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MEMORANDUM FOR THE RECORD

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Participants - Non-Commission:

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Documents/handouts received by the Commission: None

Other contacts referred to: James Baker, Richard Holbrooke, Jamie Gorelick, John Hamrie, Admiral Sturdivant, William Perry

TEXT:

Richard Moose was a Foreign Service officer from 1956 – 1966. He returned to DOS in January 1977 to serve as the Deputy Undersecretary of State for Management. From 1977 to 1981, he was the Assistant Secretary of State for Africa. He then left the State Department and became a banker.

In August 1993, he returned to the State Department as the Undersecretary of State for Management, the same job he had held in 1977. He left the State Department in August 1996.

The budget situation in the early Clinton years

We asked Moose to describe the budget situation in the early 1990s. He said he arrived as the State Department was approaching the beginning of FY 1994. He said, "we were in a very tight bind in our operating accounts," and we were looking at the prospect of

receiving less in 1994. "No one thought that we would have a budget." Concerns about the budget and resources consumed Moose's time.

He also served during the budget crisis of 1995-1996. Moose said this period was symptomatic of the problems State faced during this time, but only compounded an already difficult budget situation.

The Clinton administration said it was determined to hold the line on the growth of the federal government. This led to increases in budget that did not keep pace with inflation, in effect, shrinkage in the budget.

Moose pointed out that the State Department also was facing some serious "unfunded mandates." He said that Secretary of State Baker in the late 1980s committed the United States to opening new embassies in countries of the former Soviet Union. His decision was to take the funds for building these embassies out of the State Department budget without asking for extra money from Congress.

In 1993, according to Moose, State was just hitting the major upward curve of these expenses. The costs related to construction of ten embassies, including ones in Tajikistan, the Ukraine, Georgia, Azerbaijan, and Uzbekistan. Moose said the unfunded costs were in the "hundreds of millions of dollars." He said the investment and operating costs to acquire, lease, or build totaled at least \$100 million. Moose said the State Department did not have the infrastructure to support this expansion. Moose said he had been part of a similar expansion in 1960 involving 5 -6 embassies, but that there had been the infrastructure at that time to support the expansion.

Moose said, "I squeezed everything I could squeeze." With regard to CA, "we suspended the recruitment of foreign service officers." This meant no new intake of F.S. officers for 3 -4 years before his successor could reopen the intake. Moose said he also was unable to respond to other needs of CA during this period. This was a time, Moose said, of increased international travel and tourism, leading to increased demand for visas and greater demands of other kinds on overseas posts. The physical facilities for immigrant and nonimmigrant visas were, in many cases, inadequate. State had difficulty staffing CA's operations with officers and with officers with the appropriate language skills.

To help address personnel shortfalls, Moose was compelled to extend tours from two years to three years. "This was a real disappointment to those officers involved." Three years on the visa line, Moose said, was not considered career enhancing.

"All of these things were happening as I got in, and got worse," said Moose, referring to the personnel problems, deferred maintenance, and information technology shortfalls.

#### Other cost-cutting facts

It cost approximately \$75,000 to move an employee from one station to another. Extending tours cut down those costs. There was "no travel money." People were told to

bring their own ballpoint pens. Vehicles were used well beyond their normal life expectancy.

#### Role of the SecState and DepSecState

Moose said the Secstate and Depsecstate were “more attuned to administration policy priorities.” He described their approach as one of, “you don’t ask for what you don’t get.” Moose recalls making a push to improve State’s budget situation in the FY 95 budget. However, he said, “as budget officer, I never failed to be disappointed by the Secretary and Deputy Secretary; they never fought hard enough.”

Moose described his being “very disappointed” that the Sec and Depssec did not support the foreign buildings project by asking for more money to fund them.

As to the effects of this budget battle, “it was the operational part of the State Department that was most affected because they were working at a growing workload.” He added that other bureaus also had to tighten their belts.

