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

KATHERINE SCHWERING

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INTERVIEW

[Note: This interview was not edited by Ms. Schwering.]

Q: Today is the 29th of September 2005. This is an interview with Katherine Schwering. Do you go by Kathy, Katherine or what?

SCHWERING: Both, but Katherine, I guess.

Q: Katherine, when and where were you born?

SCHWERING: Cheyenne, Wyoming in 1948.

Q: Tell me something first about your father's side of the family? Where did they come from?

SCHWERING: As far back as I know, pretty much Ohio. My father was an airline pilot. He was recruited by my mother's father just prior to World War II. My grandfather, my mother's father, had gotten into aviation. He originally started out as an accountant in Idaho, State Controller. He was a homesteader, my grandfather in Idaho, and my mother was actually born in a log cabin.

Q: Oh, my goodness.

SCHWERING: I'm not even sure a doctor was present. Her birth certificate is certified by a witness to the birth, not even by a doctor. Her father had seen that WWII was coming and had started working with the U. S. government to recruit young men to become pilots. My father was at Kent State University, and apparently so was my grandfather or somebody associated with this effort to train pilots for the upcoming war which, as you know, we weren't admitting to yet. My father heard this talk and thought this suited him, so left college and went into training and became a Navy pilot during World War II.

Q: Do you have any idea of where he served?

SCHWERING: Yes. He flew in the Pacific, but he was cargo, and search and rescue. He was not in the fighting.

Q: The Pacific's a big place. None of that was easy.

SCHWERING: No, particularly not with planes in those days. But he died when I was 13, so I only have bits and pieces of his history, but he loved flying.

Q: Where do the Schwering's come from? Was it a German name?

SCHWERING: Yes. We looked at a map, and there is a town by the name of Swerin without the "g", in northern Germany, in what used to be East Germany. I've never been there, but I assume that's where we're from.

Q: On your mother's side, what was their name, and where did they come from?

SCHWERING: My mother's full name is Betty Churchill Thompson. She and her family sort of center around Illinois. That's where her parents met. They grew up in Joliet, Illinois. Her middle name is Churchill for a reason. Supposedly, my family is descended from a branch of the Churchill family of England, but I don't know any more than that.

Q: Where did she go to school?

SCHWERING: She went to Pomona College. She is a graduate.

Q: She just died very recently, didn't she?

SCHWERING: Last year.

Q: Where did you grow up? Did you grow up in Cheyenne or move around?

SCHWERING: We moved around all over the world and the United States. My father would stay in one job for a year or two and then go off and do another thing, and I suspect that's where I got my interest in travel. I have three brothers, none of whom travel. He met my mother during the war. They met at United Airlines. My mother's father was a vice-president. He helped create United Airlines.

Q: All the airlines are very much involved in training military pilots.

SCHWERING: Used to train, yes. My mother had been recruited during the war. She was a weather girl for United Airlines. She and my father met in my grandfather's office. My father was there for a visit. This was in California. They then got married in Texas, and my father went off to the war. My mother then went to the Great Lakes, to Illinois, to live with her family. After the war, in 1946, when my oldest brother was born, my father was probably assigned to the Great Lakes Naval Station. When my father got out of the military, they moved to Cheyenne. I'm not quite sure what he was doing there. I was born there.

Q: Was he continuing to be a pilot?

SCHWERING: Yes, or FAA inspector. Then we moved to Denver. I don't know why, though. Then, we were back in Cheyenne within a year where my second brother was born. Then we moved to Libya. My father was in a reserve unit that got called up for active duty when the Korean war began.

Q: 1950.

SCHWERING: The pilots based at Wheelus Air Force Base in Libya, the active duty pilots, were sent to Korea. My father was called up to replace them.

Q: This would have been when you were about two years old?

SCHWERING: No, four. It was 1952.

Q: Did you stay at Wheelus a long time?

SCHWERING: No. One thing about my father was that we always lived on the economy. We later lived in Iran, also on the economy. I supposed he could have lived at Wheelus,

but we lived in town. I really didn't understand it at the time, but in Libya I went to an Italian Catholic nursery school. My mother didn't tell me that for years. I could never understand why I couldn't understand the nuns. She never told me it was a different language. I remember going to school in a horse or donkey drawn cart.

Q: Did you pick up any Italian?

SCHWERING: I suppose I did, but I don't remember any. We stayed in Libya only a couple of years. That's where my youngest brother was born.

Q: Do you recall anything about the Libyan days outside of the fact that the nuns were talking a peculiar language?

SCHWERING: My memory is all visual; it's all very much like the paintings of North Africa at the time with mud houses, the crowds, and orphans in the street. We had a house boy and a house maid. I do remember my mother got stung by a scorpion when she was pregnant with my youngest brother and had to spend days in bed. My father was, of course, not home. He never was home, because he was always flying. We had a friend come over. My mother survived that.

Q: Where did you go after that? This would bring us to when you were six years old.

SCHWERING: We moved to California for a year.

Q: Where in California?

SCHWERING: I think Oakland. My father decided to go back to school. He never finished college. With four children, he became a student at…I don't know exactly where, but he studied engineering and apparently washed telephone trucks to support the family while he was a student. That didn't last long, maybe a year, and then he got a job with I think Pan Am as a contract pilot for Iranian Airways, so we moved to Tehran. I went to second grade there.

Q: How long were you in Iran?

SCHWERING: A little over a year.

Q: Do you recall anything about Iran?

SCHWERING: Oh yes. Again, we lived on the economy. I went to a missionary school. Just before I retired, I worked with a gentleman about 25 years older than I, who, it turns out, had taught at that school. During the first part of life he was a missionary, and only joined the Foreign Service when he was in his 50's. He taught three or four years after I left, but we both knew that missionary school. It was an American missionary school. We knew Persians, Armenians, and some American friends, but basically my father was most interested in where we were living.

Q: You were pretty young, but did you get out in the street?

SCHWERING: It wasn't really safe. There were very few cars in Tehran. We were one of the few. Goats, sheep, and camels would be herded past out house. While there was a High Law, there was too much of a danger of kidnapping, so we never went outside of the walls of our house, which seemed to be eight or ten feet tall.

Q: This would have been about when?

SCHWERING: 1955, '56.

Q: This was about the time that they had that ???

SCHWERING: This was the time of the last Shah's father. He was very, very popular at the time. I remember going by billboards with his pictures on them. As I said, my father flew. He was one of the western pilots. In those days, third world countries didn't have their own pilots, so companies like TWA and Pan Am usually supplied the pilots.

My father said he left Iran because the airline would not meet safety standards or follow them. He just would not take on the responsibility with, I suppose, the lack of maintenance and other things on the plane. So, we didn't stay there that long.

Q: Then where?

SCHWERING: Ohio, where he became an employee of General Electric. He flew, I guess, executives for defense projects. We lived in Ohio, and he flew between Schenectady, New York and Idaho or somewhere out west where they minted coins, because he would bring us back newly minted coins.

Q: Denver had a big mint.

SCHWERING: We were living in Ohio, and he was flying out of an Air Force base in Wilmington, Ohio -- Remington Air Force base. It's since been closed. He flew a cargo plane. I thought he flew. And, it was a defense contract, he flew equipment from one factory to another. My brother tells me he also flew GE executives.

Q: How long were you in Ohio?

SCHWERING: We lived in a town for one year and then on a farm for three years, where I raised sheep.

Q: Where was this farm located?

SCHWERING: In New Vienna, Ohio, which was about ten miles from Wilmington. My father bought an old farm house, and we were a mile from, believe it or not, a country club that had been built on a property that used to part of the underground railroad.

Q: By this time, you were in American schools?

SCHWERING: Yes.

Q: How did you find school?

SCHWERING: Fine. I didn't mind it.

Q: In school, were you much of a reader?

SCHWERING: Yeah, but it wasn't because of moving around. It's just me. I have always loved to read

Q: As a young girl, do you remember any books or subjects that you really liked?

SCHWERING: Yes. There was a book about twins who used to solve mysteries. I can't remember…

Q: The Bobbsey Twins?

SCHWERING: Might have been, I can't remember. There wasn't a library in the town we were living in. New Vienna was only about 800 people, and it was really a farm community, so there were miles between each house. The books I read were at home. I remember one about bumble bees.

Q: It's always interesting how one's view of the world comes about early reading. Most of our people in the Foreign Service turn out to be readers.

SCHWERING: Oh, yes. I think the Foreign Service attracts people who are intellectually curious. I was busy all the time. I preferred to play outdoors most of the time.

Q: How did you find sheep raising?

SCHWERING: Oh, I loved it! I was ten when we got our little flock of ten sheep. I was the only one who was interested. I'd have to go out before school every morning and put out a bale of hay and make sure the salt lick was okay. When it was lambing season in February, when it was cold and snowy, I had to check the fields every day because sheep migrate. We had two fields. If a sheep lambs and the herd is on the move, they will follow the flock rather than take care of their lamb. So, you always have to go out and check and make sure you don't find a little lamb that's been abandoned. The one day I didn't, my father happened to come home. When I got home after school he asked me,

"Did you check the fields?" I said, "no." He said, "Let's go check." We did, and unfortunately found a dead little lamb still in it's placenta.

Q: At school, did you find any subjects that particularly interested you or didn't interest you?

SCHWERING: Yes. I couldn't do art; I also never liked it. I never got beyond stick figures. I still remember hating art assignments. Other than that, I don't remember anything in particular. What has interested me, I realize comes from the fact that growing up as I was, I dipped into different cultures. I have a good grounding in the basic farm culture of this country, because all my classmates had to work on the farms after they went home from school, usually with the livestock and stuff like that. The neighboring farmer to whom my father rented part of one of our fields alternately grew soybeans and corn. I loved to go out at harvest time and sit in the back of the truck with all the corn shooting down on me from the harvester.

Q: What was your school like?

SCHWERING: It was an elementary school the year I lived in Wilmington, but it was very interesting in New Vienna. It was 12 grades, one class for each grade. It was very much a farm community. All the boys in the high school were members of Future Farmers of America, all the girls belonged to Future Homemakers of America, and there was a grange. My father joined up, so I sometimes would go to grange meetings when he was home.

Q: You'll have to explain what a grange is.

SCHWERING: I'm not sure. It's sort of a farmer's club, and they actually had officers. A little bit like Masons or something.

Q: I think it started out as several cooperatives, as well as a political caucus. The farmers were unrepresented in political life until they started organizations such as the grange.

SCHWERING: Yes. That may be. I don't know if I would say I was my father's favorite child, but when he went somewhere, he usually took me rather than one of my brothers. He and I seemed to share interests, I guess. The grange was just discussion. They didn't have any business that I was aware of. What was the original question?

Q: The original question was what was the school like?

SCHWERING: That was interesting. Twelve grades, and everyone knew they were going to be farmers. What always struck me was homecoming, when the senior class would elect a Homecoming Queen and court. Everything took place in the auditorium – everything including concerts and the marching band, which I was part of. What has always struck me is that in my last year, the Homecoming Queen and her whole court

were all Mrs. Somebody. They all got married at 17 or 18. I don't know that anyone at that school went on to college.

Q: What instrument did you play in marching band?

SCHWERING: That's when I started taking flute lessons. They had a band, and the music teacher at the school taught all the instruments. We were the marching band, even if they only had a basketball team. I was there for three years. It was fun.

Q: Did you get involved in sports at all?

SCHWERING: We didn't have any. There were no after school activities. You got on the bus and, of course, the bus probably had to go a hundred miles a day to drop everyone off. I mean it stopped at your house to pick you up or drop you off.

Q: Everyone had work to do as soon as school was out.

SCHWERING: Yes.

Q: This takes you to what age?

SCHWERING: I was 12.

Q: About 1960.

SCHWERING: '60, '61 because my birthday's in September.

Q: The '60 election was an interesting one. Where did your family fall politically, or did they?

SCHWERING: I have no idea about my father, but I suspected my whole life my mother was a Republican, but we never discussed politics.

Q: Religion.

SCHWERING: My father was Catholic and my mother pretty much hated religion. They did not marry until they found a priest who did not make my mother promise to raise the children Catholic, which in the 40's had to have been very hard to do.

Q: Very hard. I remember I was a kid we were told not to date Catholic girls, because if you married one the children would have to be brought up Catholics, which is terrible. This was not from a far left wing or right wing church. The Catholic Church really stood apart on this issue.

SCHWERING: I know, but, I was too young to get involved with those issues, and there was no Catholic church in that town. We were, I think, in New Vienna, which as I say

had only about 700 or 800 people in town including farms. We were the only Catholic family, so I think we used to go to Wilmington for church. But religion wasn't an issue in that area. There weren't any churches, so I don't think most of my classmates' families practiced any religion. My mother, even though she didn't promise to raise the children Catholic, raised us Catholic. She took us to church every Sunday after my father died. She'd go home and then come back and pick us up.

Q: We'll move up to 1960, about the time your father died, right?

SCHWERING: We moved to Tennessee.

Q: What happened? Did he die in an airplane accident?

SCHWERING: No. He flew for Southern Airlines then, which was his next job. I don't know why he changed jobs so much. He didn't get fired; I guess he just liked to move. I went to 8th grade in Tennessee. I didn't know then but I know now that it was a segregated school. I got the southern culture down there. He was away on a trip and sharing a room with his co-pilot and just died in his sleep. I came home from school one day, and my mother takes me into the living room, which we never used, and told me. That was the greatest shock of my life. That was horrific. Just horrific.

Q: Then what happened?

SCHWERING: That was in May.

Q: Of '61?

SCHWERING: I'd have to figure it out. I was 13, but I was going to be 14 that year, so that would have been '62.

Then, my mother's father lived in Bethesda, Maryland. He worked as a consultant for the Airport Owner and Pilot's Association. He actually had been a lobbyist in Congress for many years, commuting from Evanston, Illinois to Washington, DC. When my mother was in junior high and high school in Evanston, her father would be gone from Monday through Thursday. He'd be down here in Maryland. He represented the airlines in Congress and helped put together a lot of the airline legislation which still exists. I guess they moved here after they retired or something. While we were in Tennessee, my mother's mother had major strokes. And then my father, died. My mother decided to move us to Maryland. We lived together with her parents, because my grandfather needed help with my grandmother. Also, my mother was alone. We lived in Tennessee for only one year.

Q: Basically, you were in Bethesda. This would put you in high school time.

SCHWERING: Right. Ninth through twelfth grade here.

Q: Where did you go to high school?

SCHWERING: Walter Johnson High School in Bethesda.

Q: This would have been '62 to '66 about?

SCHWERING: Right. Exactly.

Q: How did you find that compared to the schools you had been in elsewhere?

SCHWERING: I had had some good teachers in Tennessee. I remember one in particular. I'd never liked history, so I remember the history teacher, because that's how I learned to outline. She'd make us outline the chapters. I came here, and it was a change. This area is so much ahead of the rest of the U. S. and Montgomery County schools were, I think, third in the nation at that time, in terms of academics, according to a New York Times article. It was a tremendous amount of work. I started in ninth grade, and it was so much work that I got sick. The first Thanksgiving that I was here, I was sick for a week. I hadn't realized it, but the new challenges made me wind up. Then, as the week wore on, I began to unwind. I hadn't realized how wound up I'd become. The intellectual challenges here were enormous. However, the biggest change was the open mindedness, which was really pronounced, as I was coming from a segregated school in Tennessee.

Q: Or just a farm community. These are…

SCHWERING: …distinct cultures.

SCHWERING: I didn't have a problem because of the move because I had been moving my whole life. I never had friends. This was something I didn't realize until I was 20. I didn't know how to be a friend. Luckily, I'm a loner, so this didn't bother me. I think it wasn't very good for my youngest brothers. I'm the only one out of four of us who's accomplished anything in life. I just worked really, really hard and learned a lot here. However, I really liked the area here.

Q: How did you find the social life here?

SCHWERING: There wasn't any then. We didn't have malls, shopping centers or anything. We would go on dates sometimes in high school, and then to dances at school. Kids didn't have cars, they didn't throw parties. You basically came home from school, and did your homework. From the age of 15 on, I worked, because we had no money. My mother didn't work for the first year after my father's death, and then she got a very low level, GS-4, job at NIH.

Q: National Institute of Health.

SCHWERING: Right. Those were the days when women couldn't be hired. We called it being "Nix-ized." I remember Nixon saying women should be home with the family, and

here was my mother, a widow with four children. Hello!? Are you going to support us? It was just ridiculous. We and my grandparents moved into a house in Bethesda. It turns out my grandfather was not very good with money. My mother was a genius with it, so she sometimes ended up subsidizing her parents. I still don't know to this day how she did it. She had a little bit of Social Security to boost her income. I worked from age 15 on and never took a dime from my mother.

Q: What type of work did you do?

SCHWERING: I did some babysitting. I also became secretary to a man in the neighborhood who was writing a book. He was a good friend of Jack Valenti's.

Q: Who was that?

SCHWERING: The Motion Picture Association President. But he was writing a book. The interesting thing was this man was blind. He'd gone blind overnight from a medication he'd been taking for a liver or pancreatic problem. In terms of writing the book, I was his eyes. He would write things out in longhand, and I would type them up. I had had a typing course and I was a very good typist. I worked for him for a year or two as well as did babysitting. Then, one summer, I was a lifeguard. When we moved here, I joined the swimming team. I was a very good swimmer. I was one of the top competitive swimmers in Montgomery County.

Q: You moved into Bethesda, into the Montgomery County area where, unlike the farming community, the kids were pointed towards college, weren't they? Did you feel you were pointed towards college?

SCHWERING: Well, yes. I always assumed I was going to college. So, from that point of view, it wasn't particularly different. I guess it was just the way I was built. I'm learning so much as I go on in life about personalities and stuff, and I've always watched every situation as I am curious about everything. It's not that I come in with expectations and find I don't fit. I never felt that way. I always felt I didn't fit, even with my classmates and things, but that's because of me being the way I am -- a loner, and constantly moving and never being able to get close to anyone or make friends. I didn't feel like an outcast or anything. I'd just go in as I was just curious about where I was and what the kids did. Basically it didn't affect me or where I was going. It was in high school I first became interested in foreign affairs.

Q: I assume that prior to this that the world was in the confines of the community. When you got to Bethesda, Vietnam was heating up, and the Cold War was on. How much of this had an impact on you?

SCHWERING: I was totally unaware of politics during high school, but there are two things I remember. The first is cold war training for nuclear attack. From seventh or eighth grade, I had the same lesson every year through tenth grade on how to hide under my desk to duck and cover and on what to do at home, such as where to turn off the

water, to fill up your bathtub, even things like how to deliver a baby if you had to. The possibility of a nuclear attack was actually the only fear I had, but it's what I remember most. The second thing I remember is, of course, Kennedy's assassination. I remember exactly where I was.

Q: That really affected everybody, I think.

SCHWERING: What was interesting, you see, is that I lived and went to school in Ohio, Tennessee, and Maryland during this three or four-year period and they all had the same training lessons for preparation for nuclear war which is why I remember it so well.

Q: Were there any courses particularly important to you?

SCHWERING: In high school there was one. It was in my senior year, and I can't remember what it was called. It was a very quirky one, and it's where my social consciousness comes from. It was a semester course. It was a woman who taught it, and it went over things like the court system. We read William Bennett's book, which was a fascinating book. His son is the William Bennett we know now. However, this was a judge, but not a Supreme Court judge. It was a book he had written about how court cases take place, using some very famous cases he'd been involved in. Then we did a section on migrant workers. Then we had someone come in on law enforcement and did the usual thing of picking a boy and throwing him out of class. Then he asked us all what we'd observed. We'd had civics in ninth grade and learned about the U. S. Government and how it worked then; but, this was a very interesting course about societal issues. I can't remember what it was called, but it really was fascinating.

Q: Being in the suburbs in the nation's capitol, did you get in and see the Capitol, Congress, the Supreme Court -- that sort of thing?

SCHWERING: No, but we did take a trip to the UN. Generally, though, we didn't go on field trips. They were pretty much unknown. There was only one in ninth grade. That was the only one we ever did, that I recall.

Q: I realize you were pretty busy, but how about kids you associated with. Did any of them come from Foreign Service or diplomatic families?

SCHWERING: I was unaware of anyone like that. It was pretty much white bread America at that point. I've been in Washington, DC as I've been medically restricted for the last 10 or 12 years. We live in Montgomery County, and my daughter went through school there. Over 50% of her classmates were either immigrants or diplomatic children from other countries. In my case it was the parents of my classmates. One of my friends' father worked for the CIA. There were journalists in my neighborhood. The father in the family I babysat for most was a State Department lawyer. He would travel. He would also bring guests home whom I would meet when he came home for dinner. So it was really what the parents did in this area that gave the intellectual stimulation. I think that's why the high school kids were so open-minded.

Q: What about the effects of desegregation. Bethesda at that time was pretty much a white area, but it certainly was near DC and Maryland was part of the south.

SCHWERING: People say that. Having lived in the south, I can tell you it ain't, it's not. It may be in the rural areas. Bethesda was marked by open mindedness. It's a totally open minded climate here, and a much more worldly one. Sophisticated isn't quite the right term. I knew there was one black boy in our school, and I remember absolutely no discrimination of any kind against anyone. I don't think it would have been tolerated.

Q: Did you get the feeling there was another revolution going on, and that is with women?

SCHWERING: That was later. That was when I was in college. It hadn't hit here by '66. It really started when I was in college and started in '67 or '68. I can remember exactly because it was my freshman year of college. Women in the dorms were required to dress for dinner and wear dresses. Pants were not allowed. I had a hard time getting a job, because I was a girl. I certainly needed one. I managed to get one and I worked all of the time I was in college. By the time I graduated in 1970, women's lib had come along, and there were massive demonstrations against Vietnam. I happened to hit the key period of transition in U.S. modern society. I was at an age where I could see it, understand it, and appreciate it.

Q: Let's talk about this. In '66 you graduated from high school. Where did you go, and how did you pay for it?

SCHWERING: I went to Northwestern University. To this day I don't know how my mother did it, and she didn't say a word. She said, "You decide where you want to go, and I'll somehow make it happen. As it turns out, though, only I went to four years of college. My brothers are a pretty sad lot. One is dead now of alcoholism, another is drinking himself to death and has cut himself off from the family. My youngest brother went into drug dealing, so I was the only one my mother had to support through college. I think she refinanced the house at one point.

Q: I don't want to get too personal about this, but what do you think happened to your brother?

SCHWERING: It was all the moving around. 1978, the year I joined the Foreign Service, was the first year the State Department started hiring psychiatrists. A Foreign Service spouse who had done part of her doctoral work on Foreign Service families and the effects on children spoke to our class.

Looking back, and knowing other Foreign Service children, and we were like a Foreign Service family, only we moved more often and we didn't have the support structure. We'd land in a country, and my dad would take off on a flight for a week or a month, and it was up to my mother to manage the household. She was incredible; a very strong

woman. She was not interested in foreign affairs or anything. She could manage any situation. She learned a lot. Apparently she'd always been that way. I think my brothers were affected by all that moving around, lack of consistency and stability. We really never had a father figure, because he was always gone. When he died, it literally made no difference in our day-to-day life, because my mother had always handled the finances, anything having to do with us kids, and the medical problems. I think they were also affected by the lack of an authority figure.

Q: You said that when you were a kid you were the kid who ended up caring for the kids. Did your brothers jump into things? Did they have interests?

SCHWERING: My oldest brother had a genius IQ, and he would take interests. I remember one of these was guns. If my brother was interested in something, he would know more about it than almost anybody in the United States. He went through guns, and then bicycles. He used to have a bicycle shop in Georgetown. He's even cited in the book All the President's Men. He knew Carl Bernstein. Bernstein has a line in there saying he only wished he knew as much about something as Michael Schwering knew about bicycles. And then he was into motorcycles for a while. I hadn't realized he had been an alcoholic since high school. He eventually died homeless.

I think it was the lack of a good family structure. My mother was never home as she had to go to work to support us and worked the 4-12 shift at the hospital to earn the premium. We were four intelligent children. I was a good kid, but my brothers were difficult. So, as there wasn't really anyone at home, my brothers got into trouble, even though there was not a whole lot of it to get into around here. So, basically, nobody raised us. And, if you don't have at least one parent at home, it can lead to problems.

Q: You were off to Northwestern. Did the fact that's in Evanston and your grandfather had been in Evanston have anything to do with that?

SCHWERING: Oh, yes. The high school, quite interestingly, I was actually told by the guidance counselor that Walter Johnson was not permitted to help students apply for college ostensibly because we'd overwhelm the good colleges or something. I was completely on my own, as my mother didn't help me either. Three of her sisters had gone to Northwestern, and my mother had gone to Pomona, so I applied to Northwestern, Pomona, and Duke University. I didn't even know about letters of recommendations, so I didn't have any sent. I was on the waiting list for Duke, I got into Northwestern, and I can't remember about Pomona. It was just that I was on my own.

Q: You went to Northwestern in 1966. How did it strike you when the campus…

SCHWERING: It was a beautiful campus, but I did not like Northwestern at all, largely because it was all sororities and fraternities, and I instinctively don't like exclusionary groups. I went through rush, but I was not interested in joining. I was one of the few independents on campus. I've just got to march to the beat of my own drum, that's all I can say. It was one of the most expensive in the United States at the time, just behind

Harvard and Yale, which I didn't really realize. And yet, your classes were lectured in halls of 500 people. You got a session a week with a graduate student. That was what you were paying for. I learned that graduate students were hired to grade our papers. So, I might have a guy from India who is working on his PhD. in chemistry grading my political science paper. I was so disgusted. They would constantly tell us, "You're only paying about a third of the cost of going here."

At that time, Northwestern University wanted to become just a graduate school, I guess like Rockefeller University. They have 10,000 graduate students and only 6,000 undergraduate students. I never met a graduate student who wasn't on full scholarship plus a living stipend, and yet they told us undergraduates, who were paying through the nose, that we were lucky. We didn't get quality teaching. The best professors at Northwestern didn't teach undergraduates. If fact, Carter, one of the first experts on Africa, never taught an undergraduate. She was only required to teach one graduate seminar a year. Northwestern wanted to make its name as a graduate research and publications school. That's where all the focus was. It wasn't on the undergraduates.

Q: Were you very committed, or did you feel like bailing out?

SCHWERING: I would have transferred, but I had major medical problems my freshman year. I was hospitalized several times. I was trapped in a hospital during the Great Snow of 1967, which was the first time in its 150 year history that Northwestern had ever closed. There was so much snow there were drifts up to second story windows. I was in the hospital for back problems. That was January. In my first semester I ended up in the infirmary with exhaustion. Then, I had such back problems that I was in the hospital for 10 days in January, then I had thoracic surgery in March, and then got mono right after. I didn't drop out because we couldn't afford to pay another semester of tuition. It wasn't a happy freshman year.

Q: How did you find the freshmen? What sort of a group were they?

SCHWERING: It was a girls' dorm. It was wonderful. Freshman year was fine. By the time I left, the dorms were a mess. They had a lot of parietal hours, which meant men could come and ended up, of course, staying all night. Stereos came into being. 1966 was also the first year Northwestern permitted blacks to go to school there. It had been very segregated.

It was '68. I remember major riots in Chicago, the black movement, and the Black Panthers. Well, 1966 was the first year that blacks were allowed. I was stunned when I learned that. This was another reason I didn't like Northwestern.

Q: Chicago was a pretty black center.

SCHWERING: They recruited the blacks from Chicago. There were only 60 or so, they just got anyone they could, frankly. I remember my lab partner was this black boy from the ghetto, who'd never learned to study. He couldn't understand why he kept failing the

exams, because well, gee, he read through the text once; he didn't get it. A lot of them were from the ghetto, and I heard some horrific stories. One girl's name was pure Irish, Josephine Brono, so you know who the slave owners had been. She grew up in the ghetto of Chicago, one of five girls and she was the oldest. Her mother was blind. There were shootouts on the streets and she would get sent to the elementary school to get her younger siblings and try to get them home safely.

The blacks on campus became very militant. There were some violent incidents where they would beat up male fraternity guys. They formed a group and became very Marxist. The Vietnam war was heating up at the same time as women's liberation. So, while it was a very conservative, wimpy campus, the same things that were going on at Berkeley were going on at Northwestern. At one point, radical students literally tore up the main road, Sheridan Road, the main road from Chicago to Wisconsin, along the lakeshore. The took pick axes and tore up the road pavement, put saw horses there and blocked traffic. I forget what that protest was about. And then, periodically, people would put Super Glue into the locks of the doors of the school buildings, so they'd have to call off classes because they couldn't get in them. Some people tried setting things on fire. The ROTC guys had to go into hiding.

I went to graduate school in '72, so I was literally a witness to the change in society.

Q: How about you? Where did you fit into it?

SCHWERING: I stayed out of it. First of all, I didn't understand a lot of the issues. People were opposed to Vietnam, but I didn't know much about the war. Maybe that's one of the reasons I ended up going into Political Science. I was interested in the black issue because I've been pretty much aware of it and unaware of discrimination and everything else. My approach is always curiosity: I want to know.

When they introduced black studies, I signed up for the very first course they held. I'd go into class, and I'd be the only white person in there, and there was definite hostility toward me. But I wasn't going to back down from the challenge, because I wanted to learn about it. It was funny, they, the blacks, would complain about people not knowing their history, not considering it important, and not including it in U.S. history, and here I was a white student trying to learn it. It was, "What are you doing here?" In fact, I became the favorite student of a very famous black Haitian professor. C. L. R. James, who was a professor for a year, I don't know if you've ever heard of him. He wrote a classic called <u>The Black Jacobins</u>. He's written a history of Haiti, which had the only slave rebellion that ever succeeded. For some reason, even though it was a large course, every black student was there, as well as a lot of white students. Because he was blind, he would have students read. Well, he liked my voice, so he would pick me out. Then, we started going out to lunch. Of course, all the black radicals had gathered around him and had become his groupies. He would invite me over, and again, I would be the only white person over there. He really liked me. We really hit it off. We'd go out to lunch and dinner and stuff and there was a lot of resentment from the campus blacks. I don't believe in color lines or anything else. It was tough just trying to be myself. I didn't believe in

destruction. A lot of the radicals, like I said, wanted to burn down buildings and things. I didn't join demonstrations or anything, but if I knew there was something going on on campus, I would go. One time, we went and surrounded the ROTC building so they wouldn't burn it down. I was one of the people blocking it, because I didn't think that was the way to make a change.

Q: Was there any feeling that the "children" were taking over the university? I speak as someone who is 20 years older than you. Looking at this, I have the feeling that there's an awful lot of childishness in this thing.

SCHWERING: Yes, that did happen. That was the year they decided to introduce pass/fail grades. You could opt for that in some of the courses. Also, the administration was trying to go with the flow after a couple of years of resisting, and they had students lead courses, which I thought from the get-go was stupid. You know, you sign up for a course with the professor, and he would then put the students in charge of teaching the course. Of course, they knew nothing about it. I took one course like that. Well, I didn't know it was going to be that. Never again. Why are you going to a university and paying all this money if you're not going to be taught by someone who knows the subject. I was disgusted at a lot of what was going on, because I really wanted to learn. I wanted the best education I could get, and I didn't want people disrupting it or wimping out for reasons totally unrelated, like the Vietnam war and stuff.

Q: It also seems to me, again, speaking from my observation all the self-indulgence, the kids didn't want to study.

SCHWERING: No, not at my university. They did. Self-indulgence only in the sense of drugs. That was when drugs came on the scene. Mostly marijuana and stuff. I never tried any and later I learned in my Foreign Service class I was either the only one or the only one of two people who never tried drugs. Now, when you'd been through the medical problems that I'd been through, the last thing you were going to do was tamper with your body. I couldn't understand the people who did. That was when a whole group of hippies also came in a building at Northwestern. I never joined, I didn't join a sorority. I had to work so much as I was always holding down one or two part-time jobs.

Q: What kind of jobs were you doing?

SCHWERING: A lot of research assistantships, and secretary to a really conniving biochemist at one point, who never taught a course. This was a classic example. He was a well-known, well-funded cancer researcher -- a nuclear molecular nuclear researcher of some kind. He was one of the eight American Cancer Society lifetime scientists. He had funding from all over the place and all sorts of medical equipment. Research equipment companies gave him their equipment free to test, because if he liked it and made a recommendation then all the other scientists in the U.S. would buy it and stuff. This guy was a con artist from the word 'go.' He never taught a course, and he got his full professor's salary, because what he'd do was invite a researcher over from another country. I remember one German researcher in this very leading edge thing about

changes in the nucleolus cells in particular. The Northwestern professor would pay them a pittance. They, though, thought it was great to come and work in an American university. The professor would write to the administration of the university and say, "…and by the way, the famous Dr. So-and-So is here. Wouldn't it be nice if he taught my course on X?" Then he'd tell this poor guy, "By the way, it's part of your job to teach this course." Then, he'd pocket the whole salary. But he got to be known as difficult. I would call one of the medical equipment suppliers for him because equipment was acting up or whatever, and the people on the other end would say, "Just a minute, let me take two aspirin," because this guy was so known. Then I worked as a researcher for political science professors. I earned my board for two years as a dietician's assistant in one of the dorms. In my senior year, I was a resident counselor in one of the dorms, so I got room and board. I did everything I could to earn money. They were tremendous experiences.

Q: Let's talk about a resident dorm counselor. You said this is the time that guys came into the dorm. This must have been a difficult thing to deal with.

SCHWERING: Oh, it was. We had parietal hours, so I couldn't kick them out. I'd find them in the bathrooms. I grew up in a generation that wasn't used to this. A person with roommates would bring in a boy overnight with a total lack of consideration for her roommates. That's the sort of thing I can't stand.

Q: This is terrible.

SCHWERING: It breaks down the rules. I couldn't study in the dorms because of the noise. As I said, stereos were just coming into being. I remember one room with some black girls. As their form of defiance, they would blast their stereos so you could literally hear it three, four floors away, even in this old stone building built around the turn of the century, with mortar walls. Sometimes, as the dorm floor counselor, I'd go up finally and ask them to turn it down, and they'd just get in my face, as they say these days, and say, "Make me!" and they wouldn't. Society just broke down. The university, trying to gain as much money as possible, would do things like put two girls in a single room. They converted corner lounges into rooms for four or five girls, and they turned doubles into triples. In psychology they've learned that if you pack animals in a space that can't support them, they start turning on each other. So, the university was part of the problem. It wasn't a happy experience.

Q: What about Vietnam. You said that the professors tended to give lectures to the multitudes and then turn to graduate assistants. This was an era when graduate assistants were characterized as being the leading edge of the revolt against anybody over 30 and against Vietnam. How did you find the graduate assistants?

SCHWERING: That wasn't true at Northwestern. They were still pretty much academically minded. At Northwestern, it was the undergraduates who were the rebels. But again, it was a minority campus. This was a very conservative campus, and it had a huge population from New York. I was told, although I don't know if it's true, that Northwestern actually put a ceiling on the number of people it would accept from New

York, because otherwise, the school would be too much them. But I'll tell you one thing. I found the girls at school absolutely fascinating. They were beautiful and intelligent. The guys were all dorks. They were, indeed. You know that book Princeton used to put out that rated college students? Northwestern was rated number one in the nation for their girls. And that was true. I never ran into such an intelligent, interesting bunch of girls.

Q: How about women's lib? How did this impact you? You said you were there during it. What did you observe?

