophisticated way. You have to applaud Mr. Bowsher for taking this approach to transition reports. They were used. I read about them in newspapers even in Delaware, where these were mentioned.

Dr. Trask

Finally, can we ask each of you to speak very briefly about what you think were your accomplishments in GAO? You may want to mention any disappointments you might have had, or you might generally reflect on your work, particularly in the International Division.

Mr. Hylander

I don't have anything particular to say. I enjoyed my work here. I didn't linger beyond my appointed years, but I enjoyed what I was doing. I never regretted leaving accounts receivable and inventory work in public accounting and coming with GAO. We certainly were dealing with issues and matters that, I think, gave us more of a feeling of being constructive. I don't have any particular accomplishments or sadnesses to relate. It was all a good experience. I would certainly recommend to any young person to go in that direction.

Mr. Grosshans

I think you are rather modest, Charlie. I think you helped to hold the International Division together. Many of us really appreciated being able to work with you and experience the common sense approach that you used. I think you really made a major contribution to GAO and to that Division.

Mr. Hylander

Thank you.

Mr. Duff

I, too, enjoyed my career with GAO. The fact that I stayed with it for 30 years attests to it. I definitely appreciated the independence that GAO had in working with the Congress and the executive branch of the government. I spent 25 years of my career with GAO in the international field, which I certainly enjoyed. I have no regrets, whatsoever, of spending my time with GAO. While I enjoyed it, I'm also enjoying my retirement.

Mr. Fasick

I think that when we discussed the work of the Defense Division [GAO/OP-9-01], I expressed my pleasure in having spent 27 years at GAO. In terms of accomplishments, I feel good that every Comptroller General that I worked under and every boss I worked under gave me the license to be innovative and to try to improve the state of the art in GAO.

I saw marked changes in how GAO approaches its work from the time I started in GAO to the day I retired. I had the pleasure of being at GAO's management conference last November at Dulles Airport. I am amazed at the changes that have taken place since I left. Lots of things have happened, such as the fact that about 85 percent or more of GAO's audit staff-years are used to respond to congressional requests. The current mixture of staff is also surprising. When I was here, we were working to change that mix, but you've done it in the last 9 years. Anyhow, these accomplishments and the freedom to work in advancing the state of the art are impressive. I feel good about having been a party to some of those changes.

Mr. Grosshans

I agree with you. I've experienced the same type of changes you talked about. I think the type of work in GAO that you all talked about and the fact that we have associated and been blessed with so many talented people are responsible for your positive feelings about your work here. It's a joy to work in that type of environment. You don't find that in other organizations. We really have a unique organization.

Conclusion

I want to thank each and every one of you for participating in our session today. I think ID played an important role in its 20-year existence. A lot of things happened. It's obvious from discussing some of the events with you that they are still very clear in your minds.

Judging from the way Jim talks about it, he can still "live" those jobs. We appreciate your participating with us in this interview. On behalf of GAO, I want to thank you for giving your time to us.

Mr. Eschwege

I'd just like to mention that we tried to get Oye Stovall to join us today. It wasn't possible. I have been in touch with him a couple of times; he sounds good. He has agreed to look over the transcript of this interview and make whatever input he might want to make and, as you might say, to complete the record, if he feels it isn't complete.

Mr. Grosshans

Set the record straight? [Laughter]

Mr. Eschwege

I wasn't going to say that. These gentlemen all have a reputation of trying to be very accurate and concise, and I am sure that they were successful in living up to that reputation. I think you have made a real contribution in talking about GAO's international activities.

Dr. Trask

I'm always interested in sources on GAO's history. You've created for us another important source today, of which we will make good use.

Comments of Oye V. Stovall

Mr. Oye Stovall, Director of the International Division from its creation in 1963 until he retired in 1973, reviewed the transcript for this oral history interview. He has provided the following statement, relating mainly to GAO work in Vietnam between 1966 and 1973.