#### The Foreign Building Account

This Account was used as part of a program to upgrade security at embassies. Embassies old and new had to now meet demanding security specifications and were more expensive to operate. Moose described them as “hermetically sealed.”

#### The budget situation (continued)

After the second budget year, with the government showdown and shutdown, Moose saw “no real prospect of improvement in the budget picture.” As a result, State launched a Strategic Management Initiative, the goal of which was to take a “hard look at what we are doing. What is the work we are really expected to do and how should we be organized to do it?” Moose said pretty much everything was on the table. They asked, “should we have foreign buildings and a consular function?” He added that State “never really seriously considered dispensing with the function.”

We asked Moose about Richard Holbrooke’s suggestion to put the consular function into DHS. Moose noted that Holbrooke had “never worked in management,” and “never worked in CA.” According to Moose, “management is not his bag.”

#### Role of Congress

Aside from the obvious, their control over State’s budget, the hostility of certain members of Congress, Moose noted that the appropriations package for Justice, State, and Treasury were “fixed” meaning they were all three fighting for the same size pot, in the eyes of Congress and – to a significant extent – the Administration.

ICASS

One way Moose successfully changed systems to improve efficiency and save money was to renegotiate the relationship between the State Department and other agencies operating overseas. The previous model was that State subsidized other agencies in their overseas operations, but State's record-keeping and accounting was not sufficient to allow State to make this case forcefully enough to acquire more resources.

Moose renegotiated the arrangement and thereby enabled State to get back more money from DOJ, Commerce, the military, etc.

Moose used as his model a GSA administration project he learned about in which GSA created a support office to relieve other agencies of their administrative burdens. The lightbulb went off, and Moose decided to suggest this concept for agencies operating overseas. Fortunately, Moose received support for the concept from, among others, Jamie Gorelick at DOJ, John Hamrie at DOD, and [redacted] at CIA.

The result was the International Cooperative Administrative Support Services (?)(ICASS). The concept was to create a collaborative board at each post that forced the various agencies to bargain with each other to procure services in the most efficient manner possible. This also included a new bookkeeping system run by ICASS, versus State.

Why new officers were not hired

"We had a choice . . . I felt we had too many senior officers. State had a time in grade rule that was supposed to keep the proportion not so top heavy," but when Moose tried to enforce the rules, by for example, refusing to extend someone, he met stiff resistance and lost on appeal. "I lost the battle to try and enforce these rules."

The result was that State "failed in our efforts to attrit at the upper levels." As with the other problems, this was not entirely of Moose's making. "I just got an accumulation of it."

How does this relate to CA? "Well over half of foreign service officers are in CA." In other words, senior foreign service officers were kept at the expense of new blood, and the lack of new recruits was felt most directly in CA.

9/11 Classified Information

### Customer Service

Moose noted that State has less interaction with the American people than many agencies, and that they were under great pressure to increase their responsiveness in those areas where Americans were their "customers." For example, providing Americans threat warnings, American citizen services (lost passports, death, jails), and passport issuance.

In addition, Congress during this time passed legislation to increase immigration for select groups. These special programs, Moose said there were two or three, resulted in great increases in the applications and issuances of immigrant visas. Moose noted that immigrant visas require State employees to perform "much more work" than do NIVs.

Moose said that CA was a "test case for reinventing government." He said that as part of this process, the Disney Corporation studied the processes of the passport office.

### The INS

Moose always felt that, as bad as State's situation got, he "thought INS had a bigger management problem than we did." Moose said he saw this displayed at appropriations hearings. He would attend with INS officials and observe as they were browbeaten for hours, a fact, he noted with some reflected gratitude, that gave them less time to brow beat him.

### Moose on the consular function

Moose said he wanted to make consular work "more appealing and efficient." The idea of creating the MRV fee to be kept and used by CA "arose early in this process."

Of the various possible conceptions of CA, Moose said that CA does indeed perform a law enforcement function. At the time he was in management, this function was largely to prevent the entry of intending immigrants.