SCHWERING: Things started changing. It didn't help in the job market, I can tell you. Basically, I think where it really loosed thing up was in terms of sexual freedom. Other than that, things stayed pretty conventional till I graduated. It was mostly sexual activity and the change in girls beginning to indulge more. I was one of few that was really in the leading edge of that, but I didn't have any followers because the average person at Northwestern came from a well-to-do family and an expensive school. A lot of them had been brought up in very cushioned circumstances and were destined for marriage after this. In terms of the girls, it was not a finishing school, but the kind of girls who went there came from money.

Q: Came from money and were going to get an MRS degree.

SCHWERING: I can't say they were not heading toward that, but a lot of them did. They just assumed they would enter a nice marriage afterwards. Not too many got married right afterwards. Most of my friends went on to graduate school. I mean, it was really an intellectually demanding environment. Now, not for me. That was interesting. Freshman year was a mick, but that's because I came from the Montgomery County School System. I remember all the other girls on my freshman year floor talking about how hard college was. Except for French, it was easier than high school. I had the writing. I was way ahead of the writing challenges they gave us, and I'd learned to research and everything. It used to be really good here in Montgomery County. Unfortunately, they've done away with all of that. But it was good that it was so easy for me because I had all those severe medical problems. Thoracic surgery, is, as the doctors told me, the most painful surgery. Having had five of these surgeries, I really know this. I came down with mono right after that first surgery.

Q: What do they do in thoracic surgery

SCHWERING: They cut open, in this case, your back. They start here and they cut right around your arm. So, what happens is they cut all the muscles and nerves in your back. So I couldn't use my right arm for months. I couldn't sneeze, cough, sit up or lie down, because all of the muscles were cut. The healing was complete only when the nerves came back together. I didn't know it then, but pain killers don't work for me. Therefore, I basically went through this without any pain relief

Then I came down with mono. I came back to school after the surgery after only two weeks, which must have been a record. A week or two weeks later, I got this really sore

throat. I went into the infirmary. Then, I went to hear a speech by Ted Kennedy and almost got trampled in the crowd, although I was still pretty crippled. I got back to my dorm to find out they had a campus-wide alert out for me, because I had mono and they knew I had had this surgery. I was thrown into the infirmary faster than you could blink. I had a short mono thing. That was only my third quarter, so, I still managed.

Q: How about Chicago? Did Chicago enter your orbit at all?

SCHWERING: Yes. I'd go down to Chicago. I loved it. I went to Second City there and saw a lot of the people there who are now famous comedians. That was still an era where you could get in anywhere. There weren't lines around the block or anything. I'd occasionally go to Second City Comedy Troupe.

I had an aunt and uncle who lived in Lake Forest, a north shore suburb. She was my mother's sister. At one point my aunt went back to school to get her master's; she and I took Psych 101 together. I'd go to Aunt Dawn's for Thanksgiving and periodically she'd take me out to lunch, and we might go downtown together. I didn't go down often, because I didn't have any money, but I loved Chicago.

Q: What were your thoughts about Vietnam while you were in school?

SCHWERING: I didn't know much about it, so I didn't really take a side. I would now, but I really didn't know much about it then. Looking back, I now realize something that I've never heard anybody else say. Girls didn't get involved in the protests that much, at least at Northwestern. I realize now it was because it was the men who were being drafted, and we women were totally unconscious, really, of what that meant to a guy's future. As I said, the women were largely from privileged or comfortable backgrounds. They were working on their degrees. What affected us more directly was the black revolution. That was the real problem on campus simply because it was a negative thing.

Q: With this Black Power movement, if you, as a white student, you see a bunch of people of any color acting up and challenging you, it can be quite frightening.

SCHWERING: They were challenging. They were hostile. We just couldn't understand why they were so hostile toward us. Of course, most of the people in my dorm had never met a black person, so it wasn't a question of prejudice. I really didn't find that. It was just often your first contact with blacks would be with a hostile group. Or, in my case, where it wasn't my first contact with blacks. When I took this African studies course, or Afro-American whatever, it was difficult to have everyone else in the class just turn around and glare at me, meaning "What are you doing here?" It was like having people back away from you. We didn't understand the hostility or anything like that, but our attitude was kind of, "Let them do their own thing." But no, I didn't find prejudice. Oddly enough, I didn't find prejudice.

Q: As you were going through this, what were you pointed towards?

SCHWERING: Graduating. The money was so tough. I just wanted to graduate.

Q: But then what?

SCHWERING: I realized I wanted to go into graduate school because to my surprise I ended up majoring in political science. When I first went to college, I thought that I might major in psychology or sociology. I didn't really know what I wanted. You see, at that time, girls still deferred to boys in class, particularly political science.

Q: It's not a girls' course.

SCHWERING: No. There were girls in it. What happened is I discovered that the guys weren't any smarter than I was. I could think just as well as them. It gave me a lot of confidence. I don't know why, but I ended up majoring in political science. But, what was interesting is that because that was a research-oriented school, most of the courses were research. They weren't history or studies of other countries. Those were the rare courses. I took statistics and content analysis. I worked on a lot of projects where they were trying to assign numerical values to the outcomes of research projects. It was the beginning of social science modeling.

Q: They were just beginning to get calculators and that sort of thing.

Q: We had one of the first computers. I worked in the computer lab. I used to do punch cards and all of that stuff. That was one of my jobs. I was a hematology laboratory assistant in one summer job. I worked all over the place for jobs. What happened was you'd take one of these courses, and the professor, of course, as I said, was oriented toward research, not toward teaching. So, basically, he'd use the students to do research and write up the material or punch it in or whatever. We had a couple of graduate students in the political science department, who were actually mathematicians. It wasn't until I went to graduate school that I got history and context.

Q: This is the thing. Being in the Foreign Service, you'd think there would be a close tie with political science, but I think as time has gone by there really isn't because political science has moved…

SCHWERING: …has become a science…

Q: You were there at the beginning.

SCHWERING: Yes.

Q: It's turned into a science, which, frankly, is felt to be extremely dubious by those who practiced the art.

SCHWERING: I know. That's some of the mid-term training we had in the Foreign Service where they wanted us to write out decision trees. As to its predictive capacities for political outcomes, well, that's nonsense.

Q: People who deal in the real world find this has nothing to do with anything.

SCHWERING: I know. Well, again, it was a research oriented school. It was publish or perish. Those were also the days, though, when you could just publish papers and make your name. I don't know if you've noticed, but now nobody publishes papers much anymore. They're books. If you pick up one of these books done by academics and skim through it, it could have been a long article. They just fluff it out so they can have a book on their résumé.

I actually became pretty disillusioned with graduate students by the time I finished undergraduate school. I would say the vast majority of graduate students at Northwestern were there because they couldn't handle real life. They didn't have street smarts. They didn't know what else to do. It was a refuge.

Q: This is unfortunately what often happens. You wanted to go graduate school to study what?

SCHWERING: Political science. I can't remember exactly why I wanted to go on. I guess I did because I wanted to learn as much as possible. I applied to Johns Hopkins SAIS, Georgetown, and the Fletcher School at Tufts. I got accepted everywhere, even though I think my grade average freshman year was D because of all the medical problems. However, I had terrific recommendations, because I had worked for all these professors. I think that's what made the difference.

I worked at them out of necessity, but I learned a tremendous amount. For example, I worked for one professor who was doing a content analysis which was in those days defined as the number of references to the other party. It was to see if there was some quantifiable information. That's what everyone was trying to do, to quantify. He was looking into something in the prelude to World War II. I went through all the newspaper articles and other things and counted how many times British newspapers mentioned Nazi Germany or Hitler or particular subjects and vice versa. I literally sat there and counted. I learned a lot of history.

Q: You said you applied to the traditional places to apply to. Such as the Fletcher School at Tufts, SAIS and Georgetown. Where did you end up going?

SCHWERING: SAIS. Johns Hopkins SAIS.

Q: And you where there from 1970 to?

SCHWERING: To '72.

Q: '70 to '72. Talk about SAIS at that point. How did you find it?

SCHWERING: I loved it. I found the hardest part was getting in. It was so much easier in college where you would have had to work to get lower than a C. SAIS was great, because I had all this research methodology, as what I had basically majored in was political science as an undergraduate. It was history. It was society. I had terrific courses. The international economics course there was very good. Kraus was the name of the professor. All first year students took it, and all second year students stood and audited it in the back because he was such a good speaker and made it fascinating. That was the beginning of a lot of my interest in economics, although I had had an economics course in college. You had to major in three subjects at SAIS plus a language. You didn't get any credit for studying a language. I had language courses and labs and stuff just like the Foreign Service, but that was a given. You had to take orals in three subjects, so mine were American Foreign Policy, Soviet Foreign Policy, and International Economics, which was required.

Q: In your mind, where were you pointed?

SCHWERING: You know, I don't think I'd thought that far ahead, but I wanted to work in some international field. Since high school, I'd thought of the Foreign Service, but in graduate school, I wasn't really thinking of that. It was a great student body. I think I went to school with Wolf Blitzer. We graduated the same year.

Q: He's a well-known commentator.

SCHWERING: Yes, the CNN anchor. It was a very small school. I think that it was two years. I think there were only 150 students, and they had the only center in Bologna, Italy. They had one school there. Of those 150 or maximum 200 students if you counted the doctoral students only a few were in Bologna, so we got to know each other pretty well.

Q: How was Vietnam playing at that time?

SCHWERING: Again, SAIS was a very conservative school. I don't think we had a single demonstrator. What cracked me up was in '71 or '72, when you had a huge march on Washington, and they called out the National Guard. I still remember, because SAIS was near DuPont Circle. I have photographs of DuPont Circle with tanks and Jeeps – well, jeeps, I guess and APCs parked all around DuPont Circle, and soldiers shoulder to shoulder all around there, because of the government buildings. Was that '71 or '72? It was the spring. Every single guy at SAIS came to school that day in a coat and tie. They did not want to be mistaken for demonstrators, even though this was SAIS's field of study. I had to laugh. It was really funny.

Oh, and another thing, another reason that era was so important. 1970 was the first Earth Day. Again, that was my senior year at Northwestern. So, all of these incredible trends

started in the four year period I was in college. But, literally, they discontinued in graduate school.

Q: At SAIS, did you get any contact with the government?

SCHWERING: Well, SAIS has a rule that you have to have real life experience in order to teach there. Don't have to have a doctorate or anything. So yes, every professor there had worked in the administration. The school was started by George Marshall, the Secretary of State. I forget the names of the other three who were very prominent administration officials in the 40s. If fact, SAIS, if I recall correctly, opened in l945; because it was the war, the entire first class was women, except for one man. Now, how unusual is that for one era? So one reason I liked it was that it always treated women equally.

Q: Did you have any feel as a woman for getting a job at this point – getting a job before you got to SAIS?

SCHWERING: Oh, yea, you still couldn't. Women were terribly discriminated against. I lucked out, though. I got a job at Chase Manhattan Bank, but I was one of only three women at SAIS hired by banks that year. Also, the bottom had dropped out of the job market. In '71 and '72, all of a sudden, there weren't enough jobs for SAIS graduates where traditionally there'd been two or three offers per student. But yes, women had a very tough time getting a job; that never changed. I spent a lot time just being furious because I had to take a secretarial job. When I was in college, Illinois forbade a woman to work in any job which required the lifting of more than 30 or 40 lbs, maybe even 20 lbs, so women couldn't be mail carriers. I'd see guys who would come back from summer work as post carriers with one or two thousand dollars in savings. I'd have 200 because of the jobs I could get. I always resented that. That resentment that I couldn't get a decent job that paid was a constant theme throughout all my six years of higher education.

Q: Did you find yourself at all oriented politically by this time?

SCHWERING: No.

Q: You said you got a job at Chase Manhattan. What type of job?

SCHWERING: Their training program. Their corporate training program.

Q: This was after you graduated.

SCHWERING: Right. But before that, I should tell you, that in my first or second year, my part time job was working at the American Society for International Law. At that point, the head of it was Steve Schwebel, who, as you may know, went on to become one of the International Court of Justice justices and, I think, Chief Justice, before he retired. That was also the time the Cosmos Club didn't allow any women, but my immediate boss whose wife was a professional, wouldn't put up with that, and when the Society would go

to lunch, he would literally strong arm me and other women through the front door. It was really funny, and the Cosmos Club hated it, but they didn't physically kick me out. They were just furious, but my boss was Steve Schwebel.

They were putting together a book. However, I worked on other things. The main project I was doing work for was the International Treaty on Diplomats. I also worked on Law of the Sea, which eventually became a treaty; that was, I think, more or less drafted – but maybe not – I can't remember. I also worked on a Treaty on Outer Space. Those were the three treaties that the Society was working on at the time and trying to get implemented. There was a book being put together by a number of the best legal minds in the country on treaties and diplomats, I think. They used to hold periodic meetings in New York City, so I'd get flown up to New York City to take notes. Steve Schwebel was chair of this panel, and my main job, I kid you not, was to sit next to him and kick him awake after lunch. He said, "Just kick me under the table," because he knew he'd fall asleep.

Q: Oh, yea. Well, I understand really quite well!

SCHWERING: What I would do is type up the notes of the meeting. I'd have comments and these lawyers, all of whom were men, would have a chapter of this book in front of them, and they'd be commenting on it and editing it, so I learned a lot about international law.

Q: Chase Manhattan. What directed you there?

SCHWERING: It was the only job offer I got. I had no money.

Q: Were you living at home at this point?

SCHWERING: No. I was living in my own apartment. I got recruited before I graduated.

Q: Was there a significant other at this point or not?

SCHWERING: Yes. I had a boyfriend, who later asked me to marry him, but then he refused to… He was an engineer, who had moved to Newfoundland. I went up to visit him once, that was an interesting time. It was a very interesting and sad place.

Q: As far as I know, today it is purely a Social Security unemployed pay place.

SCHWERING: It was then. But that's where I learned about Russian trawlers and fishing, because pretty much the only work up there off Newfoundland was fishing. Most of the island is uninhabitable. So there was only habitable land, at least then, along the coastline. These Canadian fisherman would go out, and the Russian trawlers would come in at night and slice through their lines and then go back outside territorial waters, which I'd learned all about in Law of the Sea work. It was a very interesting insight into that issue. But, Phillip wouldn't come to New York. Even though he was leaving that job up there, where he'd been on a contract for a year or two, he said, "I'm not going to live in

New York," and that was that. I felt that if this guy wasn't willing to come and live in New York, the engagement was off. Of course he could have found a job there.

Q: What did the Chase Manhattan Bank training program consist of?

SCHWERING: That was the best education I've ever had. It was very tough. It was known at the time to be the most demanding in the United States, and it was. They had a 95% turnover of any MBA that went into the class within two years, because all the other banks were taking these people. I was in the first group where they had a 14-month eight-hour-a-day classroom course crammed into eight months. We worked out tails off.

We started off with six weeks of accounting. We had a professor from Columbia University. Then, they taught us their own in-house materials, which were, I found out later, based on the Harvard Business School case study approach. We learned how to analyze different industries. It was hard core. You did your own numbers; you had to research the company, the industry, its feeder industries, and its customer base. You had to do five-year historical analyses of numbers, and then five-year projections.

This was all before calculators, we did it all by hand, so there were times we stayed in the bank 24-hours a day to get our stuff done. We learned how to analyze commodity companies, corporations, banks and utilities. These all have very different kinds of accounting questions and ways you analyze them. It was absolutely the toughest thing I'd ever been through, and I learned more than anything else. By the time we got through, we were so good we could predict a company's quarterly earnings for about a year to a year and a half.

I'm shocked at what's happened in Wall Street since then. That's another era in sea change that I actually witnessed and participated in.

After our eighth month of classroom work, we had what they called five cases, three desks and two pits, where you would be given a company and a week to analyze it. Then, you had to present the company to senior loan officers who tried to pick holes in your argument. You had to describe the company, what made it work, where it was going, and how to finance it. They would give us I guess like moot court. They would sit there and try to find something you hadn't thought of, a hole in your argument, and something that didn't make sense. If you didn't pass these five things, you were fired, even after all that training. That sort of analytical thinking appealed to the way I worked, and it's the best training I ever had. I still can remember being able to run rings around other people in terms of analyzing things.

Q: It was really an MBA, wasn't it?

Q: I've been told it was the equivalent of a Finance MBA. MBAs went through the same course, and it was so totally different from what they had had in school. This was real life. I remember one guy who was given an egg company to analyze. During training, he was wracked his brain, and he finally said it's actually quite simple: if the price of eggs

goes up, the company makes money, and if it goes down, the company doesn't – and that was his presentation, and that was right.

I started in '72, '73 the first calculators came out, and they were these big things that had to sit in electric chargers, and it cost 300 to 500 dollars. We did all those ratios and spreadsheets by hand, which is what took so long. Now it's all computerized, and people don't know what we went through. But it was terrific training, and I learned so much about the U. S. economy. As I was given Leslie Faye Textiles, I knew all about the textile industry of the time. I did Goodrich Tires, so I learned a lot about the car industry, the tire industry, the rubber industry, and the synthetics industry. I learned a lot about unions, because of the things I had to factor into my projections such as the end of union contracts, possible strikes, possible pay increases. These were figured into cost increases. You just learn a tremendous amount.

Guess who my desk mate was?

Q: Who?

SCHWERING: Peter Woo, who ran for president of Hong Kong in the last election. He was one of the three candidates. He had his Stanford MBA. He and I struggled through this together. He went back to China. He married a daughter of Yue Kong Pao who was the world's largest shipping company owner at the time, and most of whose daughters were in the U.S. Yue Kong Pao was so busy he referred to his daughters with letters of the English alphabet beginning A, B, C, D. so he could remember them. Peter married B, I think. Bessie. I visited him and Bessie later in Hong Kong. I was invited to their wedding, but I couldn't afford to go. When I went in '75, on a trip to southeast Asia, I dropped in and saw Peter and Bessie. It was fascinating looking through their wedding album. Yue Kong Pao was so important to the British Empire, that they had congratulations from the queen. Even though Yue Kong Pao was so powerful, Bessie and Peter had no airs whatsoever. They told me that Toyota called Bessie up before the wedding, and asked her what her favorite color was, and she said red. Next thing she knew, there was a wedding present of a car at her front door. The number of congratulations was amazing. There were guests from all over the world at that wedding.

I kept in touch with Peter when he was in New York; we could have lunch. Bessie's father put him in charge of part of his shipping company. But, he came up through the ranks. Yue Kong Pao is now dead.

I couldn't believe when I read in Newsweek that it was Peter and Tung Chee-hwa won the election, and about this third person who also ran for president. Peter, I'm not surprised. Peter was a real prince of a man. Very, you know, innate. He's a good guy. But he really is a businessman. I was surprised to see that he went into politics.

Q: I am going to switch tapes. This is tape two, side one with Katherine Schwering. We have stopped, you are at, I always put at the end of the tape where we are so we know

where to pick it up. You are taking the Chase Manhattan training course. You finished in 1974?

SCHWERING: '73, eight months of class work and then six months as a financial analyst, which is putting what you learned into practice.

Q: Today is 4 October 2005. Katherine, you told me that in this Chase Manhattan course you felt you were the elite of the elite, more or less, in the financial world. How did you find it when they put you out to do a job?

SCHWERING: Well, I wouldn't say we felt we were the elite of the elite, we were pretty naïve. It wasn't until a couple of years later and you were a member of the financial community that you learned what other people thought of the training program. As I think I said before, 95% of anybody who had an MBA and who had gone through the training was hired away by other banks or financial institutions within two years. We had no problem getting jobs. The training was so tough that when we got out into the financial world, we usually did better analyses than anyone else, including bond rating companies like Moody's. That has changed considerably since I left.

Q: Well, there's something that I remember. When I graduated from college back in 1950, I was looking for a job, and I talked to somebody from Wall Street. He said, "They'd hire me as an analyst, but what they essentially wanted to do was to use my connections – which happened to be Dell, to sell bonds or stocks. But I often wondered what I could do as far as looking at the financial world that somebody who had been doing that for 20 years couldn't do many times better. What could somebody young bring to this financial world?

SCHWERING: Well, in the case of Chase and the other banks in the United States, they were limited to operating in only one state. There was no country-wide banking system. That was the law. However, the big banks like Bankers Trust Chase, Citibank, and Bank of America were international banks and needed quite large staffs. It was very similar to the Foreign Service. They would train you and then might send you overseas to their branches there. They wanted only their home-trained people to run them.

Now it was a problem. When I was there, I was in one of the first classes that took in women and trained them to become lending officers. I was in the first calendar year they did that. I wasn't in the first class, but I must have been in the second or third class. However, they wouldn't send any of us women overseas, just as they wouldn't send any blacks overseas. They had also just started also allowing blacks to take their management course. Now this was our big corporate international training.

Training in branch banking, personal loans, small business loans and things like that were part of an entirely separate course. However, we were designated as the most important, most trained people in the bank. They tried to send all the blacks to Harlem branches. This was not the branch banking program. They tried to relegate all the women to what they called 'staff jobs' instead of line jobs, i.e. not dealing with customers. When I was

interviewed up at the bank in 1972, I literally had it pointed out to me that they were still debating whether or not to let the first woman graduate of the training program, who had been put on a domestic account, fly out to California, because they were afraid of what the wives of her male colleagues might think. That is how reactionary it was in those days. There were only two women in my training class and 30 or 40 men. It was really the early days. It was tough proving yourself.

Q: Where did they put you; what was your first job?

SCHWERING: Into a staff job, but I lucked out. This was 1973, and China had just contacted David Rockefeller to invite him to China. He was the first American since the revolution in '48 to be invited to China. I forget now, but I think it was that Chase was the only U.S. bank that had maintained relations with China, even though all of China's assets were frozen. Well, then they needed somebody to monitor this account, and I was chosen; but it was a staff position.

While the law prevented us from dealing with China, there were dual claims on bank accounts. That is what it was called as both Taiwan and China claimed accounts dating from 1948. These were frozen until such time as a court might decide to whom they belonged. However, we also didn't recognize China. The People's Republic of China said they were not about to deal with anyone in the United States until they received recognition. It was also around this time they were finally granted observer status in the UN. It was all very new, and I was monitoring it. Then they created a lending officer position in the Asian banking group for China, and I was moved into it, because I was the only one in the bank then working on China. That was an incredible opportunity.

Q: When you say China, which do you mean?

SCHWERING: People's Republic of China. I worked in that position from '74 to the fall of '76.

Having been granted observer status to the UN, the next thing the Chinese did was open a representative office here in Washington. Of course I wasn't really familiar with the State Department at that point, so I don't know how this was arranged. But there were other issues that came up. When a Chinese delegation flew into New York to attend a meeting, for example the general assembly of the UN, there were attempts to seize the airplane, because it was a Chinese asset on U.S. soil. That was when I first met one of the two people in the U.S. who had been trained linguistically, and otherwise, to eventually deal with China. One, I can't remember his name, he became an ambassador. He later was our ambassador to Saudi Arabia.

Q: Oh yes, Chas Freeman.

SCHWERING: That's right. I met him when he was up at the UN.

Q: I've interviewed Chas.

SCHWERING: He was quite impressive.

Q: He is one of the most remarkable people you ever could meet. You have to put him in the genius category.

SCHWERING: Really. Well, I was impressed by him. I remember his approaching me at Chase. I may not have been on the China account any more. He asked me about the assets question and other things.

Now, China, having once made contact with David Rockefeller and having him travel there, decided they wanted to do business with us. It was trade initially; and, of course, because they had to avoid having any assets in the United States, they arranged with Chase (I was the person on the other end) to have banking transactions done through a Japanese bank. They also, somehow, had the trade restrictions lifted, and they began to export very basic things to the United States, like beeswax, batteries, and acupuncture needles, even though I don't think they were used in the U.S. at that time. To make payment for these, American importers would pay the Japanese bank, which would then remit the money to China. So, in effect, I was dealing with the Japanese, not the Chinese.

What was fascinating, though, is that because Chase was the very first institution in the United States to begin dealing with China, I must have met every CEO of every major company in the United States. They just swarmed in to any meeting with the Chinese. They just swarmed to Chase, because we were the only bank to have a relationship. It was absolutely amazing, you know. These companies included Reynolds tobacco, John Deere, Boeing – you name it. Sooner or later, they would come to me, because I was the desk officer for China.

I also must have met every student in the United States who was graduating in Chinese studies and wanted a job. I also discovered that at the time the CIA (this was before they were not permitted to operate domestically) were sent to me under cover. This was not classified, it was somebody who purported to be from the Department of Commerce. Now, in those days, I could have counted on one hand the number of people who really had anything to do with China. This guy didn't fit; it just didn't ring true. No one from commerce had ever contacted me. I was called into David Rockefeller's assistant's office at one point after this. I was told that this individual had gone back to Washington. He said that I knew too much, and that there was no way he was going to be able to maintain his cover, and they told me who he was and that I was free to share with him whatever information I wanted to. The U.S. government had offered to share with us unclassified financial or economic information. Also, at that time, I was asked by the Department of Commerce to write an article on doing business with China, which I did.

Q: Just to put this in perspective, Kissinger and Nixon went to China. Where did this come in?

SCHWERING: They went in '72. I totally forgot about that. That was the opening.

Q: The opening, but not official recognition, which was coming.

SCHWERING: That's right. I had forgotten about that. Well it didn't come until what – '78? As I say, we were the first institution to have relations with them. This was before they were permitted to open their observer missions in the U.S.

Q: Did you get any contact with Chinese?

SCHWERING: Yes, I was going to go on to that. As a result of Chase's relationship with China, the very first Chinese delegation was invited to visit the U.S. I don't remember what year it was. It might have been '75 or '76. It was a textile delegation. Textiles are labor intensive and, like most third world countries, China could produce these cheaply. They were hoping to export to the U.S., but they ran into our textile quotas. After the Chinese contacted Chase, some businessmen managed to visit China. It was the private sector that hosted the first visit to the U.S. We did invite the State Department and government officials to attend the lunches and meetings.

The Chinese delegation had a schedule. They were going to be in New York for a couple of days, and then they were going to go to a couple of other places. I remember this Chinese delegation was going to visit a textile mill in the South. Well, it didn't take them long after they arrived here to realize this was not a good thing for a textile delegation from China to do. Plus, I think there was a strike on at the mill they were going to visit in North Carolina; so that part got cancelled.

I remember I worked with Manufacturers Hanover Trust Bank (Manny Hanny) in New York City, and a couple of other banks to set up their financial day in New York City. Now the interesting thing about this was translation. We needed translators. This being the time it was in the U.S. there were no translators. There were no Chinese speakers who were familiar with the vocabulary used on the mainland, much less any translators, and even much less any simultaneous translators. So I put on my thinking cap. Mind you, I was just in my early 20's at this point. I contacted the UN and I asked if I could borrow a couple of translators. The answer was "Yes, as long as it is kind of off the record, you pay them. You must understand there is no connection to the UN, because this still wasn't official." So we set up a half-day banking seminar. I forget what the other half day was.

I was the one who organized the banking seminar. I started two or three weeks beforehand to work with these two Chinese simultaneous translators, because things were highly politically sensitive. If you talked about WWII and up to the revolution in China, mainland Chinese referred to it as "the liberation," but Taiwanese referred to it as the revolution or something like that. At this point, if we had used the wrong vocabulary, the Chinese delegation would have gotten up and gone home. Not only that, but you find that in almost any language, banking and commercial translations are almost non-existent. For example, what is a lien, what is a mortgage? These things were very tough. Also, I had studied socialist economies in graduate school, and I understood them and a lot of these

concepts didn't exist there. So, I prepared lists of words and concepts for these translators, because they were going to have to translate them during this seminar. They, it turns out, would sneak to the Chinese observer mission in New York City, which would then telex Beijing and work with them on appropriate translations, which would then be sent back. This was all off the books you know.

When the time came for the morning seminar, we had these two translators, who could only do 15 or 20 minutes at a time, so they had to switch off. We had presentations by the big bank. We explained some concepts, and we also explained how financial markets – at least the banking market, not the investment market – in the U.S. worked. I was so pleased when one of the older members of the delegation casually walked over to me during one of the coffee breaks and said, "You know this translation is excellent." He had no idea what had gone into this. Neither did my bosses. I didn't even check with anyone at the bank. There was a lot more autonomy in the private sector.

A couple of things were interesting about this delegation. First of all, I was pressured by Chase and other banks to schedule something for all three evenings the Chinese were going to be in the U.S. Now, I didn't want to do that, because they had just arrived from China and I knew they were suffering jet lag. Also, one of the oldest members of this delegation had participated in the long march. However, despite my trying to convince my colleagues, who weren't internationally oriented, that these guys should have some evening of rest, I had to set things up. It may have been August or something and the only thing I could find for them to do was the New York Planetarium. Well, that turned out to be a real mistake. I don't know if you have been in there, but they have the moving heavens, and you look up and see all the planets and stars and other things. Well, it made at least one member of the delegation very ill. He got so nauseated they had to escort him outside of the planetarium. I was criticized later for subjecting these elderly people to something like this. Which was quite funny.

There was a woman leading this delegation, which was also in the U.S. in business at that time a knockout punch. They were all dressed in Mao suits, with the short hair cut. It was very hard to tell she was a woman. I remember it was at a dinner or lunch. I thought I would have a little bit of fun and asked one of the members of the delegation a slight question about their being able to do something if they wanted to. I can't remember what I asked – something like if they wanted to go off in New York City on their own and look around or something else, could they do it. They all the heads turned to look at this young woman with very sharp features who had been very quiet all along. She was obviously the Communist Party guard dog in this delegation. It was very funny.

Then our job was to get them to Washington DC, which was their next stop. I borrowed David Rockefeller's plane, and Manny Hanny lent their plane. These were small executive jets. This is the only time in my life I have been a stewardess. We put half the delegation on Rockefeller's plane and half on Manny Hanny's plane, as I recall, and we flew them down to Washington, where we handed them over to, perhaps, the Chamber of Commerce or whatever, someone like that. I stayed down there with them for awhile. I

remember their very first lunch was held at a hotel. It was hundreds of people, because of course, every business man in the United States wanted to do business with China.

Q: Oh yes, think of a billion customers.

SCHWERING: Yes – and sell a billion toothbrushes.

Q: And oil for the lamps.

SCHWERING: This was, I believe, the third time this century that you had seen this. I knew this, but these businessmen didn't. I couldn't believe it. Well, first of all I knew about the Chinese because I had a retired Chinese general as my only customer of mainland Chinese origin at this time – an American customer. He was someone who, rather than choose between the communists and the nationalists, had emigrated to the U.S. in '48. His wife was later hired to help design the new Latin-based alphabet that they use to teach children. Apparently they were viewed as politically neutral by the Chinese. In the mid 70's, she was invited back. That is why you see all the X's and Q's in Chinese translation.

We were down in Washington. The delegation was hosted to this huge lunch in some hotel here. You know the Chinese don't like big chunks of meat and they don't eat dairy products – things like that. I couldn't believe it when I looked at the menu and the host of this luncheon decided to serve chicken Kiev. That was three fails in one; but I think it was totally innocent.

Q: Oh I'm sure. But chicken Kiev is one of the standard rubber chicken dishes on the conference circuit.

SCHWERING: Yes, you have to consider the politics between the Soviet Union and China at the time; that's what made me laugh. Plus it was full of butter. The Chinese delegation were very good sports. While they went on to other visits, it was really quite an interesting exercise here.

Q: You think of the Chinese, and I think of two things. One, you have the after effects of the cultural revolution.

SCHWERING: That was '66.

Q: Oh, it had already ended, but there were reverberations. I think the gang of four was still at it, and there were still great problems there. On the other hand, the Chinese were probably pre-eminent in the mercantile world. They have an astute business sense. They had that connection all along in Hong Kong. Did you run across the Hong Kong connection? Did that crop up while you were dealing with it?

SCHWERING: Well, yes. They had a Bank of China. That was their only institution permitted to deal with the outside world and they had an office in Hong Kong. However,

I was not permitted to travel as I was a woman. So, Chase wouldn't send me to China or to Hong Kong. But I got around that too. What happened was that in 1975 I took a vacation in Southeast Asia. By that point, the U.S.-China Business Council had been set up in Washington DC. Again, that was private sector. It was an association like the Soviet-American business council. I knew all of those guys very well. One of those young men and a friend of his and I decided to go to Southeast Asia together. It was quite a trip in Laos at the time when the communists in Laos were coming to the top. I took the liberty, when I was in Hong Kong, of calling on the Bank of China. I didn't have the bank's permission to do it, but I did it. I just introduced myself. That was the only connection, because they dealt through the Japanese with us.

Q: I am trying to go back just to capture the time. Was it that you weren't permitted to travel to places on your own? I mean, you weren't in the company to seduce the male members on a trip. But how about by yourself? Was there concern that you might be vulnerable or was it just that women didn't do business? What was going on?

SCHWERING: They never said it, of course, but it was A. women didn't do business, and B. no one would take a woman seriously, and our clients wouldn't take a woman seriously. I think it was just so unheard of. They also would not assign any woman overseas. This infuriated me, because people who had been recruited into the training program along with me, who were simply English majors and had no advanced degree, were then sent to run a branch in Africa or Europe or something, and here I was with an international studies masters from Johns Hopkins, and they wouldn't even let me travel. The discrimination was considerable at the time.

At the time that I was working on this account, I secretly joined a group of women who were bringing a class action suit against Chase Manhattan Bank for sex discrimination. We chose a labor lawyer who was very good, as we thought the best kind of lawyer to represent us would be somebody who was used to representing workers against big management. We toyed with hiring a guy who was the famous lawyer who got convicted of using his client's funds and who was known as a liberal lawyer. It wasn't Kunster; I will come up with the names. We toyed with hiring them all, but we chose this woman who was very smart; she kept our names secret until the very last minute.

When we finally held a press conference, we timed it well. I had friends in journalism who told us the best day and time to hold it. I think it was held on a Friday afternoon, because most people don't read the Saturday and Sunday papers. This was going to hit Wall Street like a bombshell, and it did.

It was very interesting to see the reaction at Chase. Management became very careful about handling us women. But, what stunned me was that all of my female colleagues, except for the 13 members of the suit, avoided me and the others like the plague. But I had male colleague after male colleague come up to me and say, "Good for you." It was just the opposite of what you would think. The men of my generation were behind us.

Q: Looking generationally, I have watched this in the Foreign Service. The women who had made it up through very tough times, and had made a niche for themselves, even though they may have been discriminated against, felt threatened because here are some people who are going to rock the boat. They have made it, but on men's terms. All of a sudden here you are – a bunch of young squirts – saying, "Let's change the rules." These other women would rather play by the old rules.

SCHWERING: Well, the few blacks that had been admitted into the training program had also done something similar. They hadn't sued, but apparently, they had gathered together and talked. I was unaware of this. It was before we brought our suit. But, apparently, management cautioned them they didn't want to see any groups of blacks getting together and talking; which in that environment was a threat. So it was interesting. I didn't consider myself any better or different from anyone else at the bank. But, it was extraordinarily hard to get what I wanted, and I wanted to go overseas. I was very lucky with this China thing, because I was literally part of history. Like I said, the Commerce Department later asked me to write a China trade article. I may have written the very first article in the United States on how to do business with China. It was called, "Doing Business With China." The Commerce Department published it as a pamphlet for companies all over the United States.

Q: Were you able, at that point, to pick up on some of the problems in China? As you said, there has been this gold rush three times in the 20th century of people running to China thinking, "Oh boy! We've have got these billion customers." They almost all have come a cropper, because of the issues of just dealing with China.