Before 1963, GAO's international and overseas work was performed as incidental to other audit functions of GAO as follows:

- The military- and defense-related work in Asia and the Pacific was a function of the Defense Division, which had a small overseas staff in Tokyo.
- Reviews of civil governmental and diplomatic programs (those run by the State Department and other agencies), including some required annual financial audits and reports (such as reports on audits of the Export-Import Bank), were handled by the Civil Division from Washington.
- Other specific projects, military or international (as assigned), were performed by a European Branch office in Paris; staff working on these projects reported directly to the Assistant Comptroller General.

U.S. concern with international activities was growing following President Kennedy's election. In GAO, a better coordinated management structure was needed to meet these demands. In 1963, Comptroller General Joseph Campbell established a new International Operations Division, later renamed the International Division (ID), to coordinate all the international and overseas responsibilities of the Office under a Director responsible directly to the Comptroller General. This arrangement provided for a Washington staff, along with such resident staffs overseas as were found necessary and authority to "borrow" individual staff from regional offices for temporary assignments to supplement overseas staffs as needed.

The Vietnam War was on the horizon.

The first Director of the new Division, Oye Stovall, designated by Comptroller General Campbell, continued in that position until his retirement in 1973, a decade dominated by the Vietnam War and the Cold War with the Soviet Union.

Vietnam and GAO

Some highlights of the Vietnam War period follow:

- 1961-1963 - A buildup of U.S. military advisers ordered by President Kennedy occurred. By the end of 1963, about 16,000 U.S. military advisers were in South Vietnam.
- 1964 - President Johnson received extra powers from the Congress in the Tonkin Gulf Resolution. Fighting activity consisted largely of strikes by Vietcong from under cover.
- 1965 - The first U.S. combat troops were ordered into South Vietnam. General William Westmoreland was given command of all U.S. troops there.
- 1966-1967 - U.S. forces continued to build up. Fighting forces increased. Full-scale combat occurred.
- 1968 - Large-scale attacks were launched by North Vietnam. U.S. forces continued to reach new highs. In the United States, widespread antiwar demonstrations were held. General Creighton Abrams replaced General Westmoreland. The United States and North Vietnam began formal peace talks.
- 1969 - Demonstrations and protests in the United States reached new highs. President Richard Nixon announced the first U.S. troop withdrawals.
- 1970 - U.S. troops were sent briefly into Cambodia. Antiwar protests continued. Peace talks made little progress.
- 1971-1972 - Fighting was scaled down. Some U.S. troops were withdrawn.
- 1973 - U.S. facilities were being turned over to South Vietnamese. Withdrawals of U.S. troops continued.
- 1975 - Last U.S. troops were withdrawn. North Vietnam took over the country.

As concern with South Vietnam mounted, congressional committees, particularly the House Government Operations Committee, began to call for a GAO resident audit presence there.

Shortly after Comptroller General Elmer B. Staats was appointed, 10 representatives went to Saigon and the principal U.S. military sites in South Vietnam to explore the prospect of placing a resident GAO staff there. Besides meeting with the U.S. Ambassador and the military commands, we visited the big construction project for the proposed U.S. base at Cam Ranh Bay and several other U.S. military sites.

On our return to Washington, plans were made and action taken to establish an office with a small resident staff in Saigon, with a backup

staff in Manila, both under supervision of Charles Roman, Director of the Far East Branch, which by then had been moved from Tokyo to Honolulu.

Conditions during the U.S. military buildup in South Vietnam were chaotic. At one stage, U.S. military supplies were off-loaded onto the beaches without any security facilities. Guerilla activity was widespread.

Under these conditions, what is the role of a civilian on-site auditor? What practical purpose can be served? GAO had not faced these questions before. Policy considerations had to be dealt with on-site and practical answers sought.

One overriding concern was the exposure and potential risks of auditors where there were no battle lines and no clearly defined risk zones. So we tried to carry on a practical operating procedure, working with the military commanders and the U.S. Ambassador's staff, including the Central Intelligence Agency, seeking a practical role consistent with GAO responsibilities in each situation.

An informal agreement was developed that our auditors should have access to what we felt we needed and that we would take particular care to have reports present factual findings without sensationalizing (which would have been so easy under the prevailing conditions). This arrangement worked from the top downward and continued without undue difficulties throughout the years there.