Moose said that the environment of the 1970s and 80s, up to WTCI and the Blind Sheikh, was "vastly different from today." Moose described 1993 - 2001 as a "transition period."

"You want to bring them to the forefront of the mission," said Moose, "They kind of enjoy a second-class citizenship status." "You've got to upgrade the respect given the consular function. That can be done. That needs to be done."

Moose was of the view that, while transforming CA into a real border security operation was possible, transferring it to DHS would make that transformation much harder.

Moose said that truly considering CA as a national security agency would have "immense resource implications" for the State Department and that the current budget for CA "does not correlate with greater vigilance in the visa department."

#### The Blind Sheikh and the subsequent changes

Moose said consular people were "very shocked" by the B.S. episode. "They realized he flaws and lapses that could bear on the system." However, Moose noted, "they didn't get a great deal of pressure from me or from higherups to make changes of the type seen since 9-11."

Moose noted the creation of Visas Viper, and said a discussion of this program was "always on his speaking list" when he went out and visited embassies and consulates around the world. He said, however, that he often saw "real discomfort in team meetings when he brought it up." He recalled significant resistance to the idea that State had any role in making law enforcement people and others in the embassy work together.

Moose recalled that on his last trip in 1996, he went to Saudi Arabia, including Jeddah, with Bill Perry. A major reason he went there was to attempt to improve information sharing between the FBI and the CIA.

On watchlisting, Moose said the goal was to allow people in the field to access an ever larger database in Washington and to have them be able to do this in real time.

In connection with this work, State was running two large worldwide computer networks, a classified network designed for cables, not for data, and an unclassified network for email, etc. Moose said his goal was put a classified terminal in the visa office at each post.

#### MRV fee

Moose said that CA people came up with it, and that CA had "good people in the tech and budget areas." Moose was concerned that Congress would oppose it on grounds that they do not generally like fees to fund regulatory work, and that OMB (who hates fees) would oppose the concept on that principle. Moose said he was persuaded to pursue the issue and that he then persuaded Neil Smith.

As the budget crisis continued, CA wanted to use the MRV fees to upgrade more than the technology infrastructure. For example, the waiting rooms in places such as Istanbul, Port-au-Prince and New Delhi were insufficient to hold the crowds of visa-seekers and these crowds were seen as a "security threat."

When Moose left at the end of 1996, "overall, the budget situation was still very bad." CA was still struggling, but the MRV fee stream took some of the pressure off of CA.

Moose on Saudi Arabia and the disconnect

In Saudi Arabia, you had the royals and their associates, and their business associates. The "political environment was that they tended to be accommodated." Saudis were coming for studies, and the environment was not one in which they received close scrutiny. The prevailing view of immigration policy – to prevent intending immigrants from getting visas – "was part of the situation." "Congress exerted pressure usually to let more in."

Until Khobar Towers, there was not a lot of security in SA. That was "not in the policy atmosphere."

When Moose visited SA in 1996, he visited with the visa officers and [redacted] in Jeddah. The conversation turned to the fact that one consular officer had developed a range of contacts with Saudi government officials which was extremely unusual, particularly since the officer was Jewish and a woman. Moose said the visa line is one of the few places where the USG gets to interact with the man and woman on the street.

Moose said it "didn't come up" that terrorists might try to get a visa to come to the United States.

Moose said this showed a "blind side attributable to the fact that we were so concerned about physical security there in that place and were not concerned at all with it being exported to the United States."

Moose said, however, that Consular Affairs were more concerned about watchlisting, Visas Viper, improving technology, and providing warning to Americans than anyone else in the embassy. Said Moose, "they were on the line and knew they were vulnerable."

But others in positions of authority at the State Department were not saying, "we need to do things all differently." No one "upstairs" was urging CA to be more aggressive. Rather, according to Moose, they were "more concerned about resources." As Moose said, the problems "remain bureaucratic and human."