SCHWERING: The Chinese can outsmart anyone.

Q: Certainly, there wasn't that much money to be gained at that time as these were mostly poor peasants.

SCHWERING: China had a huge lack of foreign exchange. I seem to remember that when I did my analysis of China, their entire balance of payments both in and out amounted to 13 billion dollars. That was just nothing for a country that size. So, they didn't have much foreign exchange to buy foreign products, they weren't selling much around the world, and the quality of their products meant they didn't earn much foreign exchange.

Q: Did you have access anywhere? This is before American businessmen had the experience. You know, over time, they would come back and talk and pretty soon you built up quite a few case histories of what worked and what didn't work.

SCHWERING: Well they didn't get much trading done. That was one of the stories I was going to tell you. It was absolutely hilarious to talk to these businessmen after they had come back from China, because they would tell me stories about how they would be in negotiations with the Chinese for three days, and the main guy they would be dealing with would be flipping business cards, and he would put them down on the table. Gee the

top business card would be the card from the main competitor, the company they had been dealing with. Or they would find out the guy who had been pouring tea for three days was the head negotiator. The Chinese were just so clever. I knew this. I had studied the Chinese, and I had this Chinese general who took me down to Chinatown all the time. From him I learned a lot about how the Chinese view money. They don't trust banks. There wasn't a person in Chinatown who kept their money in a bank.

Q: They collected together in clans or whatever and would lend it to each other.

SCHWERING: I don't know if they did that. I know that is Korean. I never heard much about that, but they would keep their money in their mattresses. The money of course, stayed in the family. They don't have the same societal structure as Korea, not in that regard, as far as I was aware of. But of course, they were so smart. They would force these businessmen to buy things they didn't need at all, just for the privilege of getting a visa. I remember one of the first businessmen – I don't remember if it was John Deere or someone else, was forced to buy thousands of gross of acupuncture needles. He didn't know what the heck to do with them, so he had them encased in Lucite and handed them out as company gifts to manufacturing firms. Oh, the Chinese were so funny, and I used to get so amused.

Ah, what was interesting was during this time Chou en-Lai died. That is the story. Chase wanted to send condolences, but nobody really was quite sure what position he held in China. He wasn't a government official. That was the first time I called the State Department, and they did have kind of a China desk. The guy there was really helpful. He said, "The official position Chou holds was chairman of some council or other." So I said, "Okay, we would like to send condolences. How do we get it there?" He didn't know. The State Department didn't know, because they didn't do business with them. So he got back to me. I forget how, but we telexed, or sent a telegram to something. Anyway, I wrote out the condolences, with the address and everything and sent it up to Rockefeller's office. I got the funniest call from his administrative aide at the time, Joseph Reed, who, as you know, later became our ambassador to Morocco. Then, the senior vice president who called me about the telegram for Chou said, "You know, we wanted to send it this way, but you recommended we send it that way, so we are going to do it." So they had a lot of confidence in me in that regard. So we sent it off.

But also another interesting episode during my time in the Asian banking group when I was the desk officer for China, was that there was that assassination attempt on Park Chung-hee. And wasn't his wife or something….

Q: His wife was killed. An assassin came up and shot at Park Chung-hee but hit his wife.

SCHWERING: He was wounded I think, right?

Q: I don't think so. I think his wife took the bullet. I can't remember.

SCHWERING: Our Korean desk officer was Frank Han, a Korean, who later went to China. He was classmates with all the vice ministers. He later went back to Korea for Chase, after I joined the Foreign Service. Well, anyway, Frank Han was very funny. We had him to handle the Koreans; we had a Japanese person to handle the Japanese accounts. Nobody in the Asian Bank Group liked Park Chung-hee. We knew him for what he was. So again Rockefeller's office wanted to send condolences of some kind, or an acknowledgement. So we had to figure out what we would say. To tell you the truth, most of the individuals at that time felt that it was too bad the assassin had missed. I believe we crafted something very diplomatic to President Park saying we were very sorry to hear about the loss of his wife or something like that. We didn't address his injuries. The bank sent that off. So it was a little like working in the State Department.

Q: Were you getting anything from the tremendous financial network out of Taiwan? I mean these people were all over the place.

SCHWERING: Yes, we had a Taiwan desk also. Of course, that was where our business was. But, what was interesting was banks for both Chinas were cooperating very quietly. Because our operations departments didn't really understand the difference between the Democratic People's Republic of China and the Republic of China, on occasion a bank transfer, a trade payment, would get put into a frozen account when it should have been put into a Taiwanese account or we would accidentally put a payment amount for the mainland into a Taiwanese account, which, under U.S. law, the Taiwanese account could then seize because they had claims. We would then get these quiet little calls from the operations department at the Taiwanese bank in town, whose accounts weren't frozen saying, "Pssst, you have accidentally…" or, "Pssst, this payment wasn't meant for us. It should have been put in the Bank of China account with the Japanese bank." They were surprisingly cooperative on the business side.

On the political side of course, they were geared up and lobbying heavily in the United States to prevent the U.S. government from going forward with any plans to re-establish relations with the People's Republic of China. The Taiwanese were furious when the People's Republic was granted an observer mission at the UN and then, later, when they opened their observer mission here in Washington, in the same building where their embassy is.

I used to travel down to Washington, DC periodically and meet with them. I would take bank customers with me. It was very funny. I remember some of the representatives of some of the biggest corporations in this country would go into the embassy for this meeting and all of a sudden talk about what they would do for their workers and how they treated their workers. Everything was workers this and workers that. Of course I knew differently. It was absolutely hilarious. How they would try to cater to the Chinese!

Q: Show they were very much proletarian…

SCHWERING: I would sit there and be really amused. I've always had a perspective on things.

Q: Well, tell me about this women's suit. What happened?

SCHWERING: Well, it went on forever. It eventually was settled out of court. It was partly because the bank did everything the lawyer had predicted. First they stalled, and of course we did discovery. We wanted statistics to prove the case, because at that time you could prove discrimination by showing patterns of employment hiring and practices and stuff. You didn't have to prove that the individual was discriminated against. Then, of course, there was the threat that they would just dump everything on us. Basically we had only given the lady a down payment and none of us was well paid, of course. None of us could afford all the paralegal help it would take to comb through all of this information the bank might dump on us. But, they weren't going to cooperate. And, as time went on – I think it took four years – the women started dropping out of the suit. I was one of the last two or three. But, I had understood what we were getting into. Apparently, the other women didn't. There were classic stories. Something odd happened to me when I was given my first offer by Chase to join them when I was still in graduate school. They quoted me one salary and then several months later, before I moved up, I got a letter from another individual I had never met, referring to a conversation or a meeting we never had and increasing my salary considerably. It is clear to me someone got to the personnel department, and that I had been offered a discriminatory salary – no question about it. Someone had gotten to them and said, "No, raise it." I only found out years later that it was a very senior official with whom I had interviewed who had taken a liking to me and was a mentor. He just kept his eye on me. I didn't know this. It is true what they say that you need mentors. This is particularly true for women. He looked out for me, apparently. He never told me this.

Q: This is something that went on as the women were given more and more rights. There was considerable interest within the business world and the government world, too, in what now are called mentors. I don't think they were called that.

SCHWERING: Yes they were, but they were only for men before. No, that is how you got to the top in most organizations. How you could get to the top is by having a mentor.

I was in the bank in the training program with a lot of MBAs. We learned a lot. In fact, one of my friends left the training program, a woman. She was hired after me, and decided to go to Harvard Business School. So I went up to Harvard Business School for a day or two to visit her and attended classes with her. That is when I realized the Chase training program is modeled on the Harvard Business School program, the case study approach. It is terribly good. So that is probably one reason the training was so good.

So, anyway, the suit was out there, and I started being handled with kid gloves. At that point, before the suit came out, they had asked me to go down to SAIS and recruit. Well then, when the law suit came out, the management of the bank was really upset because they didn't want to send someone like me with nothing good to say about promotions. On the other hand, it would be considered retaliation if they yanked me from the trip. They

had to be very careful not to retaliate. That was the issue in those days when somebody sued.

So they sent me down and I was quite honest with the students, and actually got a lot of people who wanted to go up there. I said, "For women and blacks, yes there are problems; but, it is the best training you are going to get anywhere. You get this, you can go on to any business." That was true – any business, any bank, anything else – because finance is the center of the web of the economy. Every institution, be it business, finance, government, schools, has a bank account and everything goes through the bank. That is what I learned. It was the best training I could have had.

There was one young black man at SAIS who was one of the young up-and-coming blacks in the United States. He had been elected head of the student political party where he was. He had been to a lot of the national conventions. He was just a prince. He was so impressive. He was also black at a time when every company was scrambling to hire blacks to show that they were fine. I hooked him for Chase, even though the salaries were a third to a quarter of what other companies were offering. But I think that is because I was honest. I told him you may have a tough time, but this is where you want to start out.

So, the bank needn't have feared. I recruited a lot of good people. However, it is partly because I didn't do a sales job. I said, "Here is what you are going to get out of it. Here is where your problems might lie." And they appreciated that. This young man came up to me later and said that was the reason he came. He was glad he had selected Chase, even though it wasn't much of an income.

At that time as I said before, Chase was also working with middle eastern countries. Oh, this is very interesting – the first oil crisis in 1974.

Q: This is after the '73 war, the so-called October…

SCHWERING: The October war between Egypt and Israel.

Q: Yes, and the resulting OPEC (Organization of the Petroleum Exporting Countries).

SCHWERING: Was that what happened? I can't remember.

Q: The Arab countries retaliated.

SCHWERING: They created OPEC. They limited production or something. Well, what was interesting – and this is the origin of the third world debt crisis I've realized and I probably should write this up – except I don't like writing.

What happened was that in the mid 70's we had only three officers at Chase responsible for the Middle East and Africa. There was no business in those days. We had several things happening. First of all, we had a recession in '74, and interest rates were sky high – They were 11%, 12%, and 13% I think. Even LIBOR (London Interbank Offer Rate),

which was how we priced our international loans were high. All of a sudden, money began pouring into the Middle East, be it oil money or whatever. Now traditionally, in countries like Saudi Arabia, their traditional cultural investments were things like land and gold. But this was billions of dollars.

Q: These were called petro-dollars.

SCHWERING: Right. For the first time, I believe, they began looking at the world market and what they could do with these billions of dollars. What they began doing was putting them on deposit with the big banks like Chase, Citibank, etc. Well, when you have deposits you are paying interest on, you have got to earn. You have got to lend those deposits out to earn money. Well, the developed world was pretty saturated. So, this is exactly when I know Chase began looking to Latin America. We had a tiny Latin American division. It was maybe two people when I joined Chase. So, they created a whole new Latin American division, staffed all sorts of officers on it who began traveling to Brazil and Argentina, trying to lend the money. Now, Chase had very strict balance of payments criteria for lending to another country when we lent to governments and stuff. Or, when we lent to companies, we were terrific analysts on their foreign exchange availability and their ability to repay loans. When I started in banking we wouldn't lend to any country whose debt service ration was greater than 25%. Other banks had similar rules. We also used to do loan syndications, where we would give a big loan, but get other banks to buy part of it. Well, the entire banking community in New York (and I suppose all over the U.S.) began relaxing those rules and allowing the debt service ration to creep higher and higher, so that they could lend. It wasn't long until – I think it was '78 or '79 – when we had the first international debt crisis. That is because too much had been lent to third world countries, particularly Latin America, who all of a sudden couldn't pay it back. This was very interesting. That is my theory on how the international debt crisis began. It began with petro-dollars. Then of course, as these countries couldn't pay, you lend them more so they can continue to pay you back. I was witness to a lot of history.

Q: How long were you with Chase?

SCHWERING: Five and a half years.

Q: This takes you up to when?

SCHWERING: This takes me up to '76, when I was moved to the Soviet Union and Eastern Europe. I became a team leader for institutional relationships. This was because of a courageous vice president in the bank.

Our suit was outstanding, and I was a hot potato. I was up for re-assignment, because they moved us every two or three years, too, just like the State Department. No one wanted me, because I was a member of the suit, but this one man, Peter Greer. Anyone who worked for him would cut their right arm off for him. He was more than willing to take me on. My master's degree was in Soviet foreign policy and American foreign

policy. We had two teams in the Soviet Union and eastern European banking group. One dealt with the countries like a desk officer. The other was called a Syndication Manager. When you get a big loan, that team was responsible for selling it to other banks. That was really where the business was. My business was dealing with the Soviet Union and Eastern Europe.

There was only one bank in each country allowed to do business abroad, so those were all my clients. And I traveled because Peter let me travel as he had no problem with that. I traveled all over Eastern Europe. It was the second time I got to deal with Yugoslavia.

I forgot to tell you this. It's about my first contact with Yugoslavia. The summer between my first and second year of graduate school I went to Belgrade on an IBEC exchange program (International Business Exchange Program). I worked in an agricultural bank there. It was an absolute eye opener. I didn't speak any Serbo-Croatian; they didn't speak any English. I was there with a Norwegian and a Swede. However, we learned a great deal about Yugoslavia.

Q: What was your impression of the Yugoslav banking system?

SCHWERING: It was a disaster and it still is. There is no concept of financial discipline. We get their bank statements in. We would have to do an analysis because they would come in for loans. You have to look at their available foreign exchange, because that is what they would repay our loans in. We get their annual reports, and I would go on a trip and visit them and say, "Did you notice your assets don't equal your liabilities?" They couldn't even add straight. Accounting? They didn't have an accounting system worth anything. I could go into the boring details. They all wanted to borrow money, but we had to look very carefully at the projects to make sure they could generate enough foreign exchange. We basically only lent to investments that would export. We avoided lending to any arms industries. I even had arguments with the Soviets over Telex charges.

Q: Well, did you find that one of the things that really brought so many of the Asian countries into deep trouble was cronyism, lending money to friends. But these were in East Asia. But what about in the Eastern bloc?

SCHWERING: Well, the government ran the banks and banks were basically the treasury of the economy. The government would decide the priorities for investments and then it would be up to the national bank to go out and get the money, if they needed foreign exchange to buy the foreign equipment to make this or that investment, or set up a new factory or whatever. We did the Orenburg Pipeline in the Soviet Union. They bought their turbines from General Electric, I think. They needed a lot of equipment from abroad, so they needed a dollar loan to pay for those. They would come to us and we would arrange financing.

Q: Well, I would think the engine that would be driving or allowing the Soviet economy to work is probably the same one today, i.e., sort of gold and oil. Was that working?

SCHWERING: Not really. They had a very limited economy. Don't forget they had COMECON (Council for Mutual Economic Assistance), and the eastern European countries locked into their economic system. They basically traded with each other. They only bought what they couldn't get or make themselves from western countries. It was actually quite limited; as you know, they had a very poor economy. As I saw it, it was planes. We sold the first planes to China. I remember that. They were Boeings. We also sold planes to Yugoslav countries. But to Russia, no – they had their own plane production. They bought from us only what they couldn't produce themselves. They were not interested in developing big international trade. Also, they had their markets in Africa and countries, like Burundi where I later served, where they had managed to get socialist governments in place. Of course, those countries would accept these poor quality goods.

Q: You did this for how long?

SCHWERING: I did this from the fall of '76 to the spring of '78, when I joined the Foreign Service.

Q: What brought you into the Foreign Service? Here you were dealing with matters that you wouldn't be touching as a junior officer. What was it that attracted you to the Foreign Service?

SCHWERING: I wanted to live overseas, and the bank wouldn't let me. Plus, by this point, I was uncompetitive in the bank structure. In terms of assignments overseas, I would be up against men who had had one or two tours abroad. So, they could legitimately point to me and say, "You don't have the experience we want," as their excuse. Plus, I wasn't really happy. My interests were broader than just making money. There were huge debates at the time. Lending officers used to get into big discussions about whether there were other returns on investment besides money, for example, environmental protection. At that time, the philosophy on Wall Street was that our job was to maximize return for investors and that the environment, fair play, and other things were not business's concern. I didn't feel that way. I really didn't quite fit in. It wasn't a dog-eat-dog world in the least at the bank, but I wanted to look at broader issues. I had great fun while I was there, and in fact turned down my first offer to join the Foreign Service. But then, when the second one came, I was ready because I wanted to go overseas.

Q: Ok, how did you get into the Foreign Service?

SCHWERING: Well, I took the Foreign Service exam. I actually had taken it two or three times before I got in. I took it first when I was a senior in college, and I passed it. But then in the oral – those were the days when the Foreign Service wasn't taking women; I wasn't accepted as I didn't pass the oral. Now, I had no idea whether that was discrimination or not, but I was very young. I was just 21, and also, I was going on to graduate school.

Q: I sat on the oral boards in '74 or '75. Maybe '75-'76. You know age was a real factor. Sometimes you said, "Very good. Come on back again after you get a little experience."

SCHWERING: That's right. Well the second time. Well, I always passed the written exam – two or three times, but I only passed the oral when I was at Chase. I had known for some time that I wanted to leave banking. I was also burning out on living in New York. I wasn't earning enough money to live well, and it is a city that will consume you.

Q: I take it the bank really didn't pay that well.

SCHWERING: No, it's is not. Commercial banking in general is not known to pay particularly well. It wasn't bad, but compared to the investment banks, nothing. But, of course, people went into things depending on what motivated them. I did actually interview with some of the investment banks like Salomon Brothers and others. I was just appalled. I remember I think it was Salomon Brothers personnel person saying to me they didn't hire women and the interview was pro forma and just going through the motions. I got a lot of questions about my personal life, how I lived, and stuff. I realized at the end of the interview they were going after how hard I would work. First of all, if you joined an investment bank in those days, you worked 12-15 hours a day, which you didn't do in commercial banking. You worked hard, because you were there to make money on commissions. At the end of another interview, I remember the bank said to me, "Well, frankly, we are looking for people who live beyond their means, because that will cause them to work a lot harder to earn the money." I wasn't; that is not me. I will work terribly hard for something I believe in, but not just to get a commission on a bond issue – that didn't interest me.

Q: Do you recall any of the questions on any of your oral boards that struck you?

SCHWERING: Oh yeah. I also proctored it later, so it has been interesting to see how the Foreign Service exam has changed over the years. I remember my very first exam. It was seven or eight hours long. You had to write three essays in addition to the one you wrote in the first test. The test was like an SAT (Standard Aptitude Test) test or GRE (Graduate Record Exam) test. It was all over the map in terms of subject matter. There were three questions we had to write an essay about. One cracked me up; it was obvious. You had a friend you went to school with. He is being cultivated by socialists; what do you do? Do you report this? You are a junior Foreign Service officer. That one was so obvious. The one that cracked me up was you were a cultural attaché in one of the breakaway Russian Republics. It had a very socialist government, and a very radical student body whose leaders had been educated in the Soviet Union and were now back in the city. This was at the height of the Vietnam War. You were to give a speech at the university. Also, there is great hostility toward the U.S. because of the Vietnam war. I figured I wasn't going to win this one. I had no idea what to write, so I decided to write a speech that said nothing. It was one of these, "on the one hand, on the other hand" type speech: on one hand, we know how you view the war, and on the other hand it was something. Literally, I did the whole thing tongue in cheek. Imagine my surprise when I got the results back, and it was

my highest score. I got 99 out of 100 on that speech, and I had written it as a joke. That should have told me a lot about the Foreign Service. That was so funny.

Q: Well as you were taking this exam…

SCHWERING: The first or the second time?

Q: Well, the second time, when you were in the banking world. There must have been a certain amount of disdain in the banking world for the Foreign Service and its bureaucrats and all that.

SCHWERING: No, we didn't deal with them very much. We dealt directly with governments. When I traveled in eastern Europe and the Soviet Union, the only country I didn't visit was Hungary, because they didn't borrow money. I found that the embassies weren't helpful at all. You could go in and talk to someone and they knew far less about the economy and how things worked than we did. So, I only scheduled an embassy visit if I had an empty hole I couldn't fill any other way. I just thought they were kind of useless abroad. We had no reason to deal with Washington.

Q: Did you have any connections with the Foreign Service? What did you think you could get out of the Foreign Service?

SCHWERING: Living abroad.

Q: Is that it, period?

SCHWERING: Oh yeah.

Q: I meant, did you have any contact with Foreign Service people at all?

SCHWERING: Not really. It wasn't money oriented. It dealt with a lot broader issues. It was just intellectual. Of course, I had a masters in international affairs. I am not an MBA. That had never been my interest.

Q: You came in when?

SCHWERING: In '78. My first offer was in '77 October. I wasn't interested in leaving Chase, because the Soviet and Eastern European banking group was loads of fun then. But in 1978, because I knew that in that summer I would have to move on, and because there was still this lawsuit hanging over my head, and finally because I was uncompetitive compared to my male colleagues, I said, "Okay, this is the time to leave." I knew you only got three offers.

They only gave me three days to get down here. Obviously someone had dropped out. I had a two billion dollar portfolio, and I was the team leader. I called the Foreign Service and said, "I want to sign up, but three days is ridiculous. I can't get rid of my job and

pack up and move out." So they gave me a week. I may have been the only person they have ever exempted from reporting on time. They gave me a week, of all things. I did everything in a week, and I almost killed myself to move down here. I handed over my portfolio and packed up and tried to get out of my lease – which in New York City I didn't do it, as it usually means bribing someone. It was awful. I now think the Foreign Service was totally wrong to do that.

I am not sure that my photograph is in the junior officer class of that year. I got sworn in in a supply closet days later. I missed the first three days which are a lot of picture taking, swearing in, and ceremonies. I just came in under the radar.

Q: What was your class like?

SCHWERING: Very odd. The guys who ran the class thought so too. At this point, apparently, the Foreign Service was trying to recruit a more representative cross section of the United States, instead of just east coast New England. We had six people in the class who had never been outside of the United States. I went to lunch with one of them once, and he backed away from a menu item called "omelet." He had never heard of an omelet. This guy was from Florida. We had three or four blacks in the class most of whom were clearly hired for racial reasons. One was a young woman of 24-25, and the only thing she had done was be a retail clerk. We had one black guy who was an MBA and had been in the Peace Corps. He is still a good friend of mine. He was really qualified. I forget the others. We had one young white man who had never grown up. He used to wear Earth shoes, and his Boy Scout jacket with all its patches. He just was kind of stuck at the 12-year-old stage. We had people from all over the country. It was a very odd class. I thought that too.

Now, I have to tell you, (this was the second time I passed and the one I was invited in on) that when I took the oral, there were only two of us who were accepted. I was 29, and obviously my experience was significant. The other person was a young man, who had been a lawyer for a few years. At that time I figured the reason we had gotten in was passing the orals plus our experience. That must have been '76 I passed that. I didn't get a call for a long time.

Q: I was giving the exam during that period. Were there three people on the board?

SCHWERING: Yes. Three people. Maybe it was my first oral interview. I actually asked the panel, which was all white males, how many women officers they knew. Between the three of them they came up with one, but they were not sure.

Q: Well, I wouldn't have been on that board because I was a consular officer. My first boss was a woman. In the consular business you had a lot of women.

SCHWERING: Consular and admin.

Q: It was discriminatory, but at the same time an opportunity.

SCHWERING: Yes. When I joined, I went to Korea for my first tour. I think I was the first woman to serve outside of the consular or administrative function in Korea.

Q: You had people who moved around. I was thinking of Liz Russ. I don't know if she was there when you were.

SCHWERING: No. When I joined the Foreign Service in 1978 they had just changed the junior officer program. We were the second class. I am not aware of what law it was. This is you were no longer an officer when you first joined the Foreign Service; you joined up as a reserve officer and you had four or five years to become appointed an FSO. We were called junior officers, but in fact we weren't. At your first promotion you were actually considered an officer. That is when they took you off the reserve list.

Q: You were on probation.

SCHWERING: Yes. One of the requirements was that you had to be rotated through the cones. That was a new requirement. The rule was that if you were not rotated into two different cones in your first year, you were only permitted to remain at post 18 months, and you would be moved to another post in a different cone.

Q: Well, in this officer group – junior officer is what we are going to call them – how did you find the training?

SCHWERING: It wasn't training, just orientation. They had people coming in from different government agencies to tell us what they did. Actually, it was not a good idea. We never learned how to open a safe. We never heard of a cable. The only training we got was the consular course, which was terrific.

Q: This is the one where you were put in Con Gen Rosslyn. Wasn't it"

SCHWERING: Right. That was terrific.

Q: It was a case study type of thing.

SCHWERING: Yes, it was, and it was tough, but I had been through this kind of training before. All of us in my class did well, though. I didn't become particularly close friends with anyone. I remember I couldn't find a place to live. So, for the first month or so, I was either sleeping on the floor of apartments of friends of mine, or occasionally in a hotel. Those were the days when the State Department wouldn't pay you until you were an employee. They also wouldn't pay over weekends. I had to move down at my own expense. I couldn't find a hotel room to save my life, because it was in the spring, and in the spring Washington hotels are always booked.

Q: Tourists, and high school kinds making their Washington trip. Did you have any choice of where you wanted to go or and idea what you wanted to do?

SCHWERING: Oh yes, they had the bid system, but it wasn't on computer, and actually there wasn't any way to find out what the openings were. I forget how I found them out at one point. They didn't hand you a list of where there were openings. We didn't have a choice the first time. What happened is the guys who ran the course knew where the junior officer openings were. They just watched us for the first month or two and they just assigned us to post.

Now, my case was an exception. Also, as part of this new entrance program to the Foreign Service, they were not going to train anyone in a hard language. They weren't doing any long term training. They felt that was not a good investment. However they did give us the opportunity to meet the language qualification, which of course, was one of the things you had to do to become an officer. So they assigned us all, I think, at the end of the first month or something. Of course, most of my class went to Mexico. One guy did the Philippines. But actually, I had apparently been singled out because of my experience and everything, and they wanted to send me to Turkey with the full year of language training ahead of time. To tell you the truth, I went into the office and tried to maintain my calm, but I broke down and cried. They were stunned. I said, "I don't want to spend another year in the United States. The reason I joined the Foreign Service was to go abroad, and here I am the only person in my class to be kept another year." They said, "We selected you because we thought you were one of the few people who could actually do this. This is a tough assignment," which I thought was funny.

Well then, they decided to assign me to Korea and sent me to French to meet my language requirements. So I took the consular course and six weeks of French. I passed it because I had had French all though high school and I had had terrific French training at SAIS. The head of the French department was the head translator for the World Bank. All of our teachers, at Johns Hopkins SAIS, like in the Foreign Service, had to be native speakers. This was not a graded course or anything, but just like the Foreign Service, we had to pass an oral in addition to our three subject orals in order to graduate. We had a tough, this Frenchman was tough – you know the French. He had the typical attitude and it wasn't easy to pass. But, it had been the same type of training at Chase. At the State Department we had language classes and then we had tapes to drill on.

Q: So you went out to Korea. You were there from when to when?

SCHWERING: Well, let me back up a little. I had a gap before I went out to Korea. I think I was assigned in August. There was a two week gap. They wanted to do something stupid with me. I had worked in enough bureaucracies to realize that if you come up with a solution they are just as happy to sign off on it. They were going to have me do something clerical. So I went to the Korea desk and said, "Could you use someone for two weeks." They grabbed me of course. FSI was perfectly happy. Well, this was an interesting two week period, because this is when the Korean plane was shot down over a lake in the north of the Soviet Union by the Soviets.

Q: This was the first one. It was in the west, near Finland. It landed on a frozen lake. Damnedest thing.

SCHWERING: Right. Well that, believe it or not, became relevant later in Korea. I ended up knowing some things about that from the inside. So that was interesting.

Anyway, the desk liked me. Then also I was sent to Congress to listen to Henry Kissinger testify on something, and I took notes and wrote it up and sent a cable. Kissinger was funny. You cold tell he had an ego, but he was out of the government by that point as it was the Carter administration. He was just standing there in a room waiting for the reporters to swarm, and they did. He just loved the attention. I thought it was rather funny. It was the first time I had ever seen him.

So, then, I was supposed to go to Korea in August, but there was an airline strike and I couldn't get there. The airlines that flew to the west coast were on strike – Northwest or maybe Pan Am. Now, this is my first bad brush with State Department bureaucracy, because they told me that if I didn't report to Korea, I was in trouble. They were maybe going to charge me vacation time or something, which I didn't have. This created a dilemma. How was I to get there? And, they were threatening me with punishment. You know, they weren't paying my housing or anything at that point. So, I finally went to a deputy assistant secretary of state (DAS) somewhere who was a political appointee, because when the strike came off, the only places available were first class or business class. Of course, the State Department didn't authorize that. So I was supposed to get out to post, but the State department was not going to help me in any way. I went to this DAS and said, "What am I going to do? The only seat I can get is business class or first class." I explained the situation to him and he signed off on it. But, being a thirty-something political appointee, he said, "Oh you know what. I had better check that." Within hours he checked it out and contacted me and said, "Nope, we are not going to authorize that." But, somehow or other I got a seat. I stopped in Hawaii to visit the INS office there, which was pretty standard for people going to the consular section in Korea. That is where I learned a lot about what Koreans do when they emigrate to Hawaii. When they bring the parents in, they drive them straight from the airport to the social security office and claim that they have no assets and get them on welfare right away. INS was pretty disgusted with that. They also showed me a lot of fraudulent passports and how things were substituted and everything.

Q: Yes, there was a big scam going on at the time on petitions.

SCHWERING: Where, for Korea?

Q: Yes.

SCHWERING: There always was a scam of one sort or the other and probably still is – that is a Korean thing you know.

Q: What was your first assignment?

SCHWERING: Consular. You were my boss.

Q: This was August of '78. What did you do in the consular section?

SCHWERING: I started out in immigrant visas. I absolutely loved consular work. I should also tell you that as part of this new junior officer program, we were not being "coned," as they call it. That is why you were to go through two or three cones, and after three or four years the department was supposed to look at you and decide where you fit best. Almost all the Junior Officers in Korea were thrown into the consular cone. I remember two guys who were an exception: one had been in the consular section for three months and had talked his way out and into the political section, another young man had gone straight into the commercial section. But the rest of us stayed in consular. I did immigrant visas and non-immigrant visas. I don't know if you were still there then, because you were only there for a year of my tour.

Q: I left in '79.

SCHWERING: Then Lou Goelz, who had just come from Iran where he had been taken a hostage briefly, was the consul general.

I was fraud officer for six weeks or a couple of months. By that time we all knew the consular section was as corrupt as they come. Some of the petitions, of course, were false. You know the stories. They were legion. We, if you remember, we had Korean investigators in the fraud section. At one point I had one of them walk up to me and hand me a typewritten confession of all the bribes he had been taking. That was apparently because he was on the verge of being caught. So you couldn't even trust the investigators. You also worked with the military. There was a 'great' X-ray substitution scam going on. I worked with the CID (criminal investigation division of the army) a lot. We had a really experienced INS officer assigned to post at the time. He knew there was a petition scam when he was presented with an INS petition signed by what turned out to be a new junior consular officer, rather than by somebody in the U.S.

Q: I have to say my experience was that when I got there there was an awful lot of 'smoke.' When I went to a consular conference, I went to the head of consular affairs and got her to send a new security officer to Seoul. It was like peeling an onion. While we were solving one problem, a new one, the petitions scam, was going on.

SCHWERING: After I left post in 1980, they fired most of the immigrant visa employees because they were all in on the petition thing. They found piles of money and blank forms in one person's apartment. We all knew these guys were not only dishonest with us, but weren't translating things correctly as well.

Q: The previous consul general was a great antique shopper. I was very worried about that connection. All sorts of people would come up to me, and luckily neither my wife nor I were really very interested in shopping. But there was always this possibility of

corruption among the Americans. Did you run across attempts or presumed attempts to enlist you in this?

SCHWERING: Not in corruption and not with any of the officers at that time. We also had staff people. I remember there was one man in non-immigrant visas who was a staffer. They eventually did away with that category. He had been there for years. None of those people were corrupt; although, a couple of them would do things off-hours that they were not supposed to do. It wasn't anything criminal.

The pressure that was put on us as consular officers was in the form of return favors. I soon learned that any time a Korean invited you out to lunch, he or she would be able to ask you for a favor later on; it was Korean culture. That became a real headache. So, any time a Korean began approaching me as a friend (they really don't have friends in our concept) I would beat them to the punch and I would invite them to lunch, usually at the embassy, which was a real status symbol at the time.

Q: It was just a snack bar.

SCHWERING: Then they had to do something for me. They had to do something to match, and then they had to do another favor in order to ask one. So I headed off most of the requests.

Q: You say you started out in immigrant visas. How did you find that? Also, was there a collegiality among the officers? Was it a good fit when you got there?

SCHWERING: Absolutely. We loved each other. There was no problem. We were all in the trenches literally. But it was tremendous stress. I remember a Foreign Service Staff (FSS) visa officer who worked with immigrant visas who contracted tuberculosis as a result of interviewing people. He was there when you were there. A woman who came in '79 began having heart palpitations from the stress. I began to talk all the time, from the stress. We were under tremendous pressure to issue X number of immigrant visas a year. It wasn't welcomed if we didn't meet that number. It was really tough because there had been court rulings saying we had to issue the number available. But you know so many of the applications were fraudulent.

The petitions were always nuts. The documentation they provided was the family register. All they did was pay the local village clerk and he would put anything on there they wanted.

Q: I remember somebody told me one time that they ran across a petition where somebody had been born on such and such a date, and then it showed they had died and then they were born again. The reason given was that this was a luckier day than the original one.

SCHWERING: Well, that could have been true, but most of it was just to get the visa.

Q: And also you had children from the 'little wife' I guess.

SCHWERING: That was often it. Frankly, most of this emigration stemmed from the prostitutes who married the GIs. They would petition for their parents first, and then their brothers and sisters. We did have leftovers from the Chinese culture – concubines. What would usually happen if a man had a woman on the side when his first wife died was that he would marry the second. The problem was the petitioners in the U.S. were the children, and they would petition for a brother or sister who had been born within several months of them. We would turn these down and then they would came clean. You would have to have the parent go to the U.S. and then have them petition for these other children. I am sure you are familiar with it all.

Q: Yeah, well I am just trying to get some of this.

SCHWERING: That is also when we investigated Sun Yung Moon. We used to see big black limousines pull up to the back gates of the embassy. People we had just interviewed in the NIV section would walk out and talk to someone in the back seat of the limousine. The whole thing was so corrupt.

Q: For me the saving grace of the whole thing was that most did fairly well when they got here. These are hard working people.

SCHWERING: Yes. However, they bring their culture with them, and that is not good for the United States. For example, a lot of them had criminal records. Most of the women were prostitutes. The number of women who never showed up in the U.S. and never reported to their GI husbands was heartbreaking.

Q: They ended up in massage parlors.

SCHWERING: Well, they stopped most of the prostitution rings around military bases. We had a lot of criminal records and stuff. They don't play by the rules. I understood at the time the Koreans had taken over, had a mafia on candy distribution and some sort of a gang in California. Nobody could break into it. They do work hard, but they don't believe in rule of laws. You get a lot of these fraudulent marriages.

Q: When you moved over to the non-immigrant visa section, did you find Koreans were always using contacts in the embassy to get a visa for a niece or nephew or somebody? Did you run across that?