We worked also with CIA representatives in Saigon and elsewhere in the country and had no real difficulty with access to needed information, including visits to remote sites where their staff were stationed.

One key to good relationships and access was that each side respected the other's responsibilities and commitments. We abided by CIA security classifications and were careful to get CIA reactions to proposed report findings and positions. There was no "sandbagging." The CIA, in turn, gave us access to what we needed.

There were, of course, normal disagreements and differing interpretations along the way.

Throughout the war period, the potential risks to our staff were a continuing concern. Precautions were taken as appropriate in each situation, and there was a continuing understanding that no staff member

would be required to go into any situation which he considered too dangerous. Fortunately, we suffered no casualties.

Our resident staff continued in Saigon through the period in which the U.S. bases were turned over to the South Vietnamese, preparatory to U.S. withdrawal.

Overseas Offices

As changing needs dictated, ID established or moved resident staff locations overseas.

One of the early actions was to move the European Branch from Paris to Frankfurt, since the heaviest concentration of our work was in West Germany. For a time, a suboffice was staffed in New Delhi, India, under the direction of the European Branch, for work mostly in India.

In another early move, the Far East Branch shifted from Tokyo to Honolulu. The Tokyo location had become too isolated from the southward-moving center of Asian activities and was prohibitively expensive. A suboffice was established in Manila, mainly as a backup location for the Saigon staff. And after long delays in obtaining the concurrence of the U.S. Ambassador to Thailand, we eventually established a suboffice in Bangkok, under the supervision of the Far East Branch.

For a time, ID's work in South and Central America continued to be performed by travel staffs from the United States. Later, an office was staffed in Panama City, Panama.

Videotape Cross-reference

TAPE 1	Background Information	00:02:45
	Overseas Offices	00:08:45
	Creation of the International Operations Division	00:16:06
	Auditing Vietnam War Activities	00:44:16
	Audits of Nondefense Activities	00:59:22
	Changes in ID Management and Emphasis	01:09:29
	Sensitive Assignments	01:25:56
	Examples of Assignments in Later Years	01:44:25
	Limitations on Audit Activities	01:54:30
TAPE 2	INTOSAI and International Auditor Fellowship Program	02:10:35
	Interest of Comptroller General in Audits	02:16:24
	Recruiting and Staff Development	02:21:33
	Looking Back and Ahead	02:34:24
	Conclusion	02:44:48

The Table of Contents is reproduced above, followed by time sequences on the videotape. The time sequence indicates the beginning of the discussion of the particular topic on the videotape. Users of this oral history are advised to consult the index for specific page references since these topics may appear in additional places in the transcript.

Index

A

Abrams, Creighton, 61
Africa, 39
Agency for International Development, 11
Agriculture, Department of, 12, 22-23, 51
Alexandria, VA, 2
Aliferis, Peter, 48
American Battle Monuments Commission (ABMC), 9
Arizona, 51

B

Bailey, Charles M., 8, 9, 10, 18
Baltimore, 2
Bangkok, 16, 17, 19, 63
Bell, E. W., 4
Bien Hoa, 20
Blair, Smith, 5, 10
Bowsher, Charles A., 47, 56, 57
Brandt, Robert F., 4, 24
Brazil, 23
Buy American Act, 25

C

Cambodia, 28
Campbell, Joseph, 3, 6, 7, 8-10, 11, 12, 24, 48-50, 60
Camp Pendleton, CA, 29
Cam Ranh Bay, 61
Canfield, Monte, 44-46, 52
Caracas, Venezuela, 53
Carter, Jimmy, 33
Central Intelligence Agency (CIA), 39, 41, 51, 62
Charam, Philip, 1
Civil Division, 7, 11, 22, 26, 38, 60
Clavelli, Alfred M., 10
Commerce, Department of, 12, 25
Conahan, Frank, 26, 33, 41
Country reviews, 7, 8
Crisis management study, 32-33