SCHWERING: No. Very little. They may have contacted you more because you were the consul general. There were several mitigating factors. Number one, the Korean government didn't allow tourism at the time. They were afraid North Koreans would get the passports and sneak in. Therefore, only businessmen or journalists could get a Korean passport. Then, once they came back from their trip, they had to turn the passport in. They would be issued a new passport for every trip. In fact, we didn't have vast numbers of Koreans applying for non-immigrant visas. Occasionally, there would be one who

would try to take a daughter or son. We didn't have much contact with the other officers in the embassy. They had a colored paper referral scheme. I don't know if you are aware of this.

Q: No.

SCHWERING: I later served in the commercial section, so I became acquainted with the system from in and out of the consular section. We had two colors of referral slips. If you filled out a green one, they knew you were endorsing this. If you filled out an orange form, they knew you were not endorsing it, but would tell the guy you would contact the consular section. This is when I realized the brilliance of consular officers being absolutely independent. Even the ambassador did not have consular authority and could not tell us what to do. That continues to be really important. I found out that is true for other consular corps, as well. The Swiss I believe, do the same thing.

Q: Yes, we are essentially law officers.

SCHWERING: Yeah, we are law enforcement, implementation.

Q: The ambassador can't force you to issue a visa, but you usually try to find a work-around. But, sometimes, it would get very difficult, because Koreans at a certain level were told by their boss to get something done, and if they didn't get it done, they were in very deep trouble.

SCHWERING: Or deep kimchi as we say.

Q: Deep kimchi. They would come in and I would say, "No, we can't issue a visa like that." And I would see the sweat pop out on their face. All this was because they knew they had to go back and explain that there wouldn't be a visa. It was a difficult place, particularly in the visa business. I hated to go to receptions at the ambassador's house, because I would always get cornered by people. Nobody wanted just to talk to me. They wanted visas.

SCHWERING: They wanted the favor. Right. As I say, I headed off most of the possible visa requests by inviting people out to lunch first.

Q: How did you find social life in Korea? This was your first time abroad in the Foreign Service.

SCHWERING: I loved it. But I was about the only woman in the embassy who did. I just loved it. I had more fun. Two new consular colleagues and I took a course run by some Korean organization to familiarize you with Korea. We knew it was actually funded by the KCIA (Korean Central Intelligence Agency). They took us to temples. They had various government officials lecture us. It was wonderful. Then I took a lot of trips with the Royal Asiatic Society.

Interestingly, I really got in with the Koreans. I mean as a woman, that was unheard of. Part of it was Frank Han, my colleague from Chase, who had been assigned to the Chase branch in Korea. I got to meet with a lot of important businessmen through him. He had gone to school with a lot of important officials, who were at that time vice ministers. He used to go to lunch regularly with the vice minister of the KCIA. I don't know if the DCM knew this, but it was very funny.

When I was invited to these people's houses for dinner, I was always treated like a man and I was allowed to sit with the men in the front. However, I could also go into the kitchen where all the women were.

When Han went out to lunch or dinner with any significant Korean, it would be very funny all through the meal. There would just be three of us. Frank, whoever his friend was, and me – I was the honorary male as the Koreans didn't go out with their wives. However, the fourth chair at the table would be pulled out and throughout the meal, waiters and other people would deposit gifts on it. By the end of a meal, whoever this important Korean was would have an armful of gifts. Half the time, when we walked out they'd turn to me and say, "Do you want this?" and they would hand it all to me.

As I said, Frank Han had been an important government official under Syngman Rhee. So, he had connections that went way back, and he had gone to the right schools. So, I just really lucked out. That is how I learned from one of the vice ministers that Hok Turn Hee's assassin would be tried, found guilty and hung, which turned out to be true. But then the Koreans I met in the Korean foreign ministry also seemed to take a liking to me.

I don't know if you know, they all had these monthly dinners. Korean university graduates had their group of friends and they all went out. It is their alumni club, if you will, and once a month ten or twelve of them at a time would go out to dinner. I started being invited to these, and was even invited to become a member. One of the guys from the Korean foreign ministry would call me up. I guess I was a curiosity – a three headed giraffe. But I got along like a house afire with the men and the women. I had no problem.

I really got an insight into Korean life, because, of course, most of these young men were unmarried or newly married. I learned a lot about how the parents would set up the marriage and how they would select the wife. I had one or two of these young men consult with me, because they were upset at being forced into marriage. They were in love with someone else they really wanted to marry but were being forced to marry someone else as they had been matched up with someone by their parents. I don't know what it was, but the men felt free to talk with me.

Of course the women did as well, because in Korea, once you are there, you are immediately absorbed into the group. I still remember most of the women in the consular section swarming around me one morning saying, "You look awful. What happened?" There are no secrets. It was comforting; it wasn't an offensive, "You look awful." They just wanted to know what was wrong and help. I taught the ladies English for months, at one point. That is when I learned a lot about the Korean educational system. Korea is

rightfully known as the hermit kingdom. They never looked outside their borders very much. I don't know if they have a map in their schools. At that point Korean companies were starting to work in Saudi Arabia for example. They were doing a lot of construction in the Middle East. This was just after the second oil crisis, and there was money to go around. I asked the ladies if they knew where Saudi Arabia was. Well, they kind of did. I said did they know how big it was? No. Compared to Korea, which is small, Saudi Arabia is quite large. They didn't believe me when I told them that. I brought in a map and they all gasped. These were all university educated women. They had never heard of the concept of Eastern Europe. Outside of Japan and China, mostly because of the Chinese citizens in Korea, they just didn't seem to know much about the world.

Q: You moved from the consular section to where?

SCHWERING: The Commercial section.

Q: By the way, because of your background, did you have a feeling that you eventually wanted to end up in the economic field?

SCHWERING: Not particularly. At that point, I was just enjoying myself. I was having a great time, went all over Korea, and had Korean friends. Remember Mrs. Byung, the antiques dealer, the one who sold to everyone in town? She became a friend eventually. I helped a professor translate a book into English. These men would take me home. Oh one thing I don't know if you knew about it. This woman who had come into the consular section after me, whose name was Pat, and I were invited to a kisaeng party. After President Pak's assassination, foreign tours into Korea had dropped dramatically and the tourism companies were doing everything they could to show that Korea was okay to visit. They started inviting women in the embassies to the kisaeng parties, which are like geisha parties. That is the episode in Korea that took the most diplomatic skills, because they assigned a young woman to feed me, play the drinking games, dance with me, and tell me how beautiful I was. The same with Pat. I have photographs to prove it. This was hilarious. And it is the first time these kisaeng houses had ever had women. But it was typical Korean thinking, you know – straight line. They don't know how to be creative. It wouldn't have occurred to them to line up a guy for me. It was really like I said – an inside experience most women had never had and never will have.

Q: What did you do in the commercial section?

SCHWERING: Mostly letters. That was such a busy section. It was busier than econ. There were six or seven of us. When we made an inquiry about a company, the Commerce Department staff would send an inquiry. Then the Koreans would research this Korean company that was being asked about and write it up. I would review the letters and send them up. I would also write certifications for goods that were being shipped.

Q: Did you get any chance to go out and see firms?

SCHWERING: No.

Q: On account of the dollar.

SCHWERING: No. Actually I got to see more in the consular section. I also got to visit jails. My favorite trip was when I went to sign a crew on a ship down in Pusan. It was February. It was a blizzard. The hotel I stayed in down there was full of mosquitoes. Korean mosquitoes, just like all Koreans, are as stubborn as hell. I should have known when I walked into the room and there was a can of bug spray in the hotel room. I was dive bombed all night, so I slept under the covers.

The next day I went to the dock in one of the big shipyards.. It was a real blizzard. There was an American freighter, and the only American on it was the captain. The steward, of course, was a Filipino. The rest were Koreans or Chinese or something. But that is a consular duty. The only problem was they didn't have a gangplank between the dock and the ship, and the ship was rocking back and forth up next to the dock. I was told the time to jump, which I did. If I had missed, I would probably have been crushed between the ship and the dock. I wasn't, so we signed the crew on.

There was another interesting thing. I also worked in American citizen services. I handled at least three cases where families in the U.S. were looking for men who had disappeared from their lives years ago. They had joined the military and had been assigned to Korea. Most of the soldiers, I don't know if you know this, would sneak back under the SOFA illegally, (the status of forces agreement), and live off the black market, because they had PX privileges. They would usually move in with a prostitute, buy things and sell them to the Koreans illegally, to make a living. They were usually alcoholics, so tracking them down was difficult. Almost always, someone had died like a son or a father and they wanted to let this person know. Well, we had to observe the privacy law. We weren't even allowed to tell these families in the U.S. that this individual was in country.

I had a scene straight out of a Humphrey Bogart movie, again in Pusan. I was trying to find this man. One of the local employees in American citizen services was able to find out that he was living down in Pusan, and that I could get in touch with him in a bar down there. So, after I signed the crew on the ship, I went to deliver this official letter from the embassy that I had written to they guy saying, "Please contact your family and this is why." I walked into this bar in the middle of the afternoon. It was dark. The bartender was wiping the bar with a rag. He spoke English. He was a Korean bartender of course, but he handled the GIs down there. I said that I understood that a Mr. Joe Wilson, or whatever his name was, happened to frequent there. The rag paused for a second when he said, "Why do you ask?" I knew I had hit pay dirt. I said, "I just want you to give him this letter." I said a little bit more about his family trying to get a hold of him. So the guy took the letter. I knew it got to the guy, but it was fun trying to figure out how to do these things.

Something else interesting did come up at that embassy, because most of the senior officers were not aware of the new junior officer program. They tried to keep me in the

consular section even though I was supposed to rotate – all junior officers were. Nevertheless, I was called up by the DCM, Tom Stern.

Stern called me up basically because it was time to move people around in the embassy. He said they would like me to stay in the consular section. It was blatant discrimination – no two ways about it, because the men were all being moved about to the other sections. I asked him if he was aware that, under the new program, if any junior officer spent an entire tour in one cone, their tour was cut to 18 months, at which point he blanched, because, as you know, we were swamped in Korea and we needed every possible person. I said, "Yes, I am going to have to leave in a couple of months." I had already been in the consular section 14 months, which I wasn't supposed to have been. I was supposed to have been moved out at the end of a year. I was not putting up with that. But he didn't want to lose anybody; it wasn't me personally. So I said, "You know I know of two junior officers who haven't served in the consular section at all. You could switch me with either one of them," which he did. He switched me with the one in the commercial section, who had ducked most of his consular duty. But it was only a threat on my part to get out of the consular section, although I loved it. It is still I think, the most favorite work I have ever done. Consular is the most interesting – and the stories you can tell. It is absolutely amazing.

Q: What was the commercial section like?

SCHWERING: It was pretty cut and dried. They didn't particularly take advantage of my knowledge. I do have to tell you one thing though. With the possible exception of you, every single male colleague of mine, sooner or later asked me how I got into the Foreign Service. They must have thought I was an exception or something. I didn't know there were any other ways to get in, but there were at that time. They were recruiting women, black women. One black woman I know got in through an ad in the Wall Street Journal; she didn't even have to take the exams. The woman Pat, who was in consular with me, had never taken the Foreign Service exam. They took her in on some basis or other.

Q: Well, of course, I came right out of the board of examiners where I was giving oral exams, to Seoul. This was just part of life for me. We saw quite a few women when I was giving the oral exams.

SCHWERING: Apparently, others were coming in other ways, and I didn't know this at the time. I was shocked when guys would ask me this question. I said, "I came into this thing the way you did. I took the exams." So I never knew why they asked, but they were all kinds of puzzled.

Q: I think part of the thing was that they were going through the discrimination suits with Alison Palmer and all that.

SCHWERING: Right. Those started in '72.

Q: Also, there was a recruitment program to bring in minorities, which you can read as being blacks or African Americans. They were bringing in some women in mid-career, as well.

SCHWERING: Yeah but these were junior officers.

Q: But it was a period of time when there were several things going on. In a way the question was, "Were you a real Foreign Service officer/" or not.

SCHWERING: Yeah I got that impression.

Q: It is natural. In the military, they take a look at whether you are military or you are reserve.

SCHWERING: Right. Well I was dismayed to learn about this mid-career recruitment program for women, which I didn't learn about for a couple of years, because that is how I should have been brought in. I should not have been brought in as a junior officer.

Q: I am interviewing Pru Bushnell right now, who was ambassador twice. She came in mid-career.

SCHWERING: Yes, she did. Well, I clearly should have been in. So, to the day I retired, I never had the kind of responsibility and trust from the administration at the State Department that I did from Chase when I was there.

Q: This is probably a good place to stop. We will pick this up where we left off. You left Korea when?

SCHWERING: August of 1980, but even that was a battle.

Q: How was that?

SCHWERING: Personnel told me I couldn't leave until I had been at post exactly two years. I think I arrived August 10, 1978, and I was going to leave August 8, in 1980. They weren't going to let me leave because it was a two day difference. It turns out that was a misinterpretation of the rules. That was only for home leave, two years from when you came back from home leave. But I mean all along the line there are other stories. The bureaucracy caused me problems all the time.

Q: Where did you go?

SCHWERING: Burundi. I came home on home leave, and then I went to Bujumbura, Burundi.

Q: So we will pick it up in Bujumbura in 197---

SCHWERING: No, 1980.

Q: 1980. So you got to use your French.

SCHWERING: Yes.

Q: Good. So we will pick it up then.

Today is October 13, 2005. Katherine, you're in Bujumbura, Burundi, and it's 1980. What was it like when you got there with brand new eyes looking at the place?

SCHWERING: Well, first of all the climate was perfect year-round. I used to think of it as Camelot. During my first six months, it literally only rained at night and was always beautiful during the day. It is located at a high enough elevation that for most of the country there are no mosquitoes. It never got above 85. It was never humid, never got below 70, and there were flowers year-round. It was almost a paradise. But it had almost been completely deforested. There was only one patch of original primitive forest left.

The country was in an economic decline. There were only three economic activities – subsistence farming, which supported almost 100% of the population; and, the brewery run by the Belgians, which supplied most of the government revenue; and coffee. They grow the finest coffee in the world – triple A Arabica, which at that point I don't even think was grown in Latin America. They exported their coffee through Tanzania.

The country was extraordinarily poor and because of the high birth rate, family plots of land were being divided up more and more. You were literally looking at Malthus' theory: these people were and are going to starve themselves to death. It didn't really have any resources except one peat bog, which was harvested to feed the brewery. The Burundi couldn't afford to buy the beer from it. It was a really sad situation. There was no medicine, no doctors. The only other city, the second city in the country had basically been built by missionaries over a period of time.

The government at this time was very heavily socialist, even though the president had come to power through a coup while the previous president was on a visit out of the country. Its main allies were Cuba, North Korea, and Russia. Most of the embassies in town were embassies like that, and I think there was a Libyan embassy. There were French and Belgian embassies and perhaps one other western one besides the American embassy. Oh yes, there was an embassy from the People's Republic of China. It was really very heavily oriented toward socialist countries.

Q: Where did Burundi stand at that time in the Hutu-Tutsi conflict when you got there?

SCHWERING: Well, it all had started in the early '60s when it was a UN protectorate, not a colony under the Belgians. Maybe it wasn't even a protectorate; there was a third status, which I can't remember now, that the UN awards. The UN wanted Belgium to get out of Burundi, Rwanda and the Congo. Belgium really didn't want to. Belgium, as you

know, was not a very good colonial power. What the Belgians did when they finally agreed to go in 1960 or ’61 was to throw elections. However, they were scheduled three days from the date of the decision to leave. Now of course, with a totally illiterate population, no communications, telephones, or radios, it was a disaster. I think they had to re-do the elections. The UN made the Belgians go back and conduct them again. The bottom line is that they removed the ruling structure, which was the Mwami and his family.

Over the last 500 years, the Hutus and Tutsis had lived a completely peaceful symbiotic relationship. It was possible to become a Tutsi if you were a Hutu. There is one sociological study dating from the ‘50s that I was able to find, which was very interesting. When you reduced the Mwami and the ruling structure, as is true of most third world countries, what money came into the new government, as well as education, tended to go to the military, because that defends a country. It wasn’t long before there was a series of coups led by military officers. That had largely been the history. I wish I remembered it more specifically.

It was President Bagaza who was president when we were there. He had ministers, but there was no government. There were ministries and ministers but no parliament. There was a court system, interestingly. It had a university, oddly enough, which had no books, laboratories or anything else. I am not quite sure how students studied or what they studied. There was no electricity, so you couldn’t do anything after dark.

here was only a little electricity in the capital city, Bujumbura and its suburbs, where a few top ministers and the foreigners lived. Other than that, there was no electricity in the country. What electricity there was came from a hookup to the electricity grid of Zaire, which is now Congo. They had none of their own. It was pretty primitive. They had one paved road in the country, which came up along Lake Tanganyika, through Bujumbura, and veered off to the north to a city which used to be the traditional capital of Burundi, and then up into Rwanda.

In 1972 and ’73, a conflict between the Hutus and Tutsis broke out. I believe that was the very first time in history, unless there was something in the ‘60s, which may have been because the Belgians had backed the Tutsis to put them into power hoping they might be able to manipulate them. In fact, there never was any history of internecine warfare. I won’t say inter-ethnic, which most people do. They are exactly the same ethnicity, same name, same religion, same culture, and same values, although slightly different genetic descent. In Rwanda, which also had a majority of Hutu and Tutsi, there was so much intermarriage it was even harder to tell them apart. By the time I got to Burundi it was very rare to see what we would consider a true Tutsi, someone very tall and slender.

The entire culture there was very reticent. The rulers were like princes – very self confident, carrying themselves regally, but not aggressively. The personalities are totally different from what you would see in West Africa or in East Africa. It wasn’t typical Africa. The most interesting thing was that the culture of Burundi is both Hutu and Tutsi. There are no villages and never have been. Basically extended families and clans would

live in *rugos* or hillside compounds and would populate an area. But outside of Bujumbura and the city in the north there were no villages.

There were some photographs in the embassy that date from 1972 when the President of Burundi had taken an embassy officer up in a helicopter. The officer had taken photographs of bodies floating down a river, and things like that. It was a horrific episode. Ever since the early '70s – which is when the United States cut off its military and AID programs because of the genocide – the country had gone very socialist.

It was basically like any other hill people like the Montagnards or the hillbillies. I attribute this partly to the lack of villages or any spot to which travelers might come and stay and spend a night or where merchants might set up shop. They had none of this, so like hill people everywhere, they were very suspicious of outsiders and kept to themselves. Before I got there, the government had actually imposed a ban on Burundians having any contact with foreigners. You had to get permission from the president's office or the foreign ministry to talk to any Burundi outside of the minister or someone in a ministry.

I ran a self-help program there distributing a small aid program. It was very difficult as the only infrastructure, was provided by missionaries. They had built all the schools, a few clinics and some cooperative centers. Every ten years or so, the government of Burundi would kick out all of the missionaries and take over the infrastructure, the schools or whatever, and would put in their own teachers. The government never did anything for anybody outside of the main city. In part, it is because it was estimated – although no one really knew – 80% of the population was Hutu. But, it was also because it is such a poor country there wasn't anything. There was no tax system except on coffee exports. The government would buy all the coffee crop and then export it.

What would happen is even though it was a patriarchal society, women did all the work – the housework and the field work in Burundi. If men got their hands on any money, they actually would just drink it away. So, most of the coffee crop would be for the men, after the women had nurtured the trees and picked the crop; although, the men did sometimes help pick the crop. However, they would be the ones to take it to market and sell it. They would take most of the money. It was only if a woman could get to sell the coffee that she would have any money for the household. It was a terribly dysfunctional society in that way.

When I used to drive around the country on my missions with a driver, I would have great discussions. In Burundi I talked to Burundi males because women would not talk to you. In their culture, women were not supposed to speak in public. The Burundi men would all tell me men were too weak and women were a lot stronger which is why they did all the field work and everything else.

I could not see a way out for that population to survive over the long run. I suspect AIDS…. They still won't cooperate. It is such a hermetic society, in a way. They still won't cooperate with any international organizations like the world health organizations.

They won't allow any surveys to be done. They don't want people talking to their population. Perhaps that is changing, but we have no idea what the medical situation is, and I would not be surprised if the majority of the population were HIV positive. One reason for that is they used to go to what they called clinics, which were usually one-room structures like the houses they lived in. These were thatched-roofed, sometimes with a rusting table that you could tell was a maternity delivery table, because it had stirrups. There was no mattress or anything on it, just the metal table. There would be one sort of kidney shaped medical dish in the room with dirty water in it, and the clinic's only needle in it.

The government had complete control over all medication and medical care. There was kind of a hospital in Bujumbura, which had been set up by the Belgians and continued to run (and deteriorate) by the Burundi. Once a quarter, the government would send medicines and vaccinations around the country. Once a quarter. There would be some quasi-trained medical technician assigned to each of these clinical centers, and he (usually a man) would take this one needle and vaccinate everybody. The needle was used for years. It was really one of the most desperately poor countries you could ever find.

Q: Let's take a couple of things. You were there from when to when?

SCHWERING: August of '80 to November of 1982.

Q: What was your job?

SCHWERING: I did everything except GSO work. There was an ambassador. I went through two deputy chiefs of mission. The second one was the Joseph Wilson who is now in the news, so I know him personally. And then there was me. I was the political, economic, commercial – you name it – officer.

Q: Consular?

SCHWERING: No. There was a separate consular official and a separate commercial officer, but in fact I did all of that work, too. We had GSO staff. I did everything, and the workload was incredible, because there were all these reporting requirements out of Washington. Also, the ambassador was hyperactive and demanded we work seven days a week. It was the worst embassy I ever worked in.

Q: Well, let's talk a bit about that. In the first place, what were American concerns in Burundi?

SCHWERING: Well frankly, in my view, we didn't have any. To the extent we had a goal, it was to try to woo the government away from the socialist view of things. It was just to have another vote in our bloc in international organizations.

Q: So the UN vote was probably the only interest?

SCHWERING: Pretty much. They had no money to buy anything. They weren't very friendly. They had no influence on any surrounding countries. It should have been a nice posting. I went there because I thought it would be a nice, low key, assignment in a beautiful spot. It was all but low key, because the ambassador was a large actor on a stage that was too small. She just dreamt up as much work as she could. You would not believe what she could think of.

Q: I have interviewed her. Could you talk about what she was doing?

SCHWERING: She entertained all the time and threatened us with low rankings if we didn't. You have to remember there were 12 ministers in this whole country. You have an embassy of six or seven people all entertaining the same people five nights a week – please! It got to a point where she would throw functions seven days a week sometimes, with a lot of things on Saturday or Sunday. She tried to attract the government and schmooze them even on Sundays with swimming parties. But it got to a point where the ministers were no longer interested. They actually did not live much better than the rest of the people. There was no money to be had. They would go home to the rugos, the family hillside huts, on the weekends. They began sending third cousins to the ambassador's pool parties.

I actually was the only officer who got out and who traveled. I became, oddly enough, friends with a military officer. He and I must have met at one of the cocktail parties the ambassador must have thrown. We just hit it off. Gradually, over time, he introduced me to his family. He was from the important province, the one province from which all the government came. It was obviously a clan structure. This was Bururi Province which was in the south. It got to the point that he was willing to risk his career, because this was a forbidden contact for him, as well as for me, if the government had found out we were friends. He would sometimes come to visit me and would sometimes bring a sister. I would have to dismiss my guards, because I knew they would be interviewed by the Surete of the government. They weren't the secret service or intelligence, but basically the watchdogs of the regime. So he would come and visit me, and then he would invite me to go out and visit his family. Because I had diplomatic plates, I would switch cars with a missionary, because I knew they would follow me. I would load him and friends up in Bujumbura and we would head out. I may have been the only American ever to sleep in a rugo, and actually to hang out with a Burundi family.

At that time, and I understand this may still be the case because my daughter has a friend who is now working on a medical program in Rwanda, you were not allowed to mention the words Hutu and Tutsi. You couldn't even say trees and bushes. When I would call on missionaries, we would go for a walk there, even though there wasn't any possibility of electronic eavesdropping, because of the lack of electronics, lack of electricity, and lack of technical knowledge. However, even the missionaries, who had been there for years, refused to acknowledge there was a problem or mention the two different groups.

Now, you know, my view was that if you are not allowed to say the words, there is a problem. Unfortunately it conflicted very much with the ambassador's views of things. She wanted to believe she was a good friend of Bagaza, and that these were all good people and stuff. She actually called me in at some point and told me I could no longer talk to any westerners or Americans. I was to take them off my job requirements. Even individuals from other agencies, with whom I worked, had the same experience in Burundi. It is just their culture. The Burundi have no use for us particularly and no reason to share information, which is historically true of their culture. Information was the coin of the realm. That is how you pleased the Mwalmi in the past and got land in return. But the ambassador absolutely forbade me to have anything to do with or do any reporting on what any non-Burundi said.

Q: Well, how did you get visitors through?

SCHWERING: Visitors would come in. The only ones who ever came in were actually the people looking for money from my self help program. I talked with a lot of Burundi that way. Unfortunately, I never found a true program that fit within our guidelines, because the whole idea of the self-help program was to get a group of women together to start an egg farming and selling business or something really small. Because there were no villages, there was no community to help. There wasn't a single application for the money from a Burundi that didn't actually involve benefiting his personal family. They were almost all Tutsis too, and they weren't going to help the Hutus. The organizations that could use our money best were the missionaries, because they ran clinics, schools and the such, and they really needed the funds. They helped everybody. However, the ambassador forbade me from giving them a dime. It was really sad.

Q: What was the ambassador trying to do by saying there wasn't a problem there?

SCHWERING: She said that and kept reporting it. I don't know. She was biased against white skins frankly. She believed we should only interact with the Burundi. I have no problem with that obviously, but it was extraordinarily difficult because the government forbade it. I, nevertheless, got around to all of those who did it, but they weren't telling me anything. There were no politics.

Q: Well, in this society where, as you say, women did all the work, was the ambassador pushing women's rights or that sort of thing?

SCHWERING: No. She never even left the capital city for a year. She would go if we helped a school and give a little speech. She worked hard, but it was mostly her talking with the ministers and the government and reporting it back to Washington.

We were inspected while I was there. I don't know if I should be this frank, but I will because she has hurt a lot of people in the Foreign Service. I was one of the people the inspectors interviewed. At the end of the initial interview with them, I was told by the inspector to stop exaggerating. I stuck to the facts. I wasn't going to cut anyone down. I was just telling him how things worked in the embassy. I am also not suicidal. He

apparently didn't believe me. But then, as the week wore on, I was ever more frequently called into the room where the inspectors were working and going over cables the ambassador had been blasting back to Washington. I was asked to explain them. Why did she say this? Where did she get this? Where did you do this? Most of these cables I hadn't seen, much less written. So I just tried to stay out of it and said, "I don't know; you will have to ask her." By the end of the week the inspectors were there, the very inspector who accused me of making up facts came in and gave me a little gift. I think it was his way of apologizing. The day after the inspectors left, Mike Southwick, the DCM, – a really good guy, an Africa hand – came to me and said, "I think you had better stay away from the ambassador for awhile." Since there were only three of us, and I did all the other reporting, this was a little difficult. He didn't exactly say why, but I learned later that the ambassador had literally followed the inspectors to the airport throwing paper after paper after them to prove she was right. Apparently, she didn't like the inspection report. No one at the embassy was allowed to see it except the DCM. I never saw it. All I can think is it wasn't very flattering about her. One of my colleagues in the embassy later told me that through the closed door to her office they had heard her shout, "They believed her more than me" probably to the DCM. I gather that through the week the inspectors were there, they were in fact able to verify a lot of what I had told them. Even though I never said a negative thing against the ambassador, I did say she worked us six or seven days a week and our hours were extremely long, etc. You know she must have blamed me for whatever the inspectors had put in the report. But I don't know what was in it. These guys weren't taking anything at face value, and they certainly weren't going to take my word over an ambassador's. So she may have blamed me, but I know it wasn't my fault.

But she did other things, too. We had a communicator who broke his neck in a car accident and was medevaced to Nairobi, where they gave him physical exercises to do, I don't know if they did surgery or anything. He came back, but he didn't get any better in Burundi. The injured communicator's neck became so bad that they wanted to medevac him to Germany. Well, the ambassador refused because his colleague, the healthy communicator, who'd said he'd put together a video club for the embassy, refused to do so when the ambassador had moved already well-housed people into new housing with running water, explaining he was low ranked. This upset him as he and his wife and two kids had spent a year in housing without running water. He had actually been high ranked for better housing. Luckily, these two communicators worked for another agency, which got the colleague to Germany, where they immediately immobilized him. They did four surgeries on his neck. They said that if he had followed the therapy program prescribed by the doctors in Nairobi, he would likely have become a quadriplegic. This is the kind of battle we had with the ambassador.

Well, Mike Southwick was there the first year I was there. He began having increasing trouble working with the ambassador and being the buffer between her and the rest of us in the embassy. He and I used to compare notes and we increasingly discovered we would interpret the outcome of a meeting very differently from the way the ambassador seemed to remember it.

Then Mike was replaced by Joe Wilson. What stunned me is Joe is very much like the ambassador. She must have searched high and low to find somebody who was as ambitious as he was. He was hyperactive. He was very much typical State Department – right or wrong, I am going to do what the person above me tells me to do, and if you get in the way, you get walked over. He was very much that way. He did a lot of entertaining. He had wife number one at that point – a beautiful blonde. They had two-year-old twins. Joe once told me, his wife had almost died after giving birth and had been hospitalized for a long time with a very bad infection. A lot of her skin had to be derided. Joe didn't lift a finger to take care of their newborn twins. I guess he said one of the mothers would do it. He once bragged to me that he had never washed a pair of socks in his whole life. He must very much have had that thing that women should do all of that work and that he was not to be bothered with it.

Joe very much carried the ambassador's water. I would get pressured to do things that were impossible to do. For example the government had run out of paper and because they didn't have paper, they didn't do reports. As a result, I couldn't do reports to Washington. There was no one to ask questions of because, in fact, even though there were Burundi staff in the ministries, what always was the case was that there was a Belgian or an international official, like someone from the IMF or UN, who was really running things behind the scenes. They were assigned as part of AID programs to Burundi. But, of course, the ambassador had forbidden me to talk to these people. So Joe would come down on me because I hadn't done the annual coffee report. They had no way of estimating their coffee crop and all this and all that. So, what could my report be based on? This didn't seem to phase either the ambassador or Joe.

When I came in, the only thing I had to write on was a typewriter with a French keyboard. We didn't even have an IBM typewriter. The communications people sent things out by punch tape. The ambassador used both secretaries in the embassy, hers and the DCM's. As a result, I had nobody to do any work for me. Did you ever try to type a cable word perfect on a French keyboard where the letters are all different from ours? I got no sympathy and no help. While it was tough, I managed. Also, everything in the embassy was in French. None of the local staff spoke English, except for the Indian or Pakistani girl who was the accountant, and the head of the GSO, who was also Pakistani or Indian. Just before I was to leave Burundi, Joe came in to tell me that the ambassador still wanted me to complete some reports. One was on the Catholic Church, and, because I wasn't allowed to talk to missionaries, and the Burundi priests wouldn't talk to me both because of the culture and the government forbade them to do so. I didn't know how I was supposed to get that done. They also wanted a couple of other reports. I tried my damnedest. I did my best. There was no politics, no parliament, and we weren't allowed to talk to anybody. A lot of these demands were truly unreasonable. They said they weren't going to give me my plane tickets until I produced reports, which was a favorite tactic of the ambassador. She once forbade me to go away for Thanksgiving weekend because I hadn't done something. She acted like a potentate. Also, there was no recourse.

Q: Wasn't there any recourse or something?

SCHWERING: No.

Q: Get me out of here – curtailment?

SCHWERING: Well, I was too new in the Foreign Service to know that. There are a lot of people who have tried to get out from under her. After the inspection, and I wasn't being difficult, but I had a hard time writing anything up, even when I could get the information. It was just the physical act and everything. Eventually, I did leave post in November.

About a year later, I was married and had a baby the following November. Three days after I brought her home from the hospital, I got a letter from the performance standards board basically threatening to fire me. This ruined what should have been the best time of my life. What it was, I found out later, was that Joe Wilson had put a memo in my personnel file, of which I had been unaware as I had not approved of it. That was one of the periods of time when nothing was to be put in your file except the official EER (employee evaluation report). Nevertheless, this memo had gotten in, and it accused me of having gotten a Burundi national fired from the World Bank, which was completely untrue. The individual they were talking about was a member of the Burundi foreign ministry and he had never worked at the World Bank. Also, what happened to him happened five months after I had left post. For my review that year, Joe had written up one of your standard reviews. The ambassador had refused to put in a reviewing statement, saying this was a very generous report. She added, 'see memo to follow' or something like that. She just couldn't care less about personnel rules. The memo turned out to be this one accusing me of having gotten someone fired, which is why my file had been sent to the performance standards board. It wasn't even, "We are going to review it, you are bottom five percent." It was, "You are within a week of getting fired." I was so upset and so livid, as well as being exhausted from having my baby.

As soon as I could walk, I went in and filed a grievance and started fighting. When I contacted Joe about this memo, I was absolutely stunned by his reply. He said, "Well I was just trying to help your career." Only recently have I thought that he may have been. Then I thought, "How hypocritical can you be? I know perfectly well the ambassador put you up to this because she doesn't like me, which is why she wouldn't provide a reviewing statement." She really wanted to get me. But maybe what she was threatening to do was even worse. But, for him to say in writing, "I was just trying to help your career," Bullshit! Excuse my language.

The ambassador also did this to her secretary. I was told this by her secretary. In her secretary's performance report the ambassador wrote that the secretary was a woman of loose morals and slept around. The ambassador put in the chief of station's report that he was trading for his own profit on the black market. Sooner or later she came to hate everyone. She wouldn't allow her secretary to leave to visit any other office except the admin office, because she was mad at everyone. It was a really awful situation. Outside of that, I loved Burundi. I had terrific friends, Burundi friends, foreign friends, and stuff.

The grievance ended up removing the entire performance report from my file, which I felt was the lesser of two evils knowing what she could have done. This problem started the downward spiral of my career. I have no love either for the ambassador or for Joe Wilson, who in my view would walk over his grandmother to get ahead. I am perfectly happy to have that in print.

Q: This ambassador went on to have other ambassadorial assignments.

SCHWERING: She did. Her last assignment was in the Middle East, and that is, according to the grapevine, because she had become such a loose cannon that she was banned from holding any other job in the African Bureau. Effectively, she got kicked out of the African Bureau. She had started working for the Democratic party when she was 13. Her first assignment as a junior officer was in USIA and she didn't join State until she was named ambassador, so, she had never come up through the system and didn't understand the work or demands. USIA people always had staff to do their bidding.

Her first assignment was special assistant to Sargent Shriver in Paris, which was the result of her political party connections. She has just always been terrific in terms of really ambitious people who make the right contacts and everything.

Oh, we had an episode too. This is so classic. When Reagan was president, the son of one of his high level Republican supporters, the one who purchased back the presidential boat for Reagan, was marrying the daughter of the Belgian ambassador in Burundi, of all places. They had met in business school in the U.S. Now, of course, I am very good at networking and I knew everybody in all the embassies except the Korean embassy. The minute the ambassador heard about this – and I don't know if she even knew the Belgian ambassador at that point – she immediately came to me and said, "I want you to get me an invitation to that wedding." She wasn't about to be left out. I dutifully went and pulled in some capital and I got it done, even though no one knew her. Then she decided to give an engagement party for the couple. The Groom's parents had divorced years ago, and the groom's father was remarried to a woman half his age, and his mother had married a U.S. Nobel Laureate. The ambassador couldn't be bothered with the mother and her new husband, but she couldn't do enough for the groom's father, who was high up in the Republican Party. I don't remember the mother and her husband being at the engagement party. The morning before the wedding, the ambassador invited the father of the groom and his wife to do something and I took the mother and her physicist husband wind surfing on Lake Tanganyika. I entertained them but the ambassador couldn't have the time of day for them. That was the kind of thing that went on. I had luckily been on Wall Street for six years, so I recognized what was going on. She was only interested in people who could benefit her, basically; that is not an unusual type.

Q: Well, how did you feel about the Foreign Service at this point?

SCHWERING: Let's see. That is when I began to realize that for all its vaunted bid and grievance system and everything else things didn't work as advertised. When I called the grievance board about the memo that had been put into my personal file illegally, they

wouldn't remove it at my say so. I had to go through a full grievance procedure, which took months, even though the memo shouldn't have been in my file. They began to realize that something was wrong with what had been written when Joe wrote in to say, "Yes, she can withdraw the memo." Why couldn't they remove it on my say so? I mean, that was stupid. Thinking that if the ambassador and Joe Wilson could put something into my file, why couldn't I have something put in their file? While I negotiated with the Bergen Staff on what to do, which was basically take this memo out of my file, I said, "Now, can we put something in the ambassador's or Joe's file about all this?" Their response was, "Oh no, that can't be done." Even though the ambassador and Joe were clearly in the wrong, had lied, had made this all up, nothing could be put in a superior's file. That is not right.

Q: No.

SCHWERING: But that is the way the Foreign Service is. I didn't realize at the time how this situation was going to affect my ability to be promoted in the future. I later had real medical problems and had a year when I didn't have a review. I have been low ranked I don't know how many times, and I have just ignored it, because it wasn't accurate. I would just get furious.

Q: You said you had something a couple of other things that happened while you were in Burundi.

SCHWERING: Yes. While I was in Burundi, a couple of retired, or ex-CIA agents, had gone into the business of illegally supplying arms and other things to Libya, a country we had sanctions on at the time. One of their accomplices, who was from New Orleans and had been in charge of physically shipping these weapons decided to hide out in Burundi. How he even heard of the country, we don't know. There is no extradition treaty between the U.S. and Burundi. He was there purporting to be a U.S. businessman. This was another issue about which the ambassador and I had totally different points of view. Having spent six years on Wall Street, I know something about business and businessmen. I could think of absolutely no reason for an American businessman to be in Burundi purporting to be doing business, because there was no business gong on between Burundi and the U.S. There was no foreign exchange for them to purchase anything from us. Their only export was coffee, and that was regularly contracted to regular buyers. In fact, Folgers used to buy half of the Burundi coffee crop, and this was AAA Arabica coffee, which was one of the reasons Folgers coffee was one of the best coffees. Anyway, the ambassador was absolutely convinced this guy was legit. She arranged meetings for him with two of the ministers in the Burundi government. Even though she had never met him, she tried to get him an appointment with President Bagaza of Burundi.

I just had my suspicions. I called back to the U.S. and did what research I could through Dun and Bradstreet on the company he purported to represent. I found a lot of statements that these reporting companies had no information on the company. The ambassador took that to mean, "Oh, this guy is legitimate and fine." It just didn't fit, and she got really

angry with me because I basically wouldn't endorse her view basically. I never argued with her, but I just didn't agree that he was a legitimate businessman.

Well, a month or two after that, we get a cable screaming out of Washington telling us who this guy was and that he was armed and dangerous, and that the FBI had a planeload of agents in Rome who wanted to fly down and capture him because he was wanted in the United States as a criminal.

At about this time, we also learned that there was a death threat against the ambassador that was said to originate somehow in Greece. We had no marines in the embassy, and the entire security system in the embassy was a lock on the front door of the embassy. It was the duty officer's job to get to the front door 15 minutes before opening time and unlock the door. It was just like a dial lock on a safe.

We had some other security inside the embassy building. All the Americans with the exception of the admin counselor, were upstairs behind a secured gate. However, everyone on the ground floor was a Burundi or a third country national. I wasn't directly involved in the negotiations. However, one thing we all knew was that the Burundi government would never give clearance to fly armed U.S. agents into the country. This was a very socialist oriented country. They had no particular interest in dealing with the U.S. We had cut off all military and AID programs with the Burundi government ten years earlier, when the Hutus had been slaughtered, so there was no incentive for them to cooperate. I think, in the end, some of our embassy officers were ordered to go and get him. They were armed. However, once we received the threat on the ambassador, which was somehow associated with this episode, we were all ordered to stand 24 hour watch on the ambassador, two at a time. There were only seven Americans in the embassy. One of the two was to be anyone who ever had weapons training and was to be armed, and then someone else was to be there to entertain her basically. So we did that for three or four days until something broke. I am not quite sure what happened, but I think the individual actually surrendered himself to the embassy and was gotten out of the country. That was kind of interesting.

Q: Oh yeah.

SCHWERING: We also spent one day being surrounded by North Koreans. I forgot that one. As I said, pretty much only the enemies of the United States had embassies in Burundi. There were also the French, Belgian, and German embassies. There was a North Korean embassy. The Koreans were doing great business in terms of building contracts in the Middle East in those days.

Apparently, South Korean businessmen heard there was used construction equipment to be had from Zaire or something like that. This poor South Korean businessman had caught the flight from Nairobi to Burundi which stopped in Bujumbura and then would go on to Congo. On that same flight were some North Koreans attached to their embassy in Burundi. Well, they spotted his passport and immediately tried to capture him. From that plane ride on, this South Korean was fleeing. He would stay in crowds. He got

through the airport and checked into a hotel in Burundi. There was one small local hotel and one large Belgian one. It turns out that during the day he would hide out in the American embassy. He would just come sit in our lobby. He did this for three days. Eventually, we would have to kick him out of the embassy back to his hotel. He would stay in crowds of people, but the North Koreans had a van, and as he was walking on the sidewalk they would drive alongside him with the van doors open and would invite him to come for a talk along the lakeshore.

Now that was significant because I have been in South Korea. Koreans don't know how to swim. They never go near the water. Part of that is because all of the shores of South Korea are pretty well trip wired so that North Koreans who might be dropped off in the water couldn't come ashore. One of the greatest fears Koreans had is to have a son drown. I found that true even for Koreans here. They don't like to have their sons, in particular, go near water. So to have the North Koreans invite the South Korean for a little talk along the shores of Lake Tanganyika didn't fool anybody.

The U.S. embassy kept calling the Burundi government saying, "You know, he is hiding in our embassy, but he is not our responsibility. He is yours; you have got to protect him." We said, "Even though he is not a diplomat, you have got to get the North Koreans to call off their dogs." The Burundi government kept saying, "You do it. You talk to them." We would tell them back. "We don't talk to the North Koreans, and they wouldn't listen to us if we did."

One day I remember there was a commotion just outside my office in the embassy. I finally asked somebody in the hallway, "What's going on?" They said, "Haven't you looked outside your window yet?" I hadn't. When I looked outside, I stared right into the eyes of a North Korean. He was a distance away, but he was just standing there in a drizzle watching the embassy. Apparently, our entire embassy was surrounded by them. They were waiting for this guy to come out.

Eventually, though, the South Korean businessman got out of the country safely. But that incident was funny.

Q: Not funny for him.

SCHWERING: No. Then we had the very first U.S. military attaché visit to Burundi since the slaughters of 10 or 12 years earlier. It was our DAO from Kinshasa who flew out. I remember I handled their first trip out there. They had a little two or four seater plane, and they would bring supplies if the ambassador wanted them. But the very first time they landed, there was no one at the Burundi airport, no one in the tower and no one in the building. The pilots of the plane wanted to refuel. I was out there on the tarmac meeting them. As we couldn't find anybody at the airport physically, the three of us had to push this plane across the tarmac. I hadn't realized that planes are so carefully balanced that once you got the tail up, even one person could just push it. The pilots were pretty familiar with where to look for fuel, stored in tanks which are well below the tarmac. So the three of us just pushed the plane to where we could find a lid to a fuel

tank. They opened it up and refueled the plane themselves, and then said, "When we find someone, we will pay them."

I loved Burundi. It was a beautiful climate.

Q: To move on, you say you developed a significant other and got married. What is the background of the man you married?

SCHWERING: He was someone I had met in Korea. You may have known him – Dan Wilson; he had been in the commercial section. After I came back to Washington from Burundi, I got a call from him one day. He was assigned to Washington, as well. We went out for lunch one day and started dating. We had a decision to make. It was spring the year after I had come back from Burundi. We knew we were going to get married, but we didn't want to go to the same post. I had gotten the assignment of my dreams, which was Belgrade. I had wanted to go there ever since I joined the Foreign Service. He wanted to go to Turkey or somewhere else. We decided to get married, because I had preferred to be married and apart than not be married. We were both in language training at the time. He went off to Turkey. We soon separated, though. My daughter was born in November.

Q: You mean November of '82?

SCHWERING: '83. We separated in March '84, because things were not going well. It was a good thing, as it turns out, that we were going to separate posts.

Q: So you took Serbian training did you?

SCHWERING: Yes, and area studies. I also took some mid-level training – the advanced econ course and a couple of other things.

Q: How old were you about this time?

SCHWERING: 33-34.

Q: So, you were still within the range of being able to pick up languages fairly well.

SCHWERING: I suppose.

Q: As you get older it gets more difficult.

SCHWERING: I know. My last one was Turkish and that was difficult.

Q: Well, after this experience, did you get any feedback from the African Bureau, such as, "Gee we are sorry you had such trouble?"

SCHWERING: Oh, heavens no! In fact, to skip ahead to 1987 briefly, I did go to Belgrade, after horrific medical problems. In 1987, I was trying to bid on my next assignment. I knew I wanted to stay overseas, because I was a single parent with a small child, and when you are in that position, you want all the household help you can get. I loved Africa, and I was bidding on really tough jobs like in the Sudan. A lot of these were hard-to-fill positions. Time and again I would see the bid list come out and these jobs were being claimed as being unfilled and unfillable. I couldn't figure it out, because I knew no one else was bidding on them.

Then, oddly enough, I got two calls within one week. One was from my personnel officer in PER, who said, "You may be wondering why we haven't been able to assign you." I said, "Well, yes; it seems kind of odd." He said, "Well, I'm sure you know the reasons." I know they listen in on our phones in Belgrade, but I said, "No, I have no idea what you are talking about." It was 1987, and I had left Burundi in '82. I said a few more cagey things and then said, "Will you please just be straight with me. What is going on?" He said, "Well, you know ambassador _____, don't you?" I said, "Yes." He said, "She is seeing to it that you don't get any job in the African Bureau you bid on." That same week, unbeknownst to my personnel officer, I got a call from Mike Southwick, my former DCM, who was AF's personnel officer, who and told me the same thing. So, five years after I left Burundi, she was still out to get me. I actually can't take it personally, because she did this to a lot of people. If she had the power to do something to somebody she didn't like, she fully exercised it. So, you tell me about the system.

Ever since I worked for her, I have been approached by person after person, who would learn that I had worked for her. These were mostly women, but also one man. They would say, "I am filing a grievance against _____. Would you be willing to back me up? Would you tell staff about your experience?" Every time I say, "I most certainly would." I cannot tell you how many people have approached me and told me they were filing grievances.

She kept getting ambassadorships and deputy assistant secretaryships. Once you get above a certain level, there is no oversight. In fact, she wrote her own performance reports. After I left Burundi, I worked in the AF Bureau for a few months. I ran across her performance report one day and she had clearly written it. That is when I learned junior desk officers write the performance reports for ambassadors. That is the most corrupt system I have ever heard of as that person might work for this person one day. So, what kind of performance report are they going to write? It is not the assistant secretaries who do it, although they should. Somebody like the ambassador would just barrel over anybody and say, "You are *going* to submit this as my performance report."

Q: So you are off to Belgrade. You were there from when to when?

SCHWERING: September-October '84 to August of '87.

Q: What was your job?

SCHWERING: Economic officer.

Q: Who was the ambassador?

SCHWERING: The first one was David Anderson and then it was John Scanlon, who stayed involved. He retired I think, right after Belgrade. He was supposed to be named ambassador to Poland, but that is when things were breaking down.

Q: His son is in the Foreign Service. Yeah, I met him in Kyrgyzstan as a junior officer there. What was the situation? What were relations with Yugoslavia like in '84.

SCHWERING: They were pretty good, as far as I knew. I have a history, because I was in Belgrade in a summer program in 1971 and then I had traveled there for banking in '76-'78. This was my third incarnation, from a different point of view in Belgrade, so I knew a lot about the culture and everything. It turns out I also had Yugoslav contacts. There had been three Yugoslav banks in New York when I was a banker. They were my customers when I was in the Soviet Union-Eastern Europe branch of Chase. When I was assigned to Belgrade, at least two of these individuals were back in Yugoslavia. I was able to network right away. This was very useful to me in my economic work.

Overall, relations were good. That was the time when we had P.J. Nichols. He had been the deputy in the econ section, and left the summer I came. The main relationship between the U.S. government and Yugoslavia was economic reform working with the IMF. Of course, program after program, the Yugoslavs would fall off the wagon. I knew them. They had no intention of undertaking any economic reforms. They just wanted the money, and they would say what they needed to to get it. In the late 70s one of the third world debt crises had started, and Yugoslavia was one of the countries that defaulted on its repayments. In '78-'79 there was a group of international countries called the Friends of Yugoslavia, who had gotten together informally to try and help them economically. We have seen this pattern a lot more recently. It has become a standard way of dealing with countries. The Friends of Yugoslavia was created in 1981 to work with the Belgrade government and the IMF and everybody else to get the Yugoslav economy back on track and get all these loans that we had made to Yugoslavia on the path to repayment. So, the real action when I was in Belgrade was in the economic shop, not the political one.

Q: Who was the economic counselor?

SCHWERING: It was… Oh God, I can't remember his name. He was there for a year. The one who was there most of the time I was there was Lloyd George – a real character.

Q: I think Lloyd was a junior officer in Athens when I was counsel general there.

SCHWERING: I don't know. He was of the era when they didn't do consular work. I knew he had come from South Africa.

It was very unusual for an embassy to have the action in the Econ section. As a result, the political section was feeling a little shorted. However, this was not only because the main interaction between the U.S. government and Yugoslavia was on economic issues, but also P.J. Nichols was a personality in the embassy and he had gotten really close to Ambassador Anderson. They used to cut the econ counselor out.

Q: Who was P.J. Nichols?

SCHWERING: He was the deputy econ chief. Again, he is another one of these people who only wanted to get ahead. He so ticked off the political section. He would get together with the Ambassador and the IMF and such, and somehow he would convince the ambassador to exclude the econ counselor and the entire political section on all of this. When I got to the embassy in '84, relations among sections were so bad that the first few times I walked into the political section, a political officer would walk out and demand to know if I had permission to be in there.

Q: Good God!

SCHWERING: Oh yes. I don't know why I pick them. But it was really bad, and of course I don't work that way. It didn't take long for me to recover relations. However, P.J. had apparently thrown such an apple among the beauties that the embassy was absolutely fractured when I got there. We recovered, but P.J. went on. He is well known around Washington for his working style.

Q: Where is he now? Do you know?

SCHWERING: Oh, he retired. The last I heard was two years ago and he had been hired as a consultant by Treasury to work on the Yugoslav Assets question that had resulted from the breakup of the country. He went from there to become a military consultant in Florida on terrorism findings, which he knew nothing about. P.J. has wanted me to come work for him at times – but no way. Life is too short. He is a user, as they say. I spent a lot of time in Washington and have seen a lot of reactions against him whenever he would pull some stunt.

Q: P.J. Nichols.

SCHWERING: Yes. He is a character and is well-known around Washington in the Yugoslav circles.

Q: What was the Yugoslav financial system like?

SCHWERING: 'System' is too good a word. It was just that they had their not even socialist view of the world, it was a self-management system which only bore a partial relationship to reality. It was… I could bore you. I could make your ears bleed with the details. They really didn't accept the economic laws which operate everywhere – even Saudi Arabia. Real economics is like physics: if you are in it enough you can see that if

you push here something is going to give there. It is as simple as that. They thought that they could just issue credit without ever paying it back. There was no financial discipline. I am talking about in their own economy. They borrowed and never paid back. They just had inflation. By the time I left Yugoslavia, there were millions of zeros following the one for a valuable note. You could spend ten dinars when I arrived in '84, and it probably was a million dinars to buy the same thing a few years later. They just printed money.

They really didn't understand how it worked. I did a study of the economy. Now, while there is no such thing as a good number, even by their numbers – they had a central statistics bureau – their economy was in decline. There was net disinvestment. Their plants were wearing down and not being replaced. That was because of the workers' self management system, where workers were half of the management board of any company. I translated their accounting law. It turns out that wages were not a cost of production. In their company accounting statements, you have the same categories you have in ours, although they have two kinds of taxes, one of which was called taxes and the other wasn't. It is a system where wages and salaries are paid out of net profit after taxes and are not listed as a cost with materials. Well, what happens, if you don't have any profit? How do you pay wages? In that economy, most companies were in the red. What they would do then is go to the bank, which their company was part owner of, and borrow money to pay wages and never pay it back.

Q: Well, it makes you wonder about our own banking institutions. Is this a write off? Why deal with this kind of country?

SCHWERING: Well, if you go back, this was one of the countries into which banks could direct petrodollars that had been put on deposit with them. These were considered, like Latin America and Africa, untouched markets for banks who needed to place the money on which they were paying interest. Yugoslavia was just one of those countries. In the 1970's, when foreign banks were lending us money, we were laughing. We knew we were never going to pay it back. It got caught in the third world debt cycle. You get an IMF (International Monetary Fund) program, which hopefully gets your economy straightened out a little, and then you should generate enough foreign exchange to repay loans. But the Yugoslavs either never stuck to the program or left important parts of it out.

One thing I discovered, but only after I left (I pointed this out to IMF auditors, who hadn't even picked up on it) was that two- thirds of the Yugoslav money supply was actually foreign exchange, and not dinars. The IMF kept working with the central bank in terms of inflationary targets on Dinar issuance and limits on that. That was only a third of the cash in the economy, so they had no influence over the street market rate of that foreign exchange in dinars. You can't only handle one-third of the money supply and factor that into your equations and expect the equation to work. So it was things like that.

It never occurred to the Yugoslavs (the same was true in Poland) to tell the IMF or World Bank, "Oh, by the way, most of our cash happens to be foreign exchange." That just

totally changed the picture, and the economic programs never worked because nobody had all the information.

Q: Were we doing anything other than reporting on this disaster?

SCHWERING: Oh sure. We were strong arming the government of Yugoslavia and strong arming the IMF. We had terrible 'clientitis' there. However, I have never worked on a country where the State Department wasn't trying to get the IMF or the World Bank to back down from its roles. 'Political reasons' is a phrase I never want to hear again with its, "please don't make them do this, please don't make them freeze salaries, please don't make them reduce their budget deficit." Part of the problem of the political cone being the foremost cone in the Foreign Service is they don't understand economics. It is like a house of cards. You can't remove one of the cards and expect the house to remain standing. Yes, these economic programs cause tremendous hardship, which is why the World Bank in the 80s put in place what they called a social network program. Unless you get all of the distortions out of the economy, it is never going to function right. The State Department usually worked against common economic sense because we thought it would cause too much political instability.

Q: What was the Yugoslav government like at the time?

SCHWERING: Fine. This was interesting, because Tito had died in 1980. They had elections every five years, certainly for the republic or autonomous province representatives. When I got there, there were nine members of the Yugoslav presidency, the ninth member being the Yugoslav communist party, the league of commons or the president of that. He faded away by the time Milosevic took power in the late 80s. They had federal elections every five years. That meant that in 1985 they were going to have federal elections, which I realized was stimulating. Everybody had been kind of holding their breath when I got there. I realized the political establishment was still running the way Tito had set it up. It was as though they were holding their breath and not quite sure he was dead. It was very odd. Then in 1985, people realized he was gone, that they could actually vote for someone, and that there might actually be competition. I think there was still only one party allowed, but that was when you could feel things change. Other people like Milosevic said, "Oh my god. I now have a chance to get ahead." You saw a lot more political maneuvering among the old boy's club that ruled every republic, Kosovo and Vojvodina. Politics changed, but it was very subtle, and someone from the outside might not have realized it. It was the first time Tito had not been around to determine who was going to be who. That is when Milosevic started making his moves.

Q: Katherine, how did you see the relationship between the various components of Yugoslavia – Croatia, Bosnia, Macedonia, Slovenia, Serbia and Kosovo?

SCHWERING: With the exception of Kosovo, everything was as it had been under Tito. They were all cooperating. The general sentiment was: "Everything is fine. We are all one country." In fact, they had a very popular folksinger, whose name I can't remember,

who would always end every performance by singing "Yugoslavial," which of course is the anthem of, "we are all one in Yugoslavia."

Kosovo was different. They had had troubles in '81, and the republic forces had been sent in to quasi occupy it. On my first visit to Kosovo in 1984, there were still several main buildings in Pristina, the capital of Kosovo, that were surrounded by military jeeps, armed men, and things. At that point, relations between Serbia and Kosovo were clearly deteriorating. Kosovo was one of the parts of Yugoslavia I reported on. I covered Vojvodina, Kosovo, Serbia, and Montenegro. I talked with both Serbs and Albanians in Kosovo. Things were still as they had been structured under Tito.

The translator who was usually assigned to me was a Serb who spoke Albanian and Serbian. His name was Rushivats, which is also the name of a town in Kosovo. He would talk to me on the side. I also learnt from my interviews about land holdings, that there had been a World Bank program in Kosovo at the time which was trying to help encourage development, which most people didn't realize existed. The World Bank pulled out later. I also talked with the World Bank people. Kosovo had a very high birth rate. It also had the highest rate of home ownership in all of Yugoslavia. It was one of the areas from which people hadn't moved to big cities, but were still living on plots of land that had been owned by the same family for generations. This was not true in Belgrade and Ljubljana and Zagreb or Sarajevo. It was a very stable population. However, I heard rumors, which I could never, of course get officially confirmed, that the Albanians were pressuring the Serbs out, usually through purchases of land. Every time you would bring it up, everybody would deny it.

The important positions in what we would call the private and public sectors in Kosovo were still being staffed the way they were under Tito, with rotating Serbian and Albanian heads. The population was still very mixed, and the school system was still bilingual. You could go to school all the way through university in Kosovo. All schools had programs in Albanian as well as Serbian, and you could choose to go to either. It was all in the same school and it was no problem. The Serbs stopped that in '91 or '89, I can't remember. But the Serbian government in Belgrade decreed that Albanian was no longer to be used in the schools. Of course I can't think of anything more provocative except shooting people.

What seemed to be going on was there was a very sudden pressure from Albanians, who were 80-90% of the population in Kosovo, who were trying to buy land, probably to consolidate their holdings which were being divided up among children. The Kosovar Serbs felt they were under pressure to sell. They sort of felt, "Well, why not, I would rather live in Serbia anyway." However, you couldn't just leave. You had to have the permission of your local authorities to leave anyplace you were living anywhere in Yugoslavia, and you had to have the permission of the authorities of the city you wanted to move to, to move there. I ran into Serbs who had been working on this for two or three years. They where going around with their little identity cards and getting all the proper stamps so they could leave Kosovo. So there was this very subtle outflow of Serbs. The Serbs would say the Albanians were pressuring them. We could find no hard evidence of

it. The Albanians would deny it. It wasn't a hostile thing. It was just that when you are more and more of a minority, you start feeling less and less comfortable.

But there was a point when the Serbs had gone in and stomped down on the Albanians in '81. Now, this was '84-'87. The Albanian Kosovars just denied it, but maybe they were thinking, "If we can encourage the Serbs to move out, we will."

Q: Here you were, a professional banker; what were you getting from the Yugoslav banking community?

SCHWERING: Well, same thing I had been getting as a banker. I knew them all. I had visited them all as a banker.

Q: Yeah, there is a certain point where they were saying, "Boy, we can get away with this." However, thee must have been a certain point where you realize you were moving towards doom and disaster.

SCHWERING: They never saw that or thought that, because they always thought the government would bail them out.

You see, the system was that you had no stock market or anything. Any factory or bank or any other enterprise or factory that was set up, was set up by other companies that would invest in it. The banking sector was very specific. All the big companies in a republic would invest to establish a bank, or had invested in the 40s and 50s to establish the banking system in their republic. So, in effect, these companies owned the bank, and the bank lent only to them. It was like their treasury. There was no distance, no objectivity. What would get you thrown in jail for in the U.S. was the way of doing business there. So, companies just assumed the banks would bail them out, and the banks would just issue more guarantees or credit. Inflation was just out of control.

Q: Well, what about your international bankers – including American bankers? Had they gotten over getting rid of this petro-dollar business, or were they in for a penny, in for a pound, in for a hundred pounds?

SCHWERING: Well once money is in the system it is there. It doesn't stop circulating. So, the way to look at it is the international financial system had been inflated permanently by these petro-dollars. So, in theory, you lend them out, and as the money gets paid back, you lend it out again. It is one big cycle. It is like energy. It doesn't disappear. It just goes from a deposit to a loan to a repayment to the lender, who then has to re-lend it, because the depositor is still earning money on it. So it was there. However, countries like Yugoslavia, and those in Latin America and Africa just stopped repaying. Banks are not in the business of giving grants away. So, the whole international community was interested in getting these repayments up and going. So, that is when the IMF, which was the key for this, really became a major player. Lending countries like us were very interested in working with the IMF to get these economies back on track so they could re-pay our banks.

Q: Were you aware of conflicting attitudes between the U.S. treasury people and the embassy people?

SCHWERING: Yeah. Treasury was a lot more realistic and practical. The State Department was usually the soft one who wanted to waive the rules. But Treasury wasn't a player. What most people don't realize is the State Department was the designated U.S. government negotiator on debt, not Treasury. Treasury was always a part of the delegation, never head of the delegation. There was a written agreement between the two agencies.

Q: Well, did you feel being in the economic section, that you were supposed to put out a rosy report with a rosy picture or a better than dismal picture?

SCHWERING: Well, that depended on your econ counselor. The first one we had there was that way. However, the ambassador was worse. Jack Scanlon didn't want anything negative to be reported. He had very bad clientitis. He wouldn't let cables go out that said anything negative about the economy.

Later, after that tour, I came back and worked in Washington in the office of monetary affairs, which is the IMF liaison office, and I continued to work on Yugoslavia. This way, I got to see, from the other end in Washington, what was coming out of Belgrade. P.J. Nichols actually went back to be econ counselor the summer I left Belgrade, and the reporting out of Belgrade became the laughing stock of Washington DC, the CIA, and Treasury. We in the office of monetary affairs didn't believe anything that came out of there because we knew it was biased or there was information left out. It was a standing joke.

Q: I assume you weren't under any particular constraints regarding contacts with Yugoslavs and all, there.

SCHWERING: No, not really. At that point, Yugoslavia was considered Eastern Europe in terms of the department of DS (Diplomatic Security). They would caution us that we were not to have close relations with any Yugoslav. It wasn't like Poland or Hungary, but we got called in periodically, particularly the women. It was so funny. I don't know how many men left that post married to Yugoslav girls. It was a no fraternization policy, that was it. The women got called in all the time on instructions from Washington, but our male colleagues didn't. It became a standing joke among us women. You know, the poor security officer was such a sweetie. He would get so embarrassed when he would get another instruction to call all the ladies of the embassy in and reveal to them that we were not to get involved. Finally, one secretary just looked at him and said, "Ok, it is ok if we go to bed and have sex with them as long as we don't get involved, right?" That was the last time he called us in. We never heard he ever called the men in. I am sure he did once or twice. Like I said, I went to more weddings in Austria. When my male colleagues met someone in Yugoslavia they married. Because we couldn't get married there, it was easier to get married in Vienna. I don't know how many of those I went to.

Q: What were you picking up from your Yugoslav contacts? I assume you were meeting people in the professional, political or economic classes who were moving ahead in society. How were they looking at where Yugoslavia was heading? Were you getting into discussions on that?

SCHWERING: They didn't think in terms of Yugoslavia. Every time you met someone they wouldn't say, "I am a Yugoslav," they would say, "I am a Serb" or Croat or whatever. Rarely did the thinking go beyond that. It was Tito who had had it. Then what happened when he died was the league of communist membership on the Yugoslav presidency faded away. Then each of the eight members (the six republics and two autonomous provinces) had a vote. That came about in 1985 or maybe later. That is when you saw either Serbia or Croatia trying to influence the other votes to further their republic's interests. I think from 1985 on at least, maybe not before, it really was Serbia trying to become the top dog. Croatia was not trying quite as hard. Ljubljana just wanted to leave and wanted everybody do leave them alone. It was like Congress. Whoever could get the most power and votes. It was during that time or a little bit later that Milosevic engineered the change in authorities in both Vojvodina and Kosovo, that put pro-Serb authorities in there, gaining three votes on the presidential council. Montenegro usually voted with Serbia, so that was four, and all he needed to get was one more. That is really what Bosnia was about.

Q: Did you find yourself constrained about going to Croatia? I was just wondering whether you could go to Croatia and talk to economic types and whatever.

SCHWERING: Oh sure. There was no problem, but we had a consulate in Croatia so…

Q: Well, sometimes the relationship is, "We will take care of this or so from the consulate." Did you run across it.

SCHWERING: Well, the consulate in Zagreb was responsible for Slovenia and Croatia, so the embassy in Belgrade didn't do reporting on those two. There was a little competition I suppose. It got worse as time went on, but no, there wasn't any real problem. Being in the center of the country, we had access to Croatian and Slovenian statistics. All of the sections of Yugoslavia were to be represented on all federal bodies, so Slovenes, Croats, and Albanians and everything were part of our daily contacts, because they were mixed in the ministries and everything else.

Q: It has been claimed that the Serbs saw to it that they gathered in all the money of the country for themselves. Is that accurate?

SCHWERING: No, it couldn't happen, because of the way their system was. There was one bank in each republic and province that was designated to do foreign exchange transactions. There was one Yugoslav-wide bank, Yugobanca. Basically, that one bank did all the transactions for its republic. No bank had any rights to do that. Now, there were rules that came and went, where the central bank, the Yugoslav national bank

(which was not a commercial bank) had imposed foreign exchange surrender requirements. I remember one period of time where if any of these foreign trade banks in any of the republics had foreign exchange for more than three days, they had to turn that foreign exchange over to the national bank. So, they almost never had foreign exchange on the books after three days. They would either pay for an export or do something with it to make it disappear. It was only after the system broke down in the late 80s and 90s that the Serbs began in fact to take over the national bank. At that point, though, it was not pro-Serb – or anything else in the early or middle 80s.

Q: You left there in '87. Is there anything else we should talk about regarding your time there – any trips or visits by anybody?

SCHWERING: Well, I should start out by saying that the summer before I went, I dislocated a shoulder and had surgery and developed a very rare pain syndrome. I was lost in the system for months. I didn't show up at post, and that is because I couldn't move. It was six weeks or two months before the doctors diagnosed what was going on. However, I was in such pain I couldn't use one arm. I had a seven month old baby, and my joints became frozen, and apparently there is no treatment for it. I had to get permission of the Department to go abroad.

Then an accident happened five days before I was to leave for post in July. The Department was awful. I had just gotten out of FSI, and they said, "Well, we can't handle you because you are not at FSI any more." I called the European bureau and they said, "Well, you are not at post yet, so you are not ours." I called the Foreign Service Lounge, which oddly enough is the one that handles you in between. They said, "If you are not going abroad, come and get your time cards. We are not going to handle you." Med, said, "You are not ours, because you are not on medical over-complement." I literally "fell between the chairs." I could get no one to sign my time card, so I thought my pay was going to be cut off as no one would. The European Bureau would take no responsibility for calling the post to tell them where I was and I couldn't as I was in too much pain; I couldn't even climb stairs or ride in a car. It was awful. Finally, in late September, I went into the Department because at that point I was going to have to give my daughter up to foster care. I couldn't take care of her. Oh, my medical insurance had been cut off through bureaucratic error, and I couldn't handle any of this, and I was so sick – it was hell. Finally, the clearance doctor looked at me and said, "Well, the only recommendations are for physical therapy, and that can be done at post in Belgrade, so we will let you go." When I arrived, the doctor at post was completely appalled as I was in no shape to be outside of a nursing home. However, I had a child to support; I had to get my salary started up again and by living overseas was the only way I could keep my child with me. My husband wouldn't help at all. So I got there.

But what was interesting, was when I got in country, it took two or three weeks for the doctor to arrange for me to go to the orthopedic hospital for the first time. I go in, and the first thing that struck me was that there was no such thing as a wheel chair in the country. So, you have all of these people with broken legs, broken hips and everything, standing around on a crutch, if they are lucky. Crutches were also rare.

I noticed this guy both at the entryway to the clinic when I went in and an hour later when I came out on my very first visit. He was a very noticeable guy, who looked like a thug. He had this huge scar across his cheek. No, I remember, I had just come into country. I had not left the embassy compound once in the two or three weeks since I had been there. I had seen him before. I immediately recognized him; he was so distinctive. I wracked my brains as to where could I have seen this guy. Then, I realized I must have seen him when I had landed at the airport. He had been sent to follow me. I must have just picked it up and recognized him later. Gee, how did he know I was going to be at the orthopedic clinic? So, that was interesting. And they used to do voice prints of us. The embassy was near the railroad station. Every time a new officer came, they would sooner or later get a phone call asking in English if the train to Sarajevo had left yet or something. Apparently, in responding and saying, "This isn't the train station, or I don't know," or whatever else, they would take a voice print.

Q: That was kind of sophisticated.

SCHWERING: Well, yes. I traveled around the country. I would be in hotels where they would accidentally leave the taping room door open and you would see a room with wall to wall banks of tapes running. It was so funny. Then, one time, on a Sunday or something, I called a colleague from my home. We were going to meet somewhere. I hung up. Then, I had to make another call. I picked up the phone, and it was still connected. What I heard was apparently the changing of the guard. Whoever was listening in on our phones had forgotten to hang up, so I heard all of these voices in the background – all this good-bye, hello, how are you – whatever. I kept yelling "Hang up, I have to make a call." So, there were amusing things like that. The Yugoslavs weren't terribly subtle.

I had an inside look at the Yugoslav medical system for a long time as a result of my injury. That was very interesting, because I went daily for five months. Later, I was medevaced to Germany because I wasn't doing a whole lot better. However, I went to the orthopedic clinic in Belgrade for five months for therapy five days a week. It was interesting whom I met there. The person on the table next to me was someone from the Polisario in North Africa. Yugoslavia had a policy in the 70s that anybody from any liberation movement that had been hurt would get free medical treatment if they could make it to Yugoslavia. So, those were some of the people I was getting treatment with. There were black Africans translating for this Polisario Arab, and an African student in Belgrade would be the translator for the physical therapist and stuff like that. I had to do all of this, by the way, in Serbo-Croatian. They used to hook the stimulant, a metal coin-shaped thing, up to my arm. It had a pair of wires leading out of it. Then, one time, they said they were going to put me in a tub of water with that. I said no, thank you very much. I just knew I was going to be electrocuted. At that point the embassy medevaced me to Yugoslavia.

Q: OK, well we will pick this up the next time in 1987 when you have gone back to Washington. We will pick it up then.