D

Dallas, 38
D'Ambrogia, Harold J., 11
Da Nang, 20
Defense, Department of, 2, 15, 18, 33, 43
Defense Division, 7, 8, 11, 12, 13, 17, 60
Defense Intelligence Agency, 41, 42
Domers, Henry R., 3, 10
Drach, Donald, 48
Drug Enforcement Administration (DEA), 36
Duff, James A.
biography, iv; career summarized, 1-2; comments on creation of International Division, 7, 8; staffing, 11-12; review of Vietnam construction program, 18; audits of international organizations' aid programs, 26; reviews of UN programs characterized, 30; international drug trafficking reviews, 36; handling of classified information, 42-44; Joseph Campbell and Elmer Staats characterized, 51; reflections on career, 58

E

Eagleburger, Lawrence S., 33, 35
Energy and Minerals Division, 44

Europe, 40

European Branch, 2, 9, 10, 13, 60, 63
Exchange Stabilization Fund, 24, 25
Export-Import Bank, 11, 24

F

Far East, 40
Far East Branch, 2, 10, 13, 16, 62
Fascell, Dante, 32, 33, 57
Fasick, J. Kenneth
biography, iv; GAO career capsule, 1; comments on creation of International Division, 7; Joseph Campbell's reaction to international activities, 8-9; International Division staffing and tour of duty limitations, 14; work in Vietnam, 18; GAO-DOD relations, 18-19; appointment as Director, International Division, 26; realignment of International Division, 27; Mayaguez review, 33-34; Panama Canal work, 38; intelligence agencies, 41-44; relations with the Energy and Minerals Division, 44-46; Elmer Staats characterized, 49; comments on the creation of NSIAD, 55; reflections on career, 58-59
Federal Bureau of Investigation (FBI), 39
Federal Personnel and Compensation Division, 55
Federal Republic of Germany, 63
Finley, Harry, 41
Food and Agriculture Organization (FAO), 30, 31
Ford, Gerald R., 33
Foreign Assistance Act, 43
Foreign Service Institute, 51
France, 29, 30, 37
Frankfurt, 3, 4, 13, 51, 63
Fulbright scholars, 24

G

Geibel, Francis I., 2
General Services Administration (GSA), 1
Georgetown University, 50
Germany, 16
Glenn, John, 39
Government Corporation Control Act, 38

H

Hadley, Eleanor, 50
Hall, Robert, 2
Hawaii, 10, 52
Heiser, Joseph, 18
Hillman, Larry, 55
Honolulu, HI, 15, 16, 17, 19, 24, 54, 62, 63
Housing and Urban Development, Department of, 57
Hylander, Charles D.
biography, iv; career summarized, 2; Joseph Campbell's relations with overseas directors characterized, 10; Campbell-Weitzel relationship, 11; International Division use of staff, 12; Saigon office, 17-18; safety concerns during Vietnam War, 19-20; role as Deputy Director, International Division, 26; comments on Vietnamization Program, 28; records access issues, 33; comments on INTOSAI, 46; impressions of Lindsay Warren, Joseph Campbell, and Elmer Staats, 48; reflections on career, 58

I

India, 63
Industrial College of the Armed Forces (ICAF), 51

(continued)