Today is 18 October 2005. Katherine, you say you have got a couple of things about your bosom buddies, this man Milosevic, is that so?

SCHWERING: Well, not really bosom buddies. When I was in banking for Chase, my last assignment was the Soviet Union and Eastern Europe, and I was a team leader for institutional relationships. We worked with banks and governments. It was either then or my first year in the diplomatic corps in Belgrade that I had a meeting with Milosevic, when he was head of Beogradska Banca. Now, in those days, basically everything like heads of all companies – government and public (but not government institutions) – were political appointees. Prior to being appointed as head of Beo Banca, I believe Milosevic had been head of a shoe company. We dealt with Beogradska Banca at Chase for however long he had been there.

I have to say I found him very reticent. He didn't say much. Absolutely none of us who dealt with him in the New York banking community had any idea he was politically ambitious. He just did not come across that way. But once we saw him in action, we understood he did everything behind the scenes.

Another person I met and who for years was a good contact of mine and whom I just did not pick upon was Borka Vučić. She became Milosevic's main money launderer during the war. I first met her when she visited New York on behalf of the bank she was working for at the time, which I think was also Beobanka Gradska. When I traveled for the bank, I would call on her. All the time I was assigned to the embassy in Belgrade, I dealt with her both when she was at the Commercial Bank, and later when she was moved to the National Bank of Yugoslavia. We go back a long time, she and I. She frankly was the only competent banker in the country. She didn't come across as political. However, when the country broke up in 1992 – or I think it was '91 that Slovenia and Croatia seceded, Milosevic chose Borka Vučić to do all of his banking in terms of foreign exchange and other things. She was a very loyal subject. She has since written a book, which I have a copy of but haven't read. Anyway, it was very interesting. I am someone who could have been sent to deal with her and find out what was going on.

Q: You say she was the only competent banker. Because of the communist system could they have a bank in a way?

SCHWERING: Well, there are financial centers – call them banks if you want – in every culture. That is one of those things like the law of physics. Even the Middle East – ostensibly Muslims – doesn't charge interest. But, in fact, there is that concept in their economic system. They charge 'fees.' But you will find in any country in the world the same principles end up applying. People have money, and they need a place to keep it and that is a banking system. That system is the source of loans for the economy. There is a cost of money that is paid in one form or another. Yes, that was true in Yugoslavia too.

Q: Where did you go when you left Yugoslavia?

SCHWERING: I left Yugoslavia for an assignment in Washington at the office of monetary affairs (OMA) in the economic bureau. That office is a terrific office. It was an elite office, and I was delighted to be assigned there. It is the State Department's liaison office with the international monetary fund, and it is also the office of the U.S. government that negotiates U.S. government debt reduction or debt restructuring with the Paris Club. The Paris Club is an informal international organization of creditor countries that will get together when a borrowing country is in trouble and cannot meet their debt repayment schedule. The creditor countries usually get together and agree to reschedule.

Q: I was interviewing Jim Elliot yesterday. Did you run across him? He was at that office at one time?

SCHWERING: No. It is a fascinating office. I was there form '87 to '89 so again I got to be part of history because again my portfolio was the Soviet Union and Eastern Europe, plus Central America. During the two year period I was there you saw the breakup of COMECON. You saw Poland break away and declare its independence, and then Czechoslovakia and Hungary. That is when you had demonstrators and in the end the Soviet Union gave up its control.

Q: Did this happen while you were there or just when you left?

SCHWERING: Now this was when I was in Washington from 1987 to '89.

Q: I though the whole thing blew apart, at least the wall came down, at the end of '89.

SCHWERING: The wall did, that is East Germany. But, it was, I think '88 when in Poland General Jaruzelski refused to send troops in. There were demonstrations. No – it was '88 and '89 when all of this was happening. What it meant primarily was that they were economically breaking out of COMECON. All of these Eastern European countries had five-year trade agreements with the Soviet Union they were locked in to. These were priced in terms of trade rubles. However, politically they broke away, and the Soviet Union did not invade and couldn't make the governments stop the demonstrations for political freedom. It also meant that these Eastern European countries (as I said it started out with Poland, Hungary and Czechoslovakia) could now trade at will with other countries. Of course they immediately turned to the West because they would rather earn the foreign exchange with which to buy Western products than Soviet Rubles, which you could only use in third world countries or the Soviet Union. That is when we passed the first law. I can't remember the name of it, but our first AID program was set up in '88 and '89 for those three countries to reward them for breaking away.

Q: Well did you find things moved relatively expeditiously?

SCHWERING: In this case yes. We had no problem; we moved fast. Some of these countries had been working with the IMF anyway because they were not able to repay their debts. At this point we got the World Bank involved. Economic reform in addition to political reform had to be done. It was only now that we could actually work with these

Eastern European governments and countries and have them make decisions rather than have them checking with Moscow or being tied in by their COMECON commitments. It was the network of Eastern European and Soviet economic ties.

Q: How did you find Poland and Czechoslovakia? Did they have competent bankers at that point? What was the milieu they were operating in prior to that?

SCHWERING: They always did have competent bankers. The Eastern European countries did have an understanding of banking and everything else. Yugoslavia was the exception, because Tito in the late 40s early 50s came up with this self-management concept and re-structured the economy on his own based on that concept. All of the other countries were following the Soviet model. You have to remember that before communism these countries were very capitalistic. In fact, I believe Czechoslovakia was ahead of a lot of western Europe. It had more industry. So these countries had a history to fall back on.

Q: Yugoslavia really didn't.

SCHWERING: Not as much, no. As a matter of fact I had heard that prior to WWII there were only one or two paved roads south of Belgrade. Now that was still the Balkans, which were rather backwards. But you are talking Poland, Czechoslovakia, Hungary, which as you know had a lot of culture and nobility. Those were leading economic powers in central Europe at the time, as was Germany. So it wasn't that hard. And again, in my banking experience I had dealt with all of these banks when I was at Chase, so I was very familiar with the countries. It was just a wonderful fit.

Q: How did you get the assignment? Did somebody know you had this background?

SCHWERING: Yes. Actually, after the battle I had to get an assignment out of Belgrade I had been assigned to Gabon, an African country. Then I got called by the office director of OMA, the Office of Monetary Affairs asking me if I would be interested in an assignment to Washington. This office had actually been in my career plan. I wanted to work for it at some point, and it just fell into my lap. He was able to do this because this office had such a good reputation it could pick its people. He just arranged for my assignment to Gabon to be broken and I was assigned to OMA.

Q: What were you doing in OMA?

SCHWERING: There was no central economic office in the State Department, oddly enough. So, when we had any economic types from these countries visit Washington, it was the Office of Monetary Affairs who would always write up the economy for whomever they were visiting here. Also, when we had trips of high-level State Department officials there would always be an economic aspect to the briefing paper. We were extraordinarily busy writing briefing papers and keeping track of the economies, because we were the macro-economic experts on these countries. There were only seven of us. Also, we worked very closely with the IMF. We got briefings from the IMF on

these countries to incorporate in our papers. We would also work with our embassies to have them lobby the governments in those countries to implement IMF programs. We liaised with Treasury a great deal, and all of the other regional bureaus, because of position papers and Q's and A's we had to put together. Actually, the main action was economic in those times and it was to get these economies turned around. because politically they were doing it on their own. It was really an extraordinarily busy time.

Q: Did you feel that writing up economies and all of this, did you feel outgunned by either Treasury or the CIA. They probably had a lot more people working on it than State.

SCHWERING: No. They did have a lot more people working on this. The thing about the CIA, I can't say too much, because of the nature of their business they are not permitted to talk with economic experts like the IMF and the World Bank in the United States. I don't know why that policy is in place. I can speculate, but they actually had less access to information than the State Department did. Treasury had a lot too. Now, Treasury's power was that Treasury supplies the U.S. executive director to the board of the World Bank and to the Board of the IMF. Voting power in those two organizations is weighted by the size of the economy. So, we had tremendous weight in those two organizations. Plus, you had to have in those days I think 85% of the board to vote in favor of a program or to block it, and the United States at the time had enough to block. Again, there are so many details.

But what else I worked on at this point was Panama when we were trying to get rid of Noriega; and the Brady debt exchange, which was the first time the U.S. actually took a position trying to strong arm U.S. banks into forgiving debt. In this case, Mexico was the stimulus. They were unable to repay their debt. Again, that was my country. So, I was handling Panama during all of this. There were incredible numbers of meetings on Panama with Pentagon and Treasury and everybody else on how we were to force Noriega out. At that time, I also got caught up in the BCCI (Bank of Credit and Commerce International) banking scandal.

Q: Would you explain what that was.

SCHWERING: God, this was a bank that we had caught, as I think Noriega was using it to hide money.

Q: It was a bank in the Persian Gulf.

SCHWERING: No, that was the problem. I investigated it, and I worked with the prosecutors in Tampa, Florida, to prosecute the bank. Again, I think we were after Noriega's money in the bank. However, what we discovered was that the bank didn't really have a nationality. Most of the equity was held by a Saudi, who later became one of the most famous Saudis. I don't think it was Bin Laden's family, but it was someone as big as that. They tended to use Pakistanis as their staff and management, which is not unusual.

Q: No, Pakistanis are in a lot of Middle Eastern banks.

SCHWERING: Right. But the bank was either incorporated in one of the Benelux countries, but its head office was in London or visa versa. And it had branches or representative offices in the United States. But, in investigating this, we discovered the bank didn't come under any country's regulatory rules. It was just extraordinary, because it wasn't incorporated where its headquarters were if I recall correctly. The country where its headquarters were didn't have jurisdiction over certain things. They didn't operate, I think, in the country they were incorporated in, so they didn't come under that regulation. They were a foreign bank in the U.S., so they came under a different set of regulations than banks which were incorporated here. It was just an extraordinarily confusing thing.

Q: There were a bunch of high level Americans involved. Wasn't Clark Clifford…

SCHWERING: Yes, Clark Clifford and also Wonder Woman's husband, Robert Altman. They were basically bamboozled. They should have known better. The meetings they went to were in London. That is where they were flown to advise the bank. But I was the one who worked with the prosecutors and the attorney general in Tampa, Florida, which was going after the bank for illegal operations. I was the one who actually worked with him to lay out the entire structure of the bank so that they could prosecute the case. That was just one of many things I did.

When we were doing the Brady debt exchange, it was Secretary Brady at the Treasury at the time. With the Mexican debt rescheduling, which was a huge one, there was as there tends to be in any third world debt crisis, one or two big debtor countries that set it off. It is like a chain reaction. In this case it was Mexico that was threatening to start a chain reaction with Brazil, Argentina, and a lot of others including Eastern Europe. It was all tied together. For some reason, the U.S. government Treasury Department decided not to press just for restructuring, but for the first time in the history of the United States to actually seek debt reduction. Because the IMF and World Bank in those days never forgave debts, and the Paris Club only had authority over governments, the U.S. Treasury went on a lobbying campaign to get U.S. commercial banks to forgive the Mexican debt. I followed that issue. I in fact was asked by the State Department to call banks around the country to find out what they thought of the plan. Again, this is because of my former banking contacts. Even Treasury didn't do that. So I did it.

Then of course, in typical State Department fashion I got investigated for all of my long distance telephone bills in the State Department because my bill was so high, even though they had asked me to do it. I found this out from my banking contacts who had the State Department call them and ask if I had called them and why. They thought it was all personal calls. I am just so tired of the tight-fistedness of the Department.

Another thing I was involved in then was the savings and loan banking crisis in the United States. Even though that is not a normal State Department issue, the State

Department wanted to understand it. Again, they turned to me in OMA and I followed it and wrote up memos.

So, I was pretty busy with the breakup of the Eastern Bloc, the Latin American debt crises, and the savings and loan thing. In those days, the Soviet Union was not a member of the IMF or World Bank. It was tremendous fun, but it was a tremendous amount of work too. We got into the sanctions issue, because at that point we had put sanctions on Panama. As a result, I also worked with the office of foreign assets control in Treasury a great deal. It was just remarkable.

Q: Tell me, for somebody looking at our clampdown on Panama in history, why and what was behind this?

SCHWERING: Well, I am not exactly sure. I don't recall. I don't know if it is that we caught Noriega laundering drug money or whether he had thwarted an election we wanted to take place. But it had previously been a highly cooperative arrangement, where we thought Noriega was an ally of ours in Central America. Then, we decided he was really a dictator.

Another thing that was going on at this time, was that we were negotiating the return of the Panama Canal to Panama. The treaty was being negotiated when I was in OMA. That was my country again. I think it was by Michael Kovak or something.

Q: Kantor?

SCHWERING: No. He was a lawyer who had been made assistant secretary of the Latin American Bureau. Also, that is when we had things going on in El Salvador and Nicaragua, where there were still communists.

Who is the Elliott who was eventually convicted.

Q: Elliott Abrams.

SCHWERING: Elliott Abrams was in the Latin American Bureau. I was dealing with all of these people at the time. We were negotiating the return of the Panama Canal, and that may also have been one of the reasons we began not to trust Noriega. I don't know; I wasn't involved in those negotiations.

Q: Also, if I recall, Noriega was turning his thugs loose in the Canal Zone, and they were harassing American servicemen, particularly their wives. It was also the growth of the drug business.

SCHWERING: Well, the initial thing was the harassment. That came a year later, and I was also involved in that when I was at the Pentagon.

Q: Yes, that would have been later.

SCHWERING: Anyway, when I look back at all the issues I was involved in, I am surprised I wasn't working 24 hours a day. And remember, we didn't have computers in those days. We had one or two Wang computers out in the central part of the room. If you wanted to write a cable or anything else, you had to wait your turn. Everything was paper. We had no secretarial support. So, to clear everything around the building, we had to use 'sneaker mail,' as a friend of mine called it. The one or two secretaries we had absolutely refused to do any work. It was tough, but it was fun. It was an incredibly active bureau. At one point we were called over to the White House. That was when Reagan was president and Bush was vice president.

Q: Bush was elected in '88 and came in in '89.

SCHWERING: Right. He was going to make a speech in Texas, which was going to be our Iron Curtain speech on Poland. He was going to announce the U.S. government policy toward Poland, which, we had been opposed to because it was being run by General Jaruzelski. However, as he proved in the end to be a Polish patriot, our policy was going to change to one of support. We were going to get the World Bank in there. We were going to give money to them. I remember I went over to the White House at one point. I and a couple of other people sat around and helped Bush's speechwriter shape the speech. That is how close we got to the President. Something else I was involved with in this period of time was money laundering. This is when our INL, I am not sure that is what the bureau was called then, but the drugs…

Q: It is called Drugs and Thugs.

SCHWERING: Yeah, it is called that now. Then it was just INL, the Bureau International Narcotics and Laundering. Well, it was also during that period of time that the William Bennett drug plan was being put together. He was the drug czar at the White House. Treasury was to write up a five part drug plan for the war on drugs. Oddly enough, Treasury didn't do it. They hired a retired Marine to write this up. Now he didn't know anything about money. He ran across me in contacting the State Department for input. I ended up writing the money laundering portion of the Bennett drug plan because nobody at Treasury knew about it or was interested in it. But I knew banking. Then that was also the period of time when INL began publishing their annual report on narcotics trafficking and money laundering. Their very first reports were drawn from my work. Because I had banking experience, I was the one person in the State Department pretty much involved in drafting the White House plan and educating my colleagues on how money laundering worked. I was really in the middle of a lot.

Q: One of the things that comes up quite a lot is we and other countries have been pouring money into Africa, and, with people like Mobutu most of the money ends up in Switzerland. What happens? You know, money just doesn't sit there. What do the Swiss do with it?

SCHWERING: They lend it out.

Q: They must be extremely powerful. They must have more money than God, practically.

SCHWERING: Well, they were known until recently as the banking center of the world. The primary reason is their secrecy laws, which have since been amended. If you had money in Switzerland, they would never reveal the owner of those accounts to anybody under any circumstances. As a matter of fact, you hear about numbered accounts. All I know now is what I read in the paper. They wouldn't even know the owner of a lot of these deposits. The Swiss banking secrecy laws made it a safe place to park your money. In fact, when I was in OMA, the U.S. negotiated a memorandum of understanding with the Swiss, which I reviewed. I don't know why it came my way. It would finally allow the Swiss, if they signed it, to cooperate with the U.S. government in criminal prosecutions of money laundering. But prior to '88-'89 the U.S. government didn't even have an arrangement with Switzerland to enable us to have any access to this information.

Q: Well, the Swiss banks are getting these secret funds. It boils down to their having money. Now, I would think that the world would be trotting to Zurich in order to get money. What do the Swiss do with it?

SCHWERING: It is like any bank anywhere in the world that is in the international economy. They would basically lend it to any business around the world that could repay it. That is what Citibank does, and Bank of America and Chase. They all had huge deposits.

Major depositors, be they large companies like General Motors or countries like Saudi Arabia, will maintain relationships with at least three or four major banks around the world. They have major deposits with all of these banks. Part of it is that that keeps the banks on their toes in terms of servicing their customer. If they don't do a good job, then their competitor will. But no, that is what banking is. It takes in deposits and lends the money out.

Q: But I was just thinking, there must be so much money going in, or was going into Switzerland, that it had become a power far beyond a small country.

SCHWERING: Well, it was financially. You only lend. You don't have control over where you lend. But there are safety mechanisms.

There was something else that was happening when I was in the Office of Monetary Affairs. There is an international informal group of central banks called the Basil Group. Banks and companies anywhere in the world actually limit the amount of debt to equity on their liability side of balance sheets. The same is true of banks. All the deposits with them are liability, because if the depositors come in and want their money, they have to pay it back. Therefore, the banks actually don't take more deposits than they can reasonably. They don't expect 100% of deposits to be withdrawn, but there is usually a ratio that is maintained. When I was in banking, U.S. banks never went above a ratio of

11 to 1. Eleven dollars of deposits for every dollar of equity. So banks are quite a regulated industry in any country. One of the things the government does is make sure the banks don't have more debt, i.e. deposits, than they can pay back. They also require banks to reserve a certain portion of those deposits for loans that don't get repaid. If it is a well regulated economy there is a limit. They have to increase their capital if they increase their deposits, which means they have to go out and issue new stock or something like that. So it is really a balance.

Q: Well in '89, whither?

SCHWERING: The Pentagon. I decided I wanted to learn something about how the military operated. I also wanted to learn how to tell officers apart. I could never tell from a uniform who was what. So I got a one-year assignment to the office of economic analysis. It is not a bureau. In the office of the Secretary of Defense, there were two basic divisions. One was policy. I guess the other was regional affairs. They had an economic shop on the policy side of the house. I think Wolfowitz was our undersecretary for that. It turns out the entire economic analysis the Pentagon takes into account – if they ever do – was from this four-person shop. Only three of us were actually economists, because two of the positions were State Department TDY's. They basically take anyone they could get from State. The other State guy was a political officer who really didn't know anything about economics. It turned out was seriously ill and really couldn't contribute much. But again, I landed in the right place at the right time. The head of that shop was an extremely good economist who could get up to high levels in the Pentagon and lobby them.

Q: Who was that?

SCHWERING: David, I can't remember his name.

Q: You can add that later.

SCHWERING: Oh my goodness. The things I will have to go back over. As you can see, I have got a lot to remember.

What was very interesting was that was the year we invaded Panama. That was my account. I should go back and say what this office did was basically write up analyses either for senior military officials who were traveling, like to Morocco where we had some defense programs, or for things that were happening in Washington.

Now, because I had been working on Panama in the Office of Monetary Affairs, they put me on Panama there. That is where I learned the Pentagon seems to think it doesn't have to play with the other agencies in Washington. There was this growing number of meetings on Panama because it was getting to crisis point and we wanted Noriega out. The Pentagon, since they had their own operations there, basically seemed to think they didn't need to attend any of the meetings. It was really quite interesting because they were following one policy with the military in Panama, which as you know is fairly large. We had military bases there. However, the policy side of foreign affairs was going in a

different direction. They had a Marine general in charge of the Panama desk in the regional bureau. He was a military, not a foreign affairs expert, so that was quite interesting.

I remember December of 1989. I had also been in touch with them. There were four major American banks operating in Panama: Citibank, Bank of America. I can't remember the others. With all the toing and froing and the freezing of Panamanian assets – which we had done in the late 80's – I could tell the Bush White House was gearing up for something there. I didn't know what it was going to be. It was in December that we invaded. We started by air dropping troops into Panama. Apparently, the White House didn't feel it was necessary for the State Department to know this. I believe they just called the Secretary over and just told him this was going to happen. The Pentagon knew this was going on and was going to go on and hadn't bothered to tell anyone. I think our ambassador and maybe one other person in the embassy was told the day before we "dropped in." However, the State Department was caught completely off guard by this. It was, "We decided to go in." This was when a jeep full of some soldiers had been shot by some Panamanians.

What was interesting is I had been working with the National Security Council on Panama, on all of these economic policies and stuff and I sensed the White House was going to do something. I called up my main contact in banking in New York. I said, "I don't know what is going to happen, but I can tell something is going to happen. What I would recommend to you is that you spread around the New York banking community that you should minimize your cash. Get as many people out of there as you can. Minimize your staff, and frankly, if you have got steel doors, have them ready to be pulled down at any minute." That turned out to be the week before we went in. I just could tell from the atmosphere around Washington. Later on, this banking contact called me back and said that when he had warned the other banks, they were so impressed. They wanted to know how he knew this was going to happen.

Q: Well, how did you do this?

SCHWERING: Just what I told you. I called him up on the phone and I said what I said. It wasn't anything classified, because I didn't know anything. I just said, "I have a feeling; be prepared." So they were. Of course, that was a main target for Noriega. He would have immediately gone in there and tried to seize all that cash because we had a freeze on all his assets. No one else in the U.S. government was thinking of U.S. business interests. It stunned me.

Q: Even looking at it from the State Department side, when our troops came in, ...

SCHWERING: They refused to guard the embassy.

Q: ...the embassy.

SCHWERING: That's right. They refused to guard the embassy. I was still of course, working closely with the Panama desk at State. The military said, "That wasn't their job." That is a quote. The following weeks, unarmed embassy officers were actually sent to arrest some of Noriega's henchmen. Now, you know how armed they were.

It was absolutely appalling. I will never forget that within days after our military invasion of Panama, I went over to this Marine general who was head of the desk and was told, "Well we have done our job. Now it is up to State to put the country back together and everything else." And State said, "What? It is not State in the first place. It would be AID." The Pentagon didn't even know that, because they had never attended any of the meetings. I basically said to the guy, "You guys invade and then you expect us to pick up the pieces. State has no money or anything." Because the Pentagon had never warned any of the other agencies of this, they ended up having to put the country back together themselves. This was, I think, a first, and getting their civil affairs people in there has become a pattern. All of a sudden, they had to call up all these military reserves: engineers to reconstruct the physical system, judges and lawyers to re-do the judicial system, and financial advisors. So, the Pentagon ended up having to go in and re-construct the country, which had never been in their plans. They just thought they could hand it off to State and AID. I don't know if State and AID know that, but it was just stunning. I probably called up State and said, "Guess what?" What lack of planning! Iraq was more planned than Panama. So, again, I was right in the middle of all of that.

Q: How were you treated there?

SCHWERING: Fine.

Q: No, but I mean you know you were saying you are supposed to do this and that, you know, calling attention to, normally a State Department person would take a look and say, "Well you have got a country and you just can't go in and beat up people and walk away."

SCHWERING: Remember, we are just an isolated office of economists in the Pentagon. You can imagine what they thought of us. Basically, they responded to taskers. Nobody contacted us on Panama. We didn't know; our shop didn't know Panama was going to be invaded. It was all news to us. There was nothing we could do about it. It was really up to the Pentagon to negotiate with State and AID on what to do next.

Another very interesting project I got involved in was re-negotiation of our treaty with the Philippines. In a year or two, our base treaty with the Philippines was going to expire. The U.S. military wanted to extend it for another 10 years. The U.S. government has a policy of never paying for bases. However, from the State Department's Economic security Funds (ESF) the Philippines always got a huge chunk of money. It was just cash we handed to the government. But remember, we don't pay for bases. So we were having to negotiate the extension of this treaty with the Philippines who wanted us to pay them a lot more money than we had in the past. Actually, somehow the Pentagon found me, and I worked out the financial aspects of the treaty renewal. Again, just little old me. And the

Pentagon wasn't going to check with anyone else like Treasury or State on that. Again, they just do it by themselves – or they think they can. The Pentagon was arguing to the Secretary of Defense, the White House and everyone else that they simply had to renew this treaty; we had to keep our bases there, and that it would take several billion dollars and two years if we had to withdraw, if we didn't get this treaty renewed. Well, it literally only took one volcano and one week to get the U.S. military out of Clark Air Base. It didn't take two years and ten billion dollars. I had to laugh because I knew this was the military simply trying to come up with justifications. Quite literally, all it took was that volcano blowing up.

Q: Pinatubo.

SCHWERING: Yes. It just blanketed Clark Air Base, which was our main base there I believe. We just pulled out. I don't know if the treaty ever got renewed.

Q: The treaty wasn't renewed. The Philippine senate balked.

SCHWERING: The main reason was money.

Q: At a certain point, particularly with the volcano, we just said, "Oh, the hell with it."

SCHWERING: Well, the U.S. military had to pull out, so the Pentagon could no longer argue to the White House that they had to remain there. Therefore there was no more justification to give the Philippines a lot of money, so of course the Philippines weren't going to renew it. It was very funny. I do have to tell you, there was a very close call. A golfing buddy of President Bush had come up with an idea to convince the Philippines to renew the treaty. At that point the Philippines was also going through a debt crisis. I don't know if it was a crisis, but they were in very bad financial shape, and they might have been on the point of not being able to service their foreign debt. So, this golfing buddy actually had convinced someone, I don't know if he had convinced the President, but he had convinced someone very high up, the vice president?

Q: Scowcroft?

SCHWERING: No, it was at cabinet level. It may have been Bush. I don't think it was Secretary of the Treasury. Oh, it was Secretary of Defense. So this golfing buddy convinced him that what we needed to do was have the U.S. government guarantee Philippine government debt as an incentive. Well, I had to research it and say whether this could be done or not. Actually, this was an informal call from the NSC (National Security Council) that said, "Well, this is how we think we are going to renew the treaty." I called Treasury and a few other places, and they all said, "We can't do that. We can't guarantee another country's debt." I don't know what would have happened. The White House was on the point of telling the Philippine government that this is what we would do. They hadn't checked with the Treasury Department. I have a friend who describes U.S. policy-making: "U.S. foreign policy is like sausage. You really don't want to see it being made up close." This was one example. Only because I happened to learn about

this plot, was I able to turn it off. Irrespective, the White House might have made a commitment that we could not keep. It may have been illegal under U.S. law, but it would have meant the U.S. Treasury guaranteeing Philippine debt and they weren't going to do that. So there were a lot of interesting issues. Who knew?

I was also involved in something else. Congress wanted to look at a new defense financing program. The old one was basically Senators and Congressmen wanting to support defense industries in their regions. There was a bill going forward saying that the Pentagon should establish a new financing program for military exports. We already had the FMF, the Foreign Military Financing program. That was basically export subsidies for countries like Turkey, Greece, and Morocco. The Pentagon wanted a new one. The Office of Management and Budget (OMB) called a meeting and included State and Treasury. I was one of the representatives for the Pentagon. I suggested we find out what had happened to the previous program, which nobody had thought of doing. We then put together a paper on that. It was quite clear that the FMF program – later named FMS, Foreign Military Sales – was meant to be a loan program. However, it ended up being a grant program, because the Pentagon almost invariably forgave the debt. So, we were just handing weapons over to these countries. This little group led by OMB was an honest group. We wrote up a paper about what had happened in the past. I can't remember our recommendations, but it probably was don't do this unless it is really going to be a loan program; otherwise, just call it a grant program. That was when was it Richard Darman was head of OMB.

Q: The name is familiar.

SCHWERING: Anyway, our report, which was extremely good and carefully written up, was cut by two thirds and totally re-written by the head of OMB as a justification for doing the program. We didn't realize that when OMB was given this task there was a political agenda, and that we weren't meant to do an honest and thorough assessment of whether a new financing plan was a good idea. In the end, one never got established.

Q: Oh boy.

SCHWERING: There was something else. I was a Pentagon representative to the U.S. trade representative, which is the U.S. agency, if you will, that negotiates our trade agreements. Well, since the Soviet Union and eastern Europe had just broken up, we were re-negotiating our trade and investment treaties with all of them. I was the Pentagon representative to the USTR (Office of the United States Trade Representative) on that. I went to a meeting in Vienna where we negotiated with the Soviets. That was interesting. I could make your ears bleed with technical details, but you don't want to hear that.

Q: Well can you give some feel for it.

SCHWERING: Yes. Basically, we were doing what we usually do, which is trying to be really generous, give incentives and in my view, not protect American businesses. I was the only one in the whole group, including treasury, who had real-life business

experience. Our head negotiator caved on something he should not have, which is one of the things that is important in trade and investment treaties and is whether the foreign investor is allowed to repatriate profits. In a lot of these countries, you are not allowed to. He also caved on whether or not you are allowed to repatriate them in foreign exchange. It is a key point.

Q: Oh, it is absolutely key!

SCHWERING: Well, I remember the trade negotiator agreed on the Czech thing, "No, we won't require you to allow repatriation of American profits." It was the same thing with the Soviet Union. I mean, we gave the shop away. That is not going to encourage investment, which the U.S. government wanted to do at that time. They wanted to encourage U.S. business investment to lock those countries more firmly out of the Soviet sphere. There were several provisions we negotiated in those agreements I was totally opposed to, but I had no influence as I wasn't an official negotiator.

I was also the Pentagon representative on the USTR negotiations with the European Union on the large commercial aircraft subsidies, which was Airbus versus McDonnell Douglas and Boeing at that time. Actually, that had been going on for three or four years. Remember now, we were into 1990. It is 2006 now and it was just a few months ago that we reached agreement with the EU on this issue. It had to do with whether or not governments were subsidizing the production of civilian aircraft; and there are a lot of different ways you can divide subsidies. So again, that is another complicated issue.

Q: Then you left the Pentagon in 1990.

SCHWERING: Well, the last week I was there was when Saddam invaded Kuwait. It was August. Everyone was on vacation I think I was the only one in the economic shop, and the Pentagon was going ballistic. I don't know if anybody had foreseen this. Of course, oil is what concerned everybody. In my opinion, that is nonsense because the reason you want oil is to sell it and earn money. So, everyone was afraid that Saddam's invasion was going to cut off the Kuwaiti supply of oil to the world. This would have jacked up oil prices tremendously. They provide a lot of oil to the world economy. My view is oil is no good sitting in the ground. Even if Saddam took over Kuwait, he would probably sell the oil, so to me it was a red herring. But it was what the Bush White House used to justify our us going into the Middle East to help win back Kuwait. As I happened to be there, I wrote up something real fast. What was interesting that I learned in that episode, and also with Panama, was that the U.S. military is not allowed to build or contribute in kind or do anything for another government unless it is a form of military training. I think we must have changed the rules since then. The Pentagon couldn't do things in Panama like rebuild the railroads unless they could justify them under their own regulations as 'training the Panamanian military'. Well, if you have got a private sector, you can't do it. You also can't be hired. One of the thoughts that were circulating the week that Saddam invaded Iraq was, 'could we send troops to Saudi Arabia and have the Saudis pay our expenses for fighting Saddam.' No, we can't have another government pay for our

military actions. So, I left just as all of this was starting to be addressed. I didn't get to hang around to find out what was decided.

Q: Well then, where did you go?

SCHWERING: Where did I go after that? That was 1990. I went into language training. I had been assigned to Turkey as my next assignment. I went into a year of language training and area studies, Turkish, which I think is by far the hardest language to learn. I think even Japanese is easier. I am not sure.

Q: What did you find difficult about Turkish?

SCHWERING: The logic of their language is the exact opposite to English. A possessive noun is usually in the beginning of a sentence but what it possesses is at the end or vice versa. And the verb is always at the end. I generally found I had to take an English sentence and translate it backward to translate into Turkish. I got a 3/3 in it but I never really got the hang of it.

Q: What were you being sent to do?

SCHWERING: Financial economist in the economic section in Turkey. I was put in the deputy econ position. It was a stretch for me and language designated. I tried to get confirmation that when the current person who was the deputy left, I would be the deputy. Well, that didn't pan out, and I was just furious. I curtailed that assignment after eight months. This other woman, who was the deputy, retired suddenly, so I should have been put into the deputy position. But, in recruiting someone for her position, they promised the individual coming in he was going to be deputy. He was in a job graded below mine and it also wasn't language designated. They weren't going to change it. What a waste of training. They had spent a year training me in Turkish and I was the most qualified to do that job. The assignments panel agreed to bring me back, which I understand is extremely rare after you've been trained.

Q: Did you ever find out whether the person who came in had clout?

SCHWERING: No.

Q: Was this just a screw up in personnel?

SCHWERING: A screw up by the economic counselor. The guy who came in and I were both the same grade, but I was in the higher rated position and had the training. I had more seniority that he did. It was just a real screw up and I had had enough of being given a hard time by the State Department.

Q: Did you get any feel for the Turkish economy while you were there?

SCHWERING: Yeah, I had studied it. I understood it pretty well, because of course while you have language studies you have area studies and always have to do a paper. I did my standard economic analysis. I had a good feeling for it.

Q: What was our impression of the Turkish financial situation?

SCHWERING: The Turks are incredibly smart. Oddly enough, they are the only culture with which I have worked that is most like America. This surprises people, but the Turks are very much like we are. But they don't emigrate as much, which is why we don't know that. We know the Greeks, but the Greeks emigrated because they have a very poor country. The Turks were the center of a great empire once, and they still thought of themselves that way. In that sense they are very much like the Chinese. They see no reason to leave their country, and they are very happy with it. They think the Greeks run U.S. policy toward them.

Q: Well, they do.

SCHWERING: Yes, because the Turks are very passive. They think that somebody else should do it for them. Because they were the center of an empire, they are used to embassies coming to them. That was the original use of the term you know.

Q: Well, sure.

SCHWERING: It never occurs to them to reach out, because they are the great power.

Q: Yes. This is where the first embassies were. They were with the Ottoman Empire. They were Constantinople, which is in Istanbul. Like the Greeks, they have political clout. Next to the Jewish lobby, the Greek lobby is the most powerful.

SCHWERING: Yes. But, that is really because the Greeks make on effort.

Q: There are more Greeks than Turks in the United States. They contribute money to Greek policy-making efforts.

SCHWERING: Yes, exactly. The Turks don't invest in the U.S. They don't emigrate. They never lobby us. They could; and, given their geographical position, they could have had tremendous influence over the U.S. government because they bordered the Soviet Union, and they were a listening post. So it is that way even when I worked with them on investment. They would say, "Why don't any American companies come and invest here?" I would say, "Well have you ever been to the United States?" "No." "Have you ever called on the U.S. embassy. The commercial section?" "No." "Have you contacted the international chamber of commerce?" "No." "Have you contacted the American chamber of commerce?" "No." It turns out they just sit there and wait for someone to come. They are, literally, puzzled. As someone once put it, "they lacked the marketing gene." They don't understand they have to go out and attract investment. So they blame

the Greeks. They think it is political, but the Greeks originally came here for economic reasons. The Turks don't get it.

Q: Well then you left there.

SCHWERING: I have one more story. A week or two after I arrived was the week the Soviet Union broke up, and when the central Asian states all declared their independence. I don't know if it was then the CIS, Commonwealth of Independent States come into being. It turns out no one from the embassy had been up to the Georgian border, which was the border with Turkey for three years. So, a political officer and I were sent up there for three days to find out what was happening. The U.S. government was afraid of a repeat of the Kurdish overflow into Turkey after the Iraq War. Remember when hundreds of thousands if not millions of Kurds fled into southern Turkey? It was the week before I arrived in Turkey in 1991 that the U.S. government had ended its aid program to the Kurds.

Q: Oh, yes. Operation Provide Comfort was what they called it.

SCHWERING: Something like that. We were afraid the same thing would happen with Georgians and Azerbaijanis flooding into Turkey because of political instability.

We were sent up for three days. We hung around the border, but nothing happened. What was happening was the usual coming and going of traders. There were these little flea markets set up along the shore of the Black Sea.

Then I became involved in Operation Provide Hope, which was getting our assistance to those states. There were some funny incidents with regard to that. I don't know if you want to go into it.

Q: Oh, sure.

SCHWERING: Well, the U.S. had never flown over the Soviet Union since 1945 or '46.

Q: With the exceptions of the U-2's.

SCHWERING: Exactly. I was first asked to figure out how to get aid to Azerbaijan and Georgia. We were going to get aid through Turkey to them. However, it turned out the eastern third of Turkey was off limits as that is where the Turks and Kurds were going at it. You also couldn't get your hands on any maps. I worked with the Turkish Red Crescent Society to find out if there were any roads or railroads out there leading to Azerbaijan. We also called on the Turkish military. They would not give us any information because it was a security issue, even though they were interested in supporting Azerbaijan…

Q: This is tape five, side one with Katherine Schwering. We were just beginning to talk about Operation Provide Hope. So you might start from the problems you had getting maps. We will pick it up next time there. This would be in '92?

SCHWERING: '91.

Q: '91 Okay.

Today is 31 October 2005, Halloween. Boo! Katherine, we are starting on this Operation Provide Hope. Maybe we had better put a context?

SCHWERING: This was just as the Soviet Union had broken up and I think had formed the Commonwealth of Independent States, which didn't hold together I think even for a year. But, gradually, all the 15 republics or so of the former Soviet Union were one by one declaring independence or seceding. Anyway, the United States government decided to encourage this 'democratization' of the former Soviet Union as we saw it, by helping newly established independent governments. We helped them economically, and gave them assistance, and did what we could to help them remain independent of Moscow. It was decided that we would supply assistance to the central Asian states of the former Soviet Union through Turkey. One of the interesting things – as I mentioned before – was that the Turks would not provide us with any information as to roads or crossings in eastern Turkey. By talking to Turks who had been around a long time, I was able to determine that there were one or two border crossings, one of which wasn't even paved. Now these crossings were into Azerbaijan. Nagorno-Karabakh, or was that in Armenia?

Q: You were talking about Nagorno-Karabakh.

SCHWERING: Karabakh. Initially it was just Azerbaijan. As I recall, the Nagorno-Karabakh issue and attempt to secede came a little bit later. But this was in, I think, January – yes, January of 1992. We were beginning Operation Provide Hope, and that was just a mess.

Q: That was the Kurds.

SCHWERING: No, this was after the Kurdish one. That was Operation Provide Comfort I think. We had wound-up and wheels-upped the Kurdish effort just the week before I arrived in Turkey in 1991. Since I was in the economic section, this was assistance I was put in charge of doing what we could for Operation Provide Hope. One of the most interesting things is that because the U.S. has not, as I said before, officially flown over the former Soviet Union, we had no pilots who knew the airports in the central Asian states, how to get there, how to navigate, how to communicate with the air traffic controllers. The plan was to fly U.S. military cargo transports down to Incirlik Air Base, which is a Turkish air base that NATO can use. It is not a NATO air base. This is an important distinction, because even as diplomats, we were not allowed onto the air base without permission from the Turkish government. These U.S. planes were to land at Incirlik and pick up Azerbaijani and Georgian pilots who would then co pilot our planes

into the Central Asian States for the first time since WWII. It was interesting. The plan was for the very first flight to be a C-5A transport full of supplies.

Q: These are huge transports – the biggest plane in our stock.

SCHWERING: Yes, just huge. Only the ex-Soviet cargo one is bigger. I was put in charge of this operation. What the embassy wanted to do was have the very first flight land in Ankara so that we could have an official ceremony with the U.S. ambassador to Turkey making a speech.

We had been working with the Turkish Red Crescent Society, which is the Moslem equivalent of the Red Cross. I worked with a wonderful man there. The society were the ones who were trying to help us get aid to Azerbaijan. Now, the one thing Turkey had done on one or two previous occasions, I think, was to provide some aid to Azerbaijan. From what I was able to find out, the Turkish Red Crescent actually had to give the assistance to the Azerbaijani government. They didn't have the equivalent of the Turkish Red Crescent Society in Azerbaijan, I suppose the former Soviet Union didn't allow that. This concerned me, and I told the embassy about it, because the people who were taking over the Central Asian States, of course, were the old communist apparatchiks. I knew that nothing was going to change right away, despite their independence. I told the embassy this, but they didn't want to pay attention, which caused problems quite a bit later on.

Well, anyway, I worked with the U.S. military in Ramstein. This was the most confused operation you have ever seen. We had a significant military attaché office in the embassy in Ankara. They, however, were not involved in this at all. They did not communicate with their own military and the military in the United States didn't communicate with them. It was just astounding. It fell to the economic section, and therefore to me, so I was the one talking to Ramstein. At this point, the Air Force headquarters was I think in Ohio. I had to work with Ohio, and the military never called me. The only way I found out after months and weeks of this working these things out is a civilian at Ramstein Air Base called me and said, "By the way, our flight is leaving today and is going to land in Ankara." So, after all of this effort, the embassy still had not been informed. The U.S. military just didn't seem to think they had to communicate with the embassy, and it was we who were getting their air traffic clearances. We do that for them, not the DAO offices.

I just had this gut feeling. Indeed, their first flight to Turkey was delayed several times for engine troubles in Ramstein. The plan had been to write a speech for the ambassador to give in Ankara when the plane landed. It was also to get the Turkish press there. The Red Crescent Society was also to be there to accept a token donation from the flight, which was later to go on to Incirlik and then on to Azerbaijan and other central Asian states. Nothing goes right the first time. Finally, the flight came. I decided what we would do, and I worked with the Red Crescent Society guy and said, "We will go out to the airport and consider this first flight a dry run." I am not sure I even told the ambassador. These things never go right the first time, and we wanted to make sure that when the

ambassador did come out and make the big public announcement of our assistance through Turkey and of Turkey's cooperation – which was very important to Turkey because they wanted to gain influence in the central Asian states, that everything went perfectly.

Q: They were making the big play about being the center of 'Turkdom' or whatever, because many of these people spoke a Turkic language.

SCHWERING: Yes. Actually, the Azerbaijani language is Turkic. I could understand it. A lot of Georgia spoke Turkish, and it really did extend to Turkmenistan and Uzbekistan. The Turkish aspect of the language is sort of diminished the farther east you went.

The Red Crescent Society gentleman – and he truly was a gentleman – and I went out to the airport to practice this landing. Now, one of the issues was that the Ankara airport could not service a C-5A if there were any problems; only Incirlik Air Base could, and this plane had been having engine troubles. So the Red Crescent Society gentleman and I were standing out on the tarmac watching this huge plane approach Ankara Airport. It kept going; it never stopped; it never landed. The reason was it had developed engine trouble on the way down from Germany and had to go to Incirlik. As I said, if it had landed in Ankara, we would never get it off the ground again, literally. Boy, was I patting myself on the back because we could have had the ambassador and the press corps out there. Then we arranged a second flight, and that one came off all right. I had the ambassador and the press corps out there and everything else. But, by this time, experience had really paid off. I don't know if anybody knows about all this. I am sure I told the embassy, but I don't think it ever went beyond.

There was a problem later. In addition to flying these flights directly to the central Asian states, we also started delivering assistance to the Turkish Red Crescent Society for Turkey, in an effort to help Turkey build relations with these countries. I curtailed my tour at that point for reasons mentioned earlier and returned to Washington in April of 1992. Not long after that, I began to get some questions and almost accusatory faxes from the embassy in Ankara saying, "Did you know that that assistance would go to the government of Azerbaijan, not to the non-government organizations we hoped would take it?" I again had the satisfaction of faxing them back saying, "Look at the memo to the files I wrote up in January, 1992, to explain that this is what would happen."

Also, as I've said, the embassy couldn't get maps of eastern Turkey. However, having worked in INR, I know that they did, as did the intelligence community. But, no one in the embassy knew that, not even the U.S. military officers there. It absolutely astounded me because we could have answered many of our questions if anybody had just contacted INR.

Q: Is there anything more on Turkey?

SCHWERING: Oh, just a couple more things. When I was there it was just the beginning of our use of sanctions as a political tool. We'd had economic and financial sanctions

against South Africa for 20 years, as well as others against a few other countries such as Cuba and North Korea for varying lengths of time. However, until Panama in '88-'89, we hadn't really used this as an instrument of foreign policy the way we are now. Of course, I was involved in Panama. But when I was in Turkey, one of the things that happened is we enforced sanctions against Iraq, so I worked a lot on that. This was a new sanctions program. I worked a lot with the Turkish financial system to do that.

Even more interesting, we had gotten a number of the Gulf States to pledge money to Turkey for its cooperation during the Gulf War in 1990-'91; however, none of this money had been forthcoming as last as '92. It was my job to collect from Kuwait and from the UAE. The reason it was the U.S. embassy doing this collection work was that it was we who had put together the Gulf Cooperation Council for the war, and we were its leader. We had bludgeoned these other countries into making these promises to Turkey; it had been very difficult.

Certain countries, if I recall correctly it was Kuwait, although I am not sure, never sign documents when they make financial commitments. All of a sudden the money would show up in a central bank's account.

But the funniest incident was in early '92, just before I left. I got a call from a U.S. military base in Izmir, in western Turkey, saying, "We have a container of medical supplies addressed to the ambassador in Ankara. Where should we deliver it." Now we are talking about a shipping container. It turns out this was assistance we had pledged some three years earlier for the Turks who were taking care of the Kurds. This was part of the U.S. compensation to the Turks. Well, the most amazing thing was that three years earlier, just as a place holder on the shipment, the military had put 'U.S. Ambassador, U.S. embassy Ankara.'

Once this shipment finally got to Izmir three years later, the military were set on delivering it to the U.S. ambassador. There was no one left in the Pentagon who would remember this pledge of aide as they had all been rotated out, and far be it for a low level sergeant in Izmir to change the mailing address. As a result, I had this incredibly funny standoff with the sergeant in Izmir in a effort not to get them to deliver this container of medical equipment to the ambassador's door. Literally. I said, "If you think we are going to allow an unopened container to be parked in the ambassador's driveway, you're nuts." It all eventually got worked out, but it was just amazing.

The military is one of the most dysfunctional organizations that I have ever run into. They just don't coordinate; they don't have a clearance requirement the way the State Department does. There is such duplication of effort it is unbelievable.

Q: Yeah, I have run across this.

SCHWERING: You are thrown out into your first assignment, and all other assignments with no real education about what resources are available. That is why I don't call the A-100 class what it is normally called. I call it an orientation; it is not 'training.'

Q: No, it isn't. I don't even think they call it 'training.'

SCHWERING: They used to when I was in it.

Q: But it really only is 'orientation.' that is all you have time for.

SCHWERING: Yes, well it is too much information at a given time. In my class there were six people who had never been outside of the United States. Every day a different U.S. government agency came in and said, "This is what we do." You just can't keep track of it all. There is a great deal more, as well, that we need to learn. I was never taught how to write a cable or how to open and close a safe.

Q: Yes. A lot of things have changed because there is an understanding now that they need to do more because they are picking up people who know nothing about what they are getting in to.

SCHWERING: Really? Has that been a conscious policy to recruit a more diversified group of people?

Q: Well, yes it is. And it is not just diversity.

SCHWERING: No, it shouldn't be.

Q: It is second jobs. Military officers who have retired as Lieutenant Colonels or Majors are now coming in.

SCHWERING: Really?

Q: Oh, yes. There are more people from the older crowd coming in and people coming in from outside or experts such as an astro-physicists or the equivalent.

SCHWERING: Ex-businessmen. So they are getting even older people in. Interesting.

Q: They are getting a considerable number of older people in.

SCHWERING: That is going to be valuable, I think.

Q: Well, it really is. Just take the military. Most of them are coming in still at the junior level.

SCHWERING: Well, you have to.

Q: At the same time, they are bringing in a great number of people with managerial experience, which is something you wouldn't get if you were to get them right out of graduate school.

SCHWERING: Which was the traditional Foreign Service.

Q: It is probably a stronger body.

SCHWERING: I would think so certainly.

Q: After Turkey you came back to Washington.

SCHWERING: April of '92 I was put temporarily on the German desk as the senior economist. There we had the great banana wars.

Q: Can you talk about the banana wars?

SCHWERING: This is where we in the E (Economic Bureau) were trying to get rid of protection of our various proxies in Central America. The EU (European Union) had arrangements with certain banana growing countries to subsidize their exports. However, we wanted free trade in bananas. This issue was on the front burner for most of the three months I was on the German desk. I wrote talking points on bananas as I recall, for Eagleburger or whoever was being sent to Germany.

What was really difficult was this was the time Jim Baker and Bob Zoellick were there. I don't remember who the third member of the cabal was. Well, because they did not like Foreign Service officers, most of the staff of the seventh floor were children of administration officials, who were all in their mid 20s and who didn't have a clue as to what they were doing. As a consequence, I would constantly get these banana talking points sent back to me with suggestions for re-writing, by people who didn't know the issues. It was awful. It would sometimes take me 10 or 11 tries to get these talking points up to the principal who needed them. That was a huge waste of time. I don't think staffers should have line responsibility. These are not people who should have been deciding policy. Anyway, it was very bad in the State Department under Baker because the Foreign Service and the professionals were increasingly ignored.

Q: Well then after bananas?

SCHWERING: After that I was recruited into INR into a political job. I had not wanted it. This was '92. In September '91 both Slovenia and Croatia had succeeded from Yugoslavia. There had been some fighting. There were UN peacekeepers in Croatia in '91. In '92, particularly in March and April, Bosnia had begun to go back. The Bosnian Serbs had started to take over parts of eastern Bosnia and slaughter non-Serbs. Yugoslavia, for some reason has always been on the front burner. In '89 I had attended an inter-agency conference on Yugoslavia at Airlie House. We determined that Yugoslavia had not been a major issue since 1948 and agreed that it was going to be a back-burner country from there on. That lasted less than two years.

Q: Well, it has always been a critical country because of its location and borders.

SCHWERING: Yeah, but at this point the Soviet Union had broken up and so had COMECON and the eastern bloc. There no longer was an eastern bloc.

Q: Other things got involved.

SCHWERING: Well, actually, not really. 'Muslim' was a nationality designation, not a religion in Yugoslavia. In the 1974 constitution, which was the operative constitution when I was there, Tito had instructed that Muslim be added to Serb, Albanian and Croat as a nationality for census purposes. I have heard that this was to prevent Bosnia from being dominated by either Serbs or Croats. But the fact is some of the biggest arguments I had with Serbs were over the word Muslim. We Americans would say it is a religion. They would say, "No it is not. It is a nationality." However, they knew how the rest of the world viewed Muslims, and the Bosnian Serbs used that to their advantage in '92 and started claiming these were religious people. Everybody forgot that since Tito came into power, that while the practice of religion was not banned, it was so discouraged that if you were seen practicing your religion, you wouldn't be able to get a job. You would also be kicked out of the League of Communists. You had almost 50 years here of people almost never practicing their religion. These were not Muslims. In fact, the very first time President Izetbegovic of Bosnia ever set foot into a mosque was when he was brought to New York in '93 for negotiations with Karadzic. He visited a Mosque in New York. These are not religious people.

Q: I had an interpreter who had been a captain in the Bosnian army when I was doing election monitoring in Bosnia. I asked him what his background was and he said he was a Muslim. I said, "When was the last time you have been in a mosque?" He said, "Well, I never have been in a mosque." As we were sitting there eating…

SCHWERING: Grilled pork and…

Q: And drinking beer. Right.

SCHWERING: Not Schlibovitz?

Q: No, beer, good piwo.

SCHWERING: They literally used to laugh at those crazy Muslims in the Middle East.

I was brought on board in June of '92 by a group of Yugoslav experts both on the desk and in INR who heard that I had landed in town. Apparently, I had a really good reputation from my tour in Yugoslavia. There had been 20 or 30 bidders on this political analyst position in INR for Yugoslavia. INR had rejected all of them. When I hit town, they put me in the job. I didn't know it was such a hotly sought after position until later. But it turns out I was perfectly suited for the job. Politics is easy. I mean, if you can read a newspaper and can think, you can do political reporting. Most people don't realize that it is the only cone in the Foreign Service that requires no special knowledge or training.

Economics requires a great deal. In Consular, we administer laws and it requires very specific training. In Admin, of course, you have to learn all the regulations. It just never ceased to amaze me how Political officers are considered the elite cone, and yet they are the least…

Q: Well, it goes back to academia and all that.

SCHWERING: It goes back to what we used to do, which was mostly political.

Q: Well, you were there from when to when?

SCHWERING: I agreed to a two-year tour. Man, was it wild. I have never seen inter-agency fighting like that.

Q: This would be '92 to '94?

SCHWERING: Yes. However, I only worked from June of '92 to September of '93 as the political analyst. This was the key period of the war in Bosnia.

Q: Let's talk about that period. In the first place, where did INR fit in in all of this?

SCHWERING: One of the most interesting things was that in those days you had the Secretary's morning summary. That is like a little in-house newspaper for the Secretary of State. It is produced 365 days a year by INR. They would pick 11 to 13 of the most important things going on in the world to put in what we called, "the front of the book." The back of the book, or BOBS, were one or two longer analytical pieces, but never longer than a page. This was really a sound bite summary, but it was very good. This is what INR did.

All this time from '91 to '95, we didn't want to get involved in Yugoslavia. Our policy, believe it or not, was that we had no strategic interest in it. For some reason, all the time I was in INR, it was the lead article in the Secretary's morning summary even though we were not doing anything with regard to it. I think that for the 13 or 14 months that I was a political analyst, the reporting in Bosnia and Yugoslavia was not the lead article in the Secretary's morning summary. That is the interest it garnered in Washington over even the breakup of the Soviet Union. What was happening therein did not carry the weight that the Bosnia issue did. I still don't understand why.

It ended up being three of us. We worked as a team. There was me, the political analyst. There was the political-military analyst, Paula Pickering, and there was our refugee and relief guy, Lee Schwartz. Lee and Paula were Civil Service. They were permanent INR people. The three of us would put together the piece every single day. It got to the point where the editors of the Secretary's morning summary didn't even touch our stuff. We tried to minimize what we put in there. This was a very short summary of everything that went on everywhere in the former Yugoslavia from relief to battles to secret negotiations – you name it.

Every now and then we would be ordered to cut back because the three of us would put all the info together in one article. Then we would start getting complaints. The editors told us they would get complaints from the seventh floor that they weren't getting enough information. Then, we would be allowed to put a lot more in. After a few months the editors just let us do our thing. If you go back and look at it, it is the most accurate reporting on the war. It was much better than the CIA's frankly; and DIA's (Defense Intelligence Agency) was awful.

Q: Where were you getting your information?

SCHWERING: From all sources. The INR is on line with other agencies. It gets all State traffic and almost all of the intelligence reporting of the military. It had a unique, dedicated, highly secure computer system that was eons ahead of the rest of the State Department. I would go through 800-1000 documents, intelligence reports, a day. Actually, the press was one of our best sources.

Q: You were getting what the CIA had, weren't you?

SCHWERING: Not just CIA, but all intelligence.

Q: Yes. Did you feel what was coming out was one, timely and two, pertinent or not?

SCHWERING: From the agency? Well, you have to remember we didn't have any people on the ground in Bosnia. I forget when we had to shut our embassy. That was probably in '94-'95. Dick Miles was the chargé then. We had people in Croatia, Serbia and everywhere else. However, in Bosnia, we only had a USIA office there and that was shut down when the fighting began.

The United States refused to join the UN troops in Bosnia because the policy of the United States government was that it would never put its military under the command of a non-American and being under the command of the UN was considered being under the command of a non-American. I believe we have since changed that policy; we did with Macedonia. What you had was UNPROFOR (United Nations Protection Force) in Bosnia. What UN troops there were there in Croatia. In fact, outside of our embassy in Croatia and Serbia, we had no troops on the ground. We were not in the UN operations. I don't think we even participated in UN observer missions.

This was the way I characterized what we had handed over to the Europeans; it was their fight. We had taken on Iraq in '90-'91. What we did when Yugoslavia started breaking up was to say to the Europeans, "Okay, this time we will hold your coat. You go in and do it." We literally sat back. We didn't want to get involved. President Clinton went there and said the American people would never support our getting involved in Yugoslavia. So we were not involved. We had no one on the ground doing any reporting. So it wasn't really a question of what the CIA could come up with. It was an embassy in Croatia

interviewing refugees who had gotten out of Bosnia and refugees in Germany who were largely debriefed.

Q: I suppose news accounts too.

SCHWERING: That's right. News accounts were the best. That point plus other kinds of technical intelligence we could pick up. Those were our main sources. Plus anything we could convince our allies to share with us. But, we weren't involved.

Q: So, we had this policy of, 'we are not involved.' Jim Baker's "We don't have a dog in that fight" was well known.

SCHWERING: This amazed me. It was INR's, yet it was the lead article in the Secretary's morning summary.

Q: Now we are talking about the Clinton administration. Secretary of State Warren Christopher. What were we saying? You all were reporting stuff, but were you indirectly developing a pushing forward of something we should probably do or not?

SCHWERING: No. One of the most important things about intelligence in the U.S. government is that when you are in intelligence, you are absolutely to stay out of policy. Your job is to report, 'the facts and nothing but the facts Ma'am,' and that is what we did. Actually, it made the job easy. We were very accurate. I was very careful.

As you know, Yugoslavia is one of those countries you really have to have served in if you want to report on it. You are not going to 'get' that country unless you have been there. I had been there in three different capacities and spoke the language very well. Reports from the country didn't start pouring in until 3:00 in the afternoon. This is logical when you consider the time difference of six hours, and journalists on the ground only filing news reports at the end of the day in Yugoslavia and the amount of time it took to get those reports on the wires. I got an exemption from coming in early (which isn't my nature anyway), because we were always working until 10:00 or 11:00 at night, and weekends too. Often, when I was on duty, I would go to work twelve days in a row. I never got any compensation for that. It was exhausting, but it was fun. Paula and Lee and I would compete. Our rule became, 'last person to get their piece in to the daily summary for the secretary was the one who had to put all three pieces together, edit and make it go smoothly.' As a result, each of us tried to get out of there as soon as possible. We were a great team. We trusted each other. It was just an amazing cooperation. We all agreed on the analysis, and we had the facts straight for the Secretary of State.

Q: Well, among yourselves when you were looking at this, did you reach a consensus that it seemed that the UN operation and the European operation just couldn't do it?

SCHWERING: Well, the UN operation was a disaster. When they named that Japanese official as head, my thoughts were that you could not put a Japanese person in a situation like that. Culturally he would be unable to bring peace as they believe in compromise. It

is a wonderful culture, but does not produce the type of person that is going to take a Croat or a Serb by the necktie and yank him and say, "You will do this." It didn't lead to anything – let me put it that way. It was really the UN that was in the lead. Because we weren't participating in UN peacekeeping forces or in their observer missions, we really had no handle in it.

The official view in the U.S. was all sides are bad. However, we knew that wasn't true in the intelligence community. At the same time, I have never worked on Yugoslavia where it didn't lead to the Balkanization of the office where I worked. After the country broke up, Slovenia and Croatia were handed off to a colleague of mine, while I continued to handle Serbia, Bosnia and, during the war, the rest of the country. Huge fights would break out in INR because people became partisan for the countries they covered. The analyst for Croatia and Slovenia, who incidentally had no experience in the country, would come out with these pieces that I would refuse to clear and visa versa. He would believe what the Croats said, and if there is one thing you have to know about that country it is you can't believe what anybody says. Also, the DIA reporting out of Serbia was awful.

Q: Were you there when the horror stories came back?

SCHWERING: Oh, yes.

Q: The horror stories resulted in the well publicized resignation of three officers, who interestingly enough had never served in the area.

SCHWERING: That is what I said. Working on this county leads to the Balkanization of the office. It got worse. Somebody leaked a classified paper. It wasn't us. While I figured it was someone in AID, the main source of leaks anytime they happened were the White House and the military. INR never leaked, nor did the desk. So this paper on assistance got out somehow. It wasn't a terribly sensitive paper. At that point, Ralph Johnson was the principal deputy assistant secretary in the European Bureau. He is an economic officer, and really quite good in general. However, he didn't seem, in my view to be performing that well at this time in EUR. So, at some point, the front office of EUR called in the entire Yugoslav desk, accused them of having supplied this leak, and told them that from there on in they would have nothing to do with policy in Yugoslavia. I forget what year that was – '93 or '94.

These were all innocent people. One of them was Janet Bogue, who later became an ambassador to a central Asian state. Another was Anna Borg, who is now a deputy assistant secretary of state in EB. These were really good people. One of the things about Yugoslavia from '89 on is that that office had had its pick of Foreign Service officers. It only had the best. It was just devastating to be treated like children, and to be told EUR knew they had leaked – which, in fact, they hadn't. There had been no investigation and they were cut off from formulating policy. It was taken up to the front office. Janet Bogue, who was the political desk officer, said the White House then dumped all of its unanswered mail on the desk, and said answer them. These were thousands of letters they

had never gotten around to answering. That is what the desk officers were relegated to doing for awhile. It was appalling.

But, as I said, you work on Yugoslavia and it is going to break up the office you work in. I found that later, too. Every time I worked on it, huge fights would break out, because as you know, the Yugoslavs are very engaging people. You like them; you want to believe them.

Q: I found this during this time here in the job I have. Friends of mine who are old Yugoslav hands come in and try to tell me that the Serbs aren't really guilty of stuff.

SCHWERING: They are still telling you that?

Q: Yes. These were guys who were Yugoslav hands. I had been a Yugoslav hand and I had served five years in Serbia, but boy, I just felt they were doing the dirty and they were the basic villains in the thing. Tudjman and the Croatians had their part too.

SCHWERING: They were.

Q: Was there a sense of frustration or something about, "God, we really have got to go in there?" Warren Zimmerman, our former ambassador there, later said that a whiff of grape shot at a certain point could probably have stopped something.

SCHWERING: Stopped it. Yes, that is true, and I agree. You have to understand he changed his policy 180 degrees during his tenure there. He initially said we shouldn't get involved; as there was no problem. Then, later he said, "Whoops. We should have gotten involved."

Q: I think we all thought that the Europeans said that was a European matter; and that they would take care of it. I think there was a great sigh of relief everywhere when we got involved.

SCHWERING: Well, yes and no. The European attitude toward the Balkans hasn't changed in a couple of centuries. My impression is again that they didn't go in, and it was the UN that went in. The Europeans sort of had this shrug of the shoulders approach that, "This is the Balkans. They are always falling on each other. What do you expect?" I don't think they had any great hope of solving it. However, we pushed them a lot to solve it. We had the Dayton negotiations and all these other things going on. It was very complicated.

Q: Well, what happened? Was there any talk about resigning or protesting the slap on the hand you all got or anything else within INR?

SCHWERING: No. It is one of the few times I felt I was really doing something good. When you think about it, I usually prefer to be in the action. But somebody had to be doing the job we were doing which was getting the facts to the policy makers. I don't

think you could have found a better team than the three of us. I knew the country, and the other two were very precise, very factual. We did not try and skew anything in any way. We weren't getting any reporting out of Bosnia in early '92, because the focus was still on Croatia. Peace keepers sent to stop the fighting in Croatia had only arrived in January in '92.

Q: Vukovar and that area.

SCHWERING: Yes. As a result of that, Tudjman kicked most of the Serbs out of Croatia. That is when all of the foreign policy apparatus in Europe and the U.S. were focused on Croatia. The Serbs, in effect, took advantage of that by starting to ethnically cleanse eastern Bosnia. We didn't see that until March or April, we began to realize. Well, for a couple of months, the Serbs had been killing and driving non-Serbs out. This information only started dribbling out. I was not on the job until June, and it was in the summer that the scope of what the Serbs had done in Bosnia really began to come out. I literally thought to myself, "If this is what I suspect it might be, I am going to make sure this government never says it didn't know what was going on." What I did from then on in was just try and get the facts and report them. Only once, in August of '92, when the horrific stories really hit the fan, the Serbs had set up these concentration camps of Bosnian Muslim men, and we first began getting the photographs and reporting in the summer, that the State Department was challenged at a press conference when they were asked, "Did the U.S. government know this ethnic cleansing and murdering was going on and what have you done about it?" Of course, the seventh floor came screaming to INR saying, "Have you been reporting on this or anything?" And all we had to do was just pick up all the secretary's morning summaries and wave it in their faces, because I had made sure as soon as I could confirm something on the ethnic cleaning that it was in the morning summary. And I never put anything in there that wasn't confirmed. I think that maybe I made two mistakes the whole 14 months I was on the job. I made sure the administration could never say it didn't know there was ethnic cleansing. I didn't want a repeat of WWII. We succeeded. It was important.

Q: Well, did you at any point get somebody from say the Secretary or something say, "Oh, this is too gruesome!"? You know, you are telling us about the massacres, the rapes, the expulsions and all. I mean it was pretty gruesome. Were you getting any people saying, "This isn't good breakfast reading for the Secretary or can't you tell us something nice?"

SCHWERING: No. INR is actually part of the intelligence community, not part of State. No, the job of the intelligence analyst is to tell it as it is. There is no policy, no spin. And I can tell you, INR is independent. It would not allow spin, but we never got any pressure, none. We were considered well around town. We did more accurate reporting than the agency. My theory about that is they have got so many people on each country they have broken it down so much that no analyst has the overall picture. INR has so few people. I was covering every aspect except military and relief. The economics, the political infighting, the contacts of Serbia and of the others with other countries, the sanctions issue and whether the Serbs were breaking it, and financial hanky panky. You

name it; I was covering it. CIA, however, have bureaus for each aspect. You have a lot of young analysts over at CIA who have no experience and can't really assess any issue.

Q: Also, there is a layering process which tends to lead to modifications. Each time you go up, you qualify. It just happens in any organization.

SCHWERING: This is what I loved about INR. I just loved that. It is the only place in the State Department you can be honest. Our boss, the office director, might look at our stuff. However, basically, the rule in INR is the analyst is the one who knows. Our stuff in the Secretary's Morning Summary was never changed by anyone above us. The only person who would have changed it was the office director. But, as I said, they trusted us. We put the stuff together long after everyone had left and then put it into the editors who work overnight. But no, there was absolutely no pressure.

Now, we would also be asked to do memos from time to time. At times, people would try to put a political angle on those, or literally change the facts. So, when it would happen to me it was because of people who knew that as you say, "the rest of the building didn't want to hear the bad. They just wanted to hear the good." I had some deputy assistant secretaries do that and send back the changed memo. And it would often be factually wrong. I would re-write it the way it should be. If I could accommodate their view, I would, but if I couldn't, I sent it back altered to what it should be. If they changed it again and sent it back to me, I would take my name off the piece, put their name on it and do what they wanted. But my name never went on anything I didn't agree with. Maybe that is why I had such a good reputation. But that is the only thing to do; I will do what my boss wants me to, but my name is not going on it.

Q: While you were there, were you seeing any change in thought among your colleagues in the bureau or anything else? There were incidents, for example, when the Dutch were forced to stand by in Srebrenica, and there was the so-called 'market place massacre' and all. Was that all during your watch?

SCHWERING: Yep.

Q: Things began to change.

SCHWERING: Let me take that back. It was August or September of '93. I was getting elbowed out of the way by my immediate supervisor, who wanted all the glory. When I was invited to a meeting, he would take the message and go to the meeting and never tell me. I wasn't going to put up with that because I was doing all the work. So, I switched positions and became director of Southern Europe. I had analysts under me. I handled Greece, but I also supervised the analysts on Spain, Portugal, Cyprus, Turkey.

Q: Well, when did this happen?

SCHWERING: This was August of '93. However, in the European office in INR, we all had to rotate to do the weekend duty on Yugoslavia. Again, it wasn't just European

issues. However, mostly everybody worked Saturday and Sunday to do the reporting for the Secretary's morning summary on Yugoslavia. So, of course, I would skim through that every day. I could do that fast, so I continued to report, but not as frequently – not every day. So, I still followed it. Remember, we had no one on the ground. You have to have people on the ground to get signals. The Dutch had low battery power as I have read since; they couldn't even communicate with their own government. This is another one of those stories that only kind of leaked out over time.

We thought something was going on, but until we went back and looked at other kinds of intelligence, like imagery (you have to know what to look for) we did not know this was happening. In fact, the official view of the State Department was the Serbs would not go after Srebrenica or Gorazde. There were five UN protected areas in eastern Bosnia that were set up in '92 and UN troops were in each. They were in Srebrenica. I can't remember if they were in Gorazde. But, unbeknownst to us, the Serbs first took over the top two northern most small ones of these.

That is the point at which the U.S. really started pressing the EU, Serbs, Croats and Bosnians to sit down and negotiate. Things sort of hit a little bit of a stalemate at that point. I think this may be when Secretary Vance got involved with Lord David Owen to negotiate. At some point we started stepping in, I think this was before '95, and it was just to urge the parties to negotiate.

Paula and I and everybody, including INR and every intelligence agency, thought the Serbs would stop there and they wouldn't dare take on Srebrenica, which had a Dutch peacekeeping contingent. However, Paul Pickering and I sat there and said, "Well, why wouldn't they?" If they can take over the whole of Eastern Bosnia, why would they be content to leave these pockets? In other words, neither of us said they were going to do it, but neither of us could see any reason for them not to try and take over these last pockets. Indeed, Paul and I turned out to be correct.

At this point, we were contacted by the Dutch who wanted to see what we knew. [There is this professor at the Dutch institute for war studies or something. He has written a book on Srebrenica.] Nobody, even the Dutch, knew what was happening until after it happened. In true Serb style, it appears, now, after the fact, that General Mladic, the Bosnian Serb general, didn't even decide to take Srebrenica until a couple or three days beforehand. That is pretty typical; Serbs don't tend to plan ahead. So nobody really had any warning. Nobody knew. However, the U.S. administration was absolutely shocked, shocked that the Bosnian Serbs took that over.

That is when we began to get serious. Actually, I wasn't involved in the negotiations; that is when they brought Holbrooke in. I am pretty sure there was some effort to do a trading off of territories, like we will give the Serbs Gorazde in Bosnia if they will give us back the eastern part of Sarajevo or something. Anyway, that is when the Dayton negotiations took place. Actually, that was '95. But, as I said, everybody was kind of at a stalemate. Several incidents made the U.S. get serious. First, Srebrenica happened. One of the cars carrying some of the high level officials we had sent to Sarajevo drove off a mountain top

and the officials were killed. And finally, the Bosnian Serbs took some UN peace keepers hostage, and chained them to likely military targets for NATO planes. Those all happened in the summer of '95, and that is when the U.S. said, "We have had enough; we are going there." At that point, everybody realized that the fighting probably wasn't going to stop. Negotiations had been going on for over two years and had gotten nowhere. So, we got involved.