Index

- Internal planning system, 56
International Atomic Energy Agency (IAEA), 38-39
International Audit Organization Liaison, Office of, 48
International Division (ID), 1, 2, 3, 6, 8, 11, 12, 21, 22-23, 25, 28, 32, 33, 38, 42, 45, 52, 57, 60, 63
International Journal of Government Auditing, 48
International Organization of Supreme Audit Institutions (INTOSAI), 6, 46-47
Iran, 37
- J**
Japan, 4, 40
Johnson, Lyndon B., 61
- K**
Kaiser Corporation, 21
Keller, Robert F., 6, 45
Kennedy, Edward M., 17, 28
Kennedy, John F., 60
Kissinger, Henry A., 33
Knudson, Brown, Root and Jones, 21
Korea, 41
Krieger, Hyman L., 55
- L**
Law of the Sea Conference, 39
Likert, Rensis, 54
Lippman, Joseph, 7, 24
Logistics and Communications Division (LOGCOM), 1, 46, 57
London, 4, 5
Long Binh, 20
Long, Robert, 6
Lyons, Fred, 27
- M**
Madrid, 1, 3, 4-5
Manila, 17, 20, 62, 63
Marcos, Ferdinand, 44
Mayaguez, 32, 33, 34
Miami, FL, 53
Military Assistance Program (MAP), 2, 7, 11, 12, 37
Military sales to foreign nations, 37
Montevideo, Uruguay, 47
Morrison, Raymond, 21
Morris, Thomas D., 22, 28
Morse, Ellsworth H., 47, 48
Moss, John, 17
Murphy, Charles, 2, 3
- Mc**
McNamara, Robert S., 18, 19
- N**
National Security Agency (NSA), 41
National Security and International Affairs Division (NSIAD), 1, 55
National security classification, 43
National Security Council (NSC), 33
National War College (NWC), 51
NATO Board of Auditors, 29-30, 31
New Delhi, 52, 63
Newman, William A., Jr., 7, 8, 12, 19
New Orleans, 38
New York, 2
New York Regional Office, 38
- Nixon, Richard M., 61
North Africa, 5
North Atlantic Treaty Organization (NATO), 29, 40
North Vietnam, 61
Nuclear Nonproliferation Treaty, 38
- O**
Overseas Private Investment Corporation (OPIC), 24
- P**
Panama, 52
Panama Canal Treaty, 37
Panama City, Panama, 63
Paris, 2, 3, 4, 7, 13, 23, 29, 63
Philadelphia, PA, 26
Philadelphia Regional Office, 8
Philippines, 7, 8, 16, 29, 39, 43, 44
Policy, Office of (GAO), 2, 46
Pollock, J. Kenneth, 11
Postal Audit Group, 1
Postal Service, U.S., 26
Powers, Lawrence J., 4, 10
Public Law 480 (War on Hunger) Program, 22-23
- R**
Rabel, Fred, 2, 17
Radio Free Europe, 35
Radio Liberty, 35
Readiness reviews, 41
Recruiting and staff development, 50-51
Refugee program review, 28-29
Reorganization (1972), 52
Ribicoff, Abraham, 30
Roman, Charles, 10, 13, 14, 24, 54, 62
Rome, 4, 5, 37
Rubin, Harold, 2
- S**
Saigon, 17-18, 19, 20-21, 22, 27, 53, 62, 63
Saint Cloud, France, 5
Samuelson, Adolph T., 7
San Bruno, CA, 21, 22
San Francisco Regional Office, 10, 18, 20, 38
Saudi Arabia, 37
Savings and loan institutions, 57
Scowcroft, Brent, 33
Shafer, Fred, 28, 40
Sheldon, Richard A., 20
South Vietnam, 61-63
Spain, 5, 7
Staats, Elmer B., 6, 16, 18, 19, 24, 25, 27, 31, 32, 35, 39, 44, 47, 48-50, 52, 61
Staffing, 13-16
Staples, George, 2, 3, 11, 17
State, Department of, 2, 11, 15, 19, 30, 31, 33, 43, 44, 51, 53
Stovall, Oye, 1, 8, 12, 14, 15, 26, 27, 52, 59, 60
Symington, Stuart, 40
- T**
Taiwan, 37
Thailand, 7, 8, 28, 63
Thomas, Albert, 9
Thorton, John, 15

(continued)

Index

Thunderbird, 50-51
Tokyo, 2, 10, 24, 52, 62, 63
Tomlinson, Stewart, 20
Tonkin Gulf Resolution, 61
Touche-Niven (Deloit-Touche), 2
Treasury, Department of the, 12, 24, 25

U

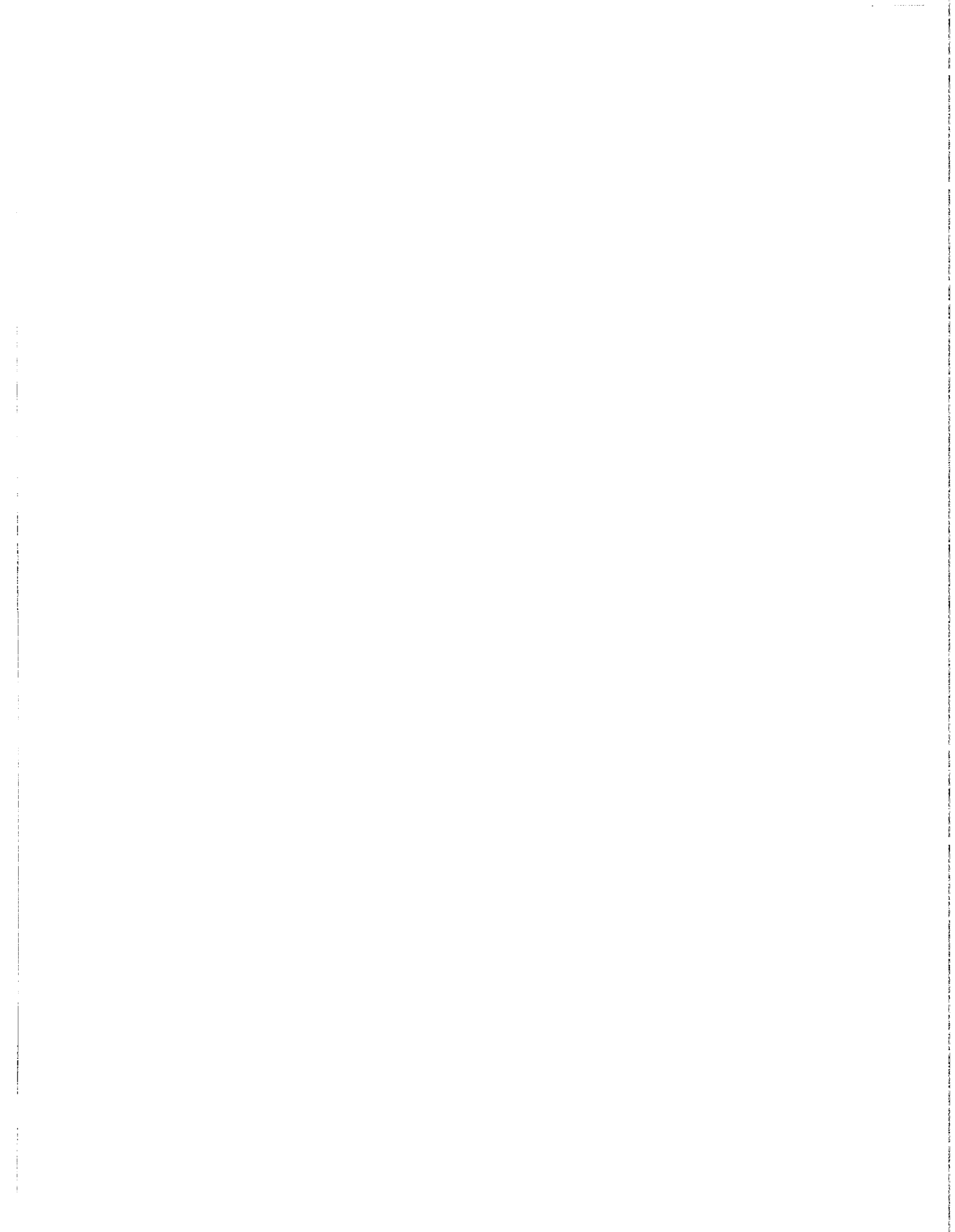
Union of Soviet Socialist Republics, 39, 60
United Nations (UN), 26
United Nations Board of Auditors, 31
United Nations Development Program (UNDP), 30, 31
United Nations Educational, Scientific, and Cultural Organization (UNESCO), 29, 30
Utah, Martin, Day, 21

V

Vietnamization Program, 27-28
Vietnam War, 17-22, 27, 28, 32, 42, 43, 60-63
Voice of America, 36
Volcker, Paul, 24

W

Warren, Lindsay C., 3, 4, 48
Warren, Stan, 20
Weapon systems, 57
Weitzel, Frank H., 3, 6, 10, 11, 12
Westmoreland, William, 42, 61
Whit, Hugh, 18
World Bank, 26
World Health Organization (WHO), 30



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