Q: You mentioned imagery. You have to have somebody who knows how to use the stuff, don't you? Was Imagery part of your portfolio?

SCHWERING: Well, we would get write-ups of what was seen, and then on occasion some was physically sent over. But that is more of a military need.

Q: I was just thinking…

SCHWERING: On the other hand, it was how we subsequently found some sites of atrocities. But, as I say, you have to know where to look. Without other types of information that point one to particular coordinates or areas, what you see are just huge reams of images coming in from all sources, all day long. The intel community can't possibly look at every square inch, so they look at where they think they are going to find something.

Q: Were you getting information from our allies, the French, the Dutch, the British, and others who were in there. Was this part of our resources?

SCHWERING: Well, they were in there under the UN, and of course, we got UN reporting as we were a member of the UN. That is not classified or anything. Let me just say that there is always somewhat of a cooperation with any ally, and even non-allies, so there was no change in that regard. This did not include the French, who were not very cooperative.

Q: Well yeah, the French at one point…

SCHWERING: Yes, they were partly to blame.

Q: … they got someone like the vice president of Bosnia or something was shot inside a French vehicle.

SCHWERING: No, it was a UN vehicle. It was an armored APC (armored personnel carrier).

Q: I thought it was French troops who were there.

SCHWERING: I can't remember.

Q: Yes, it was the French.

SCHWERING: That is quite possible. What happened, if I recall this particular incident correctly, was this APC carrying some government officials was traveling through Sarajevo, and Bosnian Serbs stopped the vehicle and said, "We want to look inside." Whoever the UN troops were with the vehicle said, "Sure," and opened the door. The Serbs leaned in and shot the guy. That was stupid.

There is something else that has come out. The main problem was that some of the first UN peacekeeping troops in Sarajevo were Nigerian, Ukrainian, and Nepalese, among others. These were awful UN troops. They did not do anything to protect the city. The first thing they did was set up a black market in prostitution. APCs were used for smuggling stuff in and out. The human trafficking thing that is such a big issue now started there, and it was awful. It was UN troops that set it up and profited from it. We were sitting there in INR getting good information about these awful things that were going on, UN money that was being stolen by peacekeeping troops and stuff like that. INR couldn't get this out. Even when we did get involved, the administration, and particularly the U.S. military, just didn't want to hear about it.

Q: Did you get any feedback, say from international organizations, IO, which is the UN desk st the State Department. Did they get unhappy if you reported things that cast aspersions on the conduct of UN forces?

SCHWERING: We didn't know. Whatever we wrote up at the morning summary, or memos, or whatever else went out in paper to these other offices for them to read. We rarely had face-to-face interaction.

No, nobody reacted unhappily, because they realized that was how they were to find out what was really going on, as opposed to very biased reporting out of Croatia for a good part of this time, from our – I don't know if it was an embassy or a consulate then in '92.

Q: An embassy. This was Peter Galbraith.

SCHWERING: No, it was before him. Before him, it was a State Department officer. We got our first knowledge of atrocities from people who had gotten out of the country, women who had been raped or had family members killed or men who had escaped. It was our embassy in Croatia which started debriefing a lot of these. Our first 800 interviews were out of there. Well, the chargé there, whose name I can't remember, didn't believe these stories. He would literally often add a paragraph to the end of some horrific rape and torture story saying, "Yeah, but she says this. No one witnessed it, you know. Maybe it is true, but probably it is not." It was so bad. I was at the Yugoslav office desk once, when the deputy director picked up the phone and just really reamed out the chargé in Zagreb, because he didn't want to believe this was going on.

So, you really had to know which post's reporting you could trust. A lot of times you couldn't trust it. The Serb military, particularly in Belgrade, had our military absolutely bamboozled. We would get all these DIA reports coming in saying Serb General so and

so told me that they are not in fact bombing that part of Bosnia and they don't have any troops in that part of Bosnia and the Bosnian Serbs didn't do this. I mean it is like the DIA lacked the perspective and analytical gene. Maybe that is what DIA reporting is supposed to be. But, when we got our first general in there who was General Clark, General Mladic bamboozled him, took him up to Banja Luka. They posed for pictures with each other's hats on and gave each other pistols as gifts. I mean the reporting…

Q: This was Wesley Clark.

SCHWERING: General Wesley Clark. The reporting on that very first visit to Sarajevo by his staff and stuff was so pro Serb it just stunned us. Of course, that eventually changed, but I can tell you General Clark was not popular in INR at that point in time. But the Serbs could do that, and they had the French on their side the whole time. I think I pointed this out before, but what most people don't realize is the last nation to help the Serbs in their battle against the Turks and you know whoever, were the French. There is a monument to the French from WWI in the main park in Belgrade, Kalemegdan.

They don't have a statue to the Soviets. The Russians, as I said before, refused to help them in their battle for independence from the Ottoman Turks. However, the French helped them out. The Serbs are actually not close to the Greeks – that is a myth. They aren't close to the Russians. They are close to the French. Unfortunately when the UN divided up Bosnia into spheres of influence for the purposes of easier management, they gave the Serbian part of Bosnia to the French because of this connection. They should have realized the French could not be objective.

Q: And the French have Mladic, and Karadzic are still going strong somewhere.

SCHWERING: Oh yeah. In fact, after '95 we suspect the French of leaking some key intelligence, and tipping off the Bosnian Serbs about some actions such as an overflight that NATO might take

That is the way we did start participating. NATO would fly over Yugoslavia and do AWAC surveys in '93-'94.

Q: Well, then you moved in INR over to…

SCHWERING: Southern Europe.

Q: From when to when?

SCHWERING: August of '93 to May or June of '94. Luckily, I had served in Turkey. This is an area where we differed from the agency. Turkey, at this point, was going through what looked like an Islamic revival. If you have ever served in Turkey, you know there is really no danger of that. Several times, almost every ten years, the Turkish military had taken over the government to settle down whatever problem was in the country. They are a very big supporter of the Ataturk Constitution, which is secular and

egalitarian; it absolutely is. The military had always been the guarantor of that in Turkey. Yes, there was an Islamic party coming to the fore, and it won some significant elections, but it didn't win them on the basis of Islam, really. After my departure from Turkey and later INR, that particular party ended up being banned by a subsequent government, because it was becoming religious.

However, as I recall, the CIA was absolutely convinced that there was going to be a religious takeover of Turkey. Again, these were analysts who had never served there and didn't know anything about it. So, we had a few battles there. Also, they were convinced the Turks were supporting the Bosnians.

We did start seeing these jihadists in Bosnia from the Middle East come in. There was always a view, generally around Washington and the U.S. public, that there were far more of them than we in the entire intelligence community could ever find. I forget what our numbers were. We guessed at most there were maybe over 1000 foreign fighters who came into the country, but this was not all at one time. But, what was really funny was to see the culture clash, because these were 'real' Muslims. Every now and then we would pick up some sort of an interview or something where they would say, "These Bosnians they don't know religion. I mean it is crazy. They drink; they do this; they do that." In the end, Izetbegovic had all of these foreign fighters, the ones who did the beheading and stuff, put into a particular division. He gathered them all together finally, because they were just a headache for Bosnia.

Bosnia had plenty of men. When the war started, it was estimated there was one gun for every five Bosnian men. What they needed were weapons and things like that, but there were sanctions on the country until we lifted them in '94-'95. So, they didn't need any foreign fighters coming in. The foreign fighters thought they were fighting for Islam, which of course the Bosnians weren't.

People forget the Bosnian government to the end was multi-ethnic. It always had a Serb vice president and a Croat vice president. Until mid '92, when the Croats declared their own separate community, there were Croats in Bosnia. Most Serbs had deserted the Bosnian government by May or June and then the Croats did. But still, the Bosnian government was multi ethnic to the end. People forget that.

Izetbegovic put these foreign fighters together in one division to keep control of them and get them out of harm's way and to keep them from bothering the rest of Bosnia. That, for some reason, isn't very recognized. It was called the 7th Muslim Division or something or other, and they were such a headache. People also forget there were no communications. The official government areas of Bosnia were scattered about Bosnia, you know, like the UN protected areas. There was Sarajevo; there were parts in the northwest and stuff, but there were no communications – no telephone, nothing else, so the government really couldn't control anything. It didn't have communications and couldn't control these fighters as they didn't know where they were half the time, most of the time. So it was really disorganized, and people like to blame the Bosnian government for a lot, and don't realize it was like living in a cave. They had no way of getting information, either, except

by word of mouth, and Sarajevo had spent years being surrounded by the Serbs. So, people would either go into the mountains at night on foot or they dug this tunnel from the airport to the other side of the mountains surrounding Sarajevo as their main way of getting in and out. But, word of mouth was basically the only way the government of Sarajevo could get any information. I am not even sure they had radios. They may have had some short wave radios.

Q: Again, was there a feeling of frustration among you all?

SCHWERING: The infighting got to a level I had never seen before nor since. When a decision paper was to be sent up to the Secretary of State, each policy bureau was so dead set on their position it got to the point where they wouldn't clear the paper. It got to the point where the assistant secretaries were editing their sections of the paper. They would do split memos to go onto the end where you know, one bureau is saying we must lift sanctions, arms sanctions, and another bureau would be totally opposed to it. These papers would go up like that.

I will never forget one. You know the rule was in those days that any paper going to the Secretary of State should not be longer than two pages. I still remember Anna Borek, who had been lent to the Yugoslav desk, and worked with Janet Bogue, the senior desk officer. She was trying to coordinate one of these papers once. It was 25 pages long. She couldn't get anybody in the building to clear on the whole thing. She just laughed as she attached a cover sheet and sent it up to the Secretary's office. It was just the most fraught issue I have ever seen.

Q: The Balkans do that to you.

SCHWERING: That is what I am saying. You work on the Balkans; it Balkanizes the office in which you were working.

Q: I spent nine years there. Four years in Greece. They are part of it.

SCHWERING: They are worse than the Serbs in my view.

Q: Oh, I think they are.

SCHWERING: I mean, here every Greek I meet gets into politics. My dentist now is Greek, and one of the first things he got into when he found out I was in the State Department was Macedonia. Look I don't want to discuss this, but he said ex-President Clinton apologized for the U.S. overthrowing the Greek government in 1974. Well, first of all, Clinton wouldn't know anything about it. I don't know what this guy's source was, but it is a typical Greek comment. He probably heard it on the grapevine. It just drives me nuts.

Q: I was wondering maybe this would be a good place to stop. We will pick this up the next time. Are there any other issues in southern Europe you want to talk about?

SCHWERING: No, it was just Turkey. Greece was beginning to have real problems with Albania. This was after Enver Hoxha had died I think. Albania was also going through a transition, so Greece, for some unknown reason, was feeling threatened by both Albania and Macedonia, and was lobbying the U.S. government heavily and succeeded. Particularly, Senator Sarbanes had lunch with Secretary Christopher, and convinced him not to recognize Macedonia. The U.S. was trying to decide and that was the decisive point. Macedonia was the second to last to secede from the former Yugoslavia. We were trying to decide whether or not to recognize it. Because of Sarbanes and pressure from the Greek community in the United States. We officially recognize it as the former Yugoslav Republic of Macedonia, FYROM, and that was its official name. I don't know if we have changed it yet.

It was just amazing to see. The Greeks were just ballistic. Now, I was working on Macedonia at the time, and as I recall, Macedonia, when they finally seceded from Serbia, had all of five tanks, only one of which was working. Actually, the Serbs made a fifth column effort in Macedonia. It failed. They tried to get the few Serbs in Macedonia to rebel against the Macedonian government, which was what they had succeeded in doing in Bosnia. It didn't go anywhere.

Q: Okay. Well, we will pick this up here. Is there something you would like to add about Turkey or Greece? Did you have Italy too?

SCHWERING: Technically. That was business as usual.

Q: So we will pick this up, where did you go after that?

SCHWERING: Well, then I joined the staff of the Yugoslav War Crimes Tribunal, but that is another, quite complex story.

Q: We will do that.

Today is November 10, 2005. Katherine, we have a complex story, so start complexing. Give the dates first.

SCHWERING: Some if it I can't go into. When I was working in INR as an analyst, and the stories of the atrocities in Bosnia started coming out, the UN set up a commission to try and determine if this was true. It was called the Bassiouni Commission. I believe that it was in the fall of '92. By '93, this commission had issued a report saying, "Yes, indeed, there were atrocities going on in Bosnia," and recommended that an international tribunal be set up to try the perpetrators. So I think in '93, somewhere in there, the UN voted to set up a tribunal. By the spring of '94, they had started to do so. They had selected The Hague as the location. The UN had rented a building for the tribunal.

The moving force behind this tribunal was the U.S. government and Madeleine Albright. It was David Scheffer and Jim O'Brien. David was a staffer to Madeleine, but he is a

lawyer, and Jim O'Brien was in our legal department. They, and a lot of others in the Department, really pushed the UN. They got some imagery of atrocities, particularly piles of bodies and moved earth in Bosnia. They got that released by the intelligence community to show UN members. This imagery has since been released publicly.

So the UN voted to set up the tribunal. At the same time, Jim O'Brien and others within the State Department were pushing to establish some State Department positions within the tribunal. In the end, the Director General agreed to create six full-time positions to support the tribunal. Since I was facing reassignment in '94 from INR, where I was division chief for southern Europe, and I was medically restricted to Washington, but also because I had been on the intelligence watch during the time of the atrocities, and I knew literally where the bodies were buried, I, with the support of others, lobbied for one of these positions. What ended up is the director general agreed to place five of them overseas at the tribunal, but, they agreed to let me have the sixth position in Washington. We needed that anyway to see how the State Department could support the tribunal with the information we had and I was best placed to do that and to know what could be released and what couldn't.

There were three or four Foreign Service officers assigned to the tribunal in various staff positions. Eventually they went over I think, in the fall of '94. We had one lawyer from L (Bureau of Legal Affairs) who was sent over as well. The difficulty was that no bureau would accept my position in Washington. INR would not put me on their staff. Yet that is where I needed to work. We had all source information there. The idea was that to the extent I could, I would work with the intelligence community to supply information. I have to tell you, my impression is the intelligence community was really pushed hard for this. I don't know what happened. I believe they went into courts and changed laws about intelligence sharing. It was amazing how supportive they were. They had done a lot to support the Bassiouni Commission by looking to see what information could be cleared for release. But INR, the State Department, would not support my position in any way, shape, or form.

Q: Well, I would have thought that as this whole thing was coming from Madeleine Albright it would have been different. Did you have somebody who knew how Madeleine Albright felt, and could get to her to say that this is what they were doing.

SCHWERING: Yes. But there is no question that this was, as I said, the premier issue in the Department. The Secretary's morning summary was still making it one of the first items on their daily report. But other bureaus can't push a particular bureau. I forget right now why INR did not want to support me, but it was clear that is where the position is going to work. The executive director of the bureau called me in twice to say that under no circumstances would INR support me. And the principal deputy assistant secretary also called me in to tell me that under no circumstances would INR support me. It was just unbelievable. I just personally set out to make this happen, the position was official by the Director General. So, somehow or other, I think it was with the help of L, the legal advisors' office and others, we convinced IO/EX to hold my position for a year. These

were Y positions, which were good for one year at a time and they couldn't exist for more than two years, because the Department did not want to create permanent positions.

This was also during the Gore reduction in government. I hate the word 'downsizing.' INR had already cut 10% of their personnel before that, as our assistant secretary, Toby Gati, who was a political appointee, thought she would be a good soldier and, seeing what was coming, cut INR. Well, what happened was when the official orders came down from the White House for the budget to be cut, INR was cut again, and Toby Gati was taken by surprise. She said, "I already did my part." She didn't understand Washington. INR was cut to the bone, which is one reason they didn't want to take the position.

Oddly enough, my position was placed with the International Organizations Bureau and in their administrative side, EX. However, I continued to work in INR. Now, I didn't have an office. I didn't even have a chair. I just went around. I floated anywhere I could get on a secure computer system I would sign on to. What was very interesting was that under intelligence community rules, I should have lost all of my clearances because I was no longer in INR. But for some reason, the CIA and everybody else, including the most secret intelligence community organizations seemed to waive all of those rules because they did not want to have any direct contact with the tribunal. However, nor would the tribunal ever want to have direct contact with a U.S. intelligence agency as you know what that would say internationally, that we control what was going on.

So, here I am in State, and I just informally evolved into the liaison between all source agencies and the tribunal. It was a matter of building up trust. As I said, it was very complicated. I got tremendous support. Don't ask me why or what decisions were made at other agencies, but I could pick up the phone and call any agency and they supported me. They would get back to me within an hour with whatever I requested. I began traveling although I had no travel money, because IO/EX would not support travel. Nobody would support this position. So, somehow or other, someone arranged for the embassy in The Hague to pick up my travel. But apparently the embassy didn't know this. So, in May of '94, I made my first trip, literally with all sorts of unclassified information, INR maps of Bosnia – anything that I thought could help the tribunal. The tribunal at that point only had two employees– an Australian who had been designated as the deputy prosecutor until the UN selected a prosecutor, and his secretary. I made four or five trips to The Hague between May of '94 and May of '95, before the embassy in The Hague discovered that somebody had arranged for my travel to be paid by them, and I was cut off. I never traveled to The Hague again, because no one would pay for it.

Yet, through my early travel, I built very good relations with the deputy prosecutor. When they selected Richard Goldstone, the South African who became the first chief prosecutor of the tribunal, I went over and told them my role.

I worked with the embassy to see what we could do to provide sensitive or lead information to the tribunal. We had a legal advisor in The Hague because the International Court of Justice and the Iran tribunal is there. So, I went to the legal office

of the embassy in The Hague and convinced them to set up a file cabinet for anything we might send that had to stay in the embassy. I literally provided the very first information they had to go on.

Now, the tribunal was purely a law enforcement agency. They hired from all over the world eventually, but to get the tribunal up and going starting in the fall of '94, the U.S. government sent about 22 people. They sent military lawyers who were prosecutors, as well as FBI lawyers and investigators. We had the six people from the State Department.

Q: Well, forensic people I would imagine.

SCHWERING: Not yet, no. This was the first step in staffing it, because we wanted to get it up and going. Now, it turned out that at that point, the UN administrative types were not in favor of the tribunal and refused to provide money. They were not even paying the salaries. All of these U.S. officials were seconded and paid for by the U.S. government. We were the very first people to be put on the prosecutor's staff. I don't think even the judges for the tribunals had been picked yet. The whole point was to get it up and going. The UN wouldn't supply computers, travel money for the tribunal, or pay for translators. Yet the tribunal was supposed to operate. There was this continuing battle between the UN in New York and the tribunal.

Q: Do you have any feel as to whether this was just pure bureaucratic business or whether there was a political motive behind this?

SCHWERING: Hard to say. It mostly expressed itself in terms of bureaucratic infighting between the tribunal and New York. There was an American official in charge of the administrative side of the UN in New York who really fought it. Our understanding was he did not think the tribunal should exist. He did everything within his power to cripple it basically. Now, that is what I heard. I don't know that for sure.

The U.S. had also appropriated some money to support the tribunal. A trust fund had been set up within the UN, because the UN wasn't willing to pay that much out of its budget to support the tribunal – not the kind of money that was going to be needed. The U.S. had the UN set up a trust fund, which is a typical operation to support a tribunal. We lobbied various governments to contribute money. Well, we either contributed a great deal of money, or we had money appropriated for it. As a result of what the UN headquarters would not support, we, the U.S., bought the entire computer system for the tribunal. We had a huge fight with the UN, because it turns out that any time you give a UN operation a donation in kind, you must pay an extra percentage, I think it was ten or fifteen percent on top of that. There is a good reason for this. If you donate an object for use in another country to the UN, then the UN has to get it to that country and there are administrative costs.

Q: Yeah, in general it made sense.

SCHWERING: A good principle. But in this case, they weren't paying a single thing, and the U.S. was paying everything, shipping, installation, etc. So there was a huge fight between our legal advisor's office and the UN that went on for months. I think we got the UN to waive that fee. They also wanted to charge the fee on our seconded officials, even though the U.S. found their housing. They were attached to the embassy for administrative purposes. We paid their salaries. But the UN again was trying to get all this money out of the U.S. This is where Jim O'Brien and L and David Schieffer and Albright's office really fought hard and won. But it was not easy.

Meanwhile, as I said, everybody who went over was law enforcement. Soon, there were also individuals from France, the Philippines and Eastern Europe. Eventually, we were expecting Russians to be assigned. Now, these people were *domestic* law enforcement. They probably couldn't have even found Bosnia on a map. They knew nothing about the UN, nothing about international relations, and absolutely nothing about the history of the war. So, I made it my mission to educate them.

And that is what I did for that first year. I took over your basic area studies course materials. I knew better than anyone else the history of the war, certainly better than anyone on the tribunal. I knew what public information was available. I introduced them to the Foreign Broadcast Information Service translations, FBIS, and cautioned them about how to select their translators, because you get tremendous bias no matter who you hire. I explained the culture to them, where they should look– just everything. It was the beginning, the grounding information that the tribunal would need to educate its prosecutors so they could do the investigations.

The cultural things were very interesting, because, as you know, in Yugoslavia there is no such thing as a contract that will hold. They always think, "…but we are friends. You don't have to provide a contract." I also explained to them that they would get a lot of rumor (and everyone knows about that type of information), and that it was very hard to get any Yugoslav to be concrete. Having dealt with them for over 20 years at that point, first as a student, then in a bank, and later as a diplomat, I really knew them. So, hopefully, I gave them their grounding. I literally brought the first maps – U.S. military maps. Later, the Dutch contributed some maps, but our maps were what they started with. It was just fascinating.

As I said, I made these trips, made good connections, and the tribunal accepted my role. This was very dicey. The prosecutor's office however, did realize that if they wanted something from the U.S. government such as forensic support, I was the number to call. So, in my position, I worked with every agency in the U.S. from INS (Immigration and Naturalization Service) to the FBI to the intelligence agencies to the military agencies. Every single agency I dealt with that first year ended up setting up a unit to support the tribunal. DIA set up a unit, as did Navy Intelligence and the Air Force. All of these agencies had to go through me. I was the sole liaison between the tribunal and the U.S. government, because our seconded people were pure tribunal staff, and were considered UN employees for this purpose. So it was absolutely fascinating.

The work was huge. I got no support from the State Department, none. No secretary, nothing. Because I had been around, I was able for example, to talk the secure fax office in INR into faxing hundreds of pages a day of FBIS translations and everything else because the tribunal didn't have access to them. They didn't have access to the internet, which was very new. At that point, actually, FBIS wasn't even published on the internet. They had just moved to CDs with FBIS translations, which was about three months old.

Q: Compact discs.

SCHWERING: Compact discs, yes. We had just gotten off tapes for storage and onto CDs. Then another issue came up. It was the very first time that FBIS had ever thought of the issue of copyright. They realized at that point that if they were supplying translations of copyrighted materials, i.e. newspaper translations mostly by foreign newspapers, or radio interviews, they didn't know if these were copyrighted or not. So, for a while, FBIS would not give any translations to the tribunal. I worked very hard with the tribunal and FBIS to get a caution put on the CDs saying, "These materials were for lead purposes only," and a policy statement that if the tribunal ever wanted to use them as evidence, they had to go back to FBIS for permission. This ended up being the pattern. The U.S. government supplied information for lead purposes only. We got stamps to that effect. Someone at the tribunal also finally programmed the tribunal's computers to put that on any FBIS page they printed out from the CDs that I brought over. Once I stopped being able to travel, I started using DHL courier services to send material. I convinced IO/EX to pay for it, because it was an international organization. They weren't happy, but I literally just worked every bureau in the State Department and agencies all over to get what I needed, and they all began to trust me. The tribunal trusted me.

At one point, I think it was May or June of '95, my last trip. I took a group of lawyers from all the agencies around town to meet with the tribunal to see what arrangements they could make to supply information to the tribunal. There was one request I had. The agency said, "We want to meet with the tribunal, but we don't want to give our names. Can you get us in?" By that point of course, the tribunal had set up physical security, passport security and everything else. My relations with the tribunal were so good, I simply placed a phone call and said, "There was a group of lawyers from all agencies, FBI, State and stuff." I did this because, again, we didn't want to leave any indication that the U.S. might be influencing the tribunal. I just made a phone call and said, "We would like to meet with you on this date. We will be in The Hague. We would like to get the people in without having to show passports or anything." It was done. It was, as far as I know, the only exception. We met with the chief prosecutor.

The prosecution trusted me. I was technically on their staff, so I worked for them, and they knew I could deliver if they had any requests. We did have one early case where they needed some forensic work on some documents to find out if they were fraudulent. They sent me the documents, and I got them to the FBI. It was that sort of thing. I was just their go-to person in the U.S. government. Absolutely fascinating.

Q: Well, in the first place, what was the thrust of these investigations? What were we looking at, at that time? Was it strictly in Bosnia? Was it against the Serbs? Were we looking at some of the other things that happened, the Croats and the Bosniaks and all that?

SCHWERING: Well, initially, the tribunal had been set up to deal with the atrocities in Bosnia, but somebody was smart enough in the State Department to make sure that the wording of the UN resolution setting up the tribunal ensured it covered areas other than Bosnia. This is how in 1999 we were able to start looking at what happened in Kosovo, Serbia, and Croatia.

Q: Ethnic cleansing and things that were happening.

SCHWERING: Yes, there was. In fact, initially, it was Croatia and Bosnia. They set up a team to look into atrocities in Croatia. But then, most of the prosecutor's office was set up to look into Bosnia. But, again, they didn't have travel money or translator money. Once again, the U.S. had to come forward once the prosecutor's office began being staffed. Jim O'Brien and Dave Scheffer convinced State to get an appropriation for the trust fund. That was what was initially used for travel and translators, as well as for the computers. It was just amazing the bureaucratic fighting you had to do.

Now one of the interesting things was that even Goldstone, a domestic judge in South Africa, like most of the tribunal people, had never heard of NATO. Many had also never heard of the EC, European Community, and the OECD (Organization for Economic Cooperation and Development). In fact, the prosecutor's office didn't know much about the UN. But, starting from '92 on, you had UN observers placed in Bosnia, along with European Community observers. I knew of this and this is the sort of thing I told the prosecutor's office. I told them they needed to get to the European Community observer mission and find out what they had, because that was public and they needed to go to the UN observer mission and get all the documents and talk to all of those people.

I also told them they needed to go to NATO, because NATO was flying over Bosnia. I think it was NATO. Yes, and we had had to make an exception for them. If I recall correctly, the NATO charter did not allow NATO to work outside of its membership, and so I believe there was a major push by the U.S. government to get an exception for them to do overflights of Bosnia. That may have been the first exception ever made by NATO to do something not of their mission. In fact, this was a UN mission.

The U.S., of course, would not supply any troops once the UN got in, in June of '92. The U.S. supplied no troops. We were never on the ground there until 1995. So the rumors kept popping up, however that the U.S. had all this information from here, there and everywhere, of course. Other nationalities would tell the chief prosecutor this. I just fought this constant battle. No, we were not on the ground. Look at who was on the ground. The French were on the ground. The Dutch were on the ground. UN peacekeeping troops were on the ground. These were the people they needed to go talk

to. You know, eventually, the prosecutor's staff began doing this and realized I was right. To the extent I could I provided them any information, I did.

One thing I remember. I'd like to indicate the kind of tremendous support I got from every U.S. government agency; because I have never seen other agencies of the U.S. government come together like this on something. Everybody – the military, the intelligence agencies – everybody wanted to do something about Bosnia, because what had gone on there had been so awful.

One day, I got a call from a prosecutor at the tribunal, who said they had been thumbing through a National Geographic magazine, and there was this tremendous photograph of Sarajevo. At this point, Sarajevo had been under siege for years by the Bosnian Serbs and nobody had really traveled there very much so nobody knew what Sarajevo looked like. The magazine said that the National Geographic photo came from the U.S. Air Force. So, could I get a copy of it?

This meant going through the United States Air Force to find out where the heck this photo had come from. Well, I did this. I got hold of a major or a colonel who was in a shop that puts together four or five different kinds satellite imagery. I don't know what type of imagery it was; it could have been satellite imagery but is was like imagery for agricultural purposes and other things and was public. They even bought some from the French. They had a digital computer program that could merge all of these imageries to create a three dimensional picture of what was on the ground. Again, this was early technology. Now, it would be nothing, but nobody had it in those days. So I called this major or colonel and I said, "The UN tribunal would like copies of this for their prosecution to make their case." This U.S. Air Force officer said, "Well, you know, they are like three or five hundred dollars a print." And I knew the tribunal didn't have this kind of money. But the U.S. Air Force officer said, "Let me see what I can do for you. How many would you like?" I said, "Probably 20, just to be sure." He called me back I think within something like one to three hours, and said, "Ok, how many would you like? No cost." Within a day or two I had 20 copies, which I DHLed to the tribunal. They were tremendously grateful.

What I would try to do was get the tribunal directly in touch with the U.S. agencies that were willing to work with them. However, the tribunal had to go through the U.S. embassy in The Hague and the embassy got quite busy as a result. Copies of anything we gave the tribunal were kept at the embassy as well. The legal officer's office ended up, I think, setting up a second position, because their legal work had expanded greatly.

Q: Were there within the State Department or elsewhere people saying, "Yes, the Serbs are being beastly, but the Croats are too."?

SCHWERING: That was our official position in INR, certainly, and I think also in the intelligence community in general. And, of course, the Bosnian desk was, "Yes, we knew for a fact that in Croatia the Serbs started it, but the Croats took revenge." Then, in Bosnia, the Serbs were the main perpetrators until mid '92, when the Croats broke off

from the Bosnian government. But we felt there was a hierarchy of bad guys. However, the Pentagon and most of the public agencies tried to argue that all sides were bad. The Pentagon didn't want to get involved. They felt this wasn't their fight. There was no public support for getting involved in Bosnia. So they fought. They fought for years to keep from getting involved.

It turns out that a lot of the refugees from Bosnia ended up in Germany. I discovered that our military services were debriefing them as practice, more than anything else. So, I would call the agencies like Navy and Air Force and DIA and get copies of these if they weren't on the internal government computer system. I was able to get anything I wanted from DIA. To protect the privacy of these victims, names and other identifying information was never given along with the debriefing report. So, of course, the tribunal, as they went over these reports and got them released would say, "Oh, we want to talk to this 34 year old carpenter from Banja Luka or something like that. However, the tribunal was hamstrung as the military did not keep a match of the interviewees with the interviews.

In May and June of '95 we were also closing most of our bases in Europe, among which was Frankfurt. I was there the last day it was open going through a lot of these interviews and getting the copies of them. But never could I get the matching list of people interviewed. It was destroyed along with all of the other documents at the base, as far as I could tell. I went all around Washington looking for it. It was terrible; it never occurred to the military to keep a separate list of who was interviewed and which interview belonged to which individual. It is just amazing they would do all that work and not keep that information. It really handicapped the tribunal. They had to track individuals down from the start. It was just awful. I was so furious. There was so much I tried to do and got no support for.

Q: You were doing this from when to when?

SCHWERING: I did this from '94 to '96. Now, what I was going to say was IO/EX, which had had my position for one year, refused to extend it, so I had to find another home bureau. It turned out to be L/EX, the legal advisor's office, and, again, I was working in INR, where I broke every rule. I shouldn't have had access to INR or the INR computers. But, again, I had good relations with the working staff in INR. As the executive director and the assistant secretary for INR did not tell the staff to cut off my access, I just worked with the computer people and everyone else to build trust. They just let me continue to have access, even though, as I said, I should have had all my clearances cut.

Q: Had our troops gone in by this time?

SCHWERING: They went in in '95, I think, after the Serbs took UN soldiers hostage and tied them to possible NATO bombing targets, and after the deputy assistant secretary and other officials fell off a mountain in Bosnia and were killed. At that point, the U.S.

reversed its position and started sending in troops. But again, it was not under the UN. I can't quite remember our arrangement.

Q: While you were doing this, were we beginning to have access to sites in Srebrenica and other places?

SCHWERING: No, because the fighting was still going on and the Serbs were not going to let us anywhere near there. When we got involved in '95, when Holbrooke came back into the picture. He had been coming and going between the private sector and the government. He was assistant secretary at this time. Everybody decided the U.S. was now taking the lead in Bosnia, because the Europeans had not been able to. We had set up two negotiators: Cyrus Vance, and Lord Owen from Britain. We had the Vance-Owen plan for Bosnia. There had been various other peace plans, and you could never get all sides to agree, so the U.S. government decided that we would literally lock all the Bosnian parties in together to see if they couldn't negotiate a peace treaty. We found this air force base in Dayton, Ohio, and that is where they were all sent in the fall of 1995.

Now, I need to go back a little. It wasn't until January of 1995, when we had that huge shutdown of the government. All of a sudden, the White House started to get interested in Bosnia. I remember I escorted the chief prosecutor when he came over for his first visit. I think he was relatively new on the job. In late '94, they had finally picked him, and then in '95, of course, he started calling on Government capitals. So, he came to the U.S. and we arranged briefings with various agencies to get him what we knew, what we could tell him. Then, we also took him over to the White House, where he met with very senior advisors.

At this point, the State Department realized, "Oh, the White House is interested!" and they 'discovered' me. All of a sudden, the principal deputy assistant secretary of INR wanted to be invited to these White House meetings and asked me to set that up and to write up a paper for INR, that would allow him to do that. My attitude was, "I am an employee of the prosecutor. I am not even assigned to INR. You would give me no support." I was already putting in 12-hour days and falling rapidly behind what I could supply the tribunal in terms of information and here they wanted to task me. No. I didn't do a single thing for them. I would have, had I had the time, but I wasn't about to all of a sudden when they would give me no support – not even a chair. I was not going to help them out. They realized they couldn't force me, and that it was of their own making. So, finally someone got me an assistant.

But it was very interesting in 1995, when the government went on strike. It didn't go on strike *per se* but Congress refused to appropriate and the government shut down. I was planning to go home and spend two weeks there, because, officially, I was a U.S. government employee assigned to the tribunal. At that point, INR told me I could not and I had to stay because there were exemptions to that shut down and they had made me one of them. They never compensated me. In fact, I had been planning to take leave as I had had no leave. I was planning to take Christmas leave and an extra week or something, and I was told I couldn't do any of that. At that point, when I was assigned to L/EX, you had

to use your annual leave up by a certain point if you are over your accumulated hours, or you lose it. That was the leave I was going to use. I had accumulated more than I could keep. L/EX told me that because I hadn't applied for leave back in October-November, I was going to lose that leave. I couldn't use it because I had to stay on the job. That would hit the deadline, even though who could have known in October-November there was going to be a government shut down. I was so furious. I had a not-quite shouting match, but I told the L/EX guy I was going to take it anyway, because even though my position was there, I reported to the tribunal. But I mean the nastiness, and, of course, the lack of support and the lack of understanding of the entire issue until the White house got involved.

Then, you know, eventually I left INR and this job in mid '96. By that point, INR had decided to bring in a deputy assistant secretary-level person, a State employee, who had been working at the CIA for a few years. They had actually set up an official shop under a bureau in INR a month before I left. They brought over this deputy assistant secretary to head it up and tried to put me under him. I was livid. I had been running the show. I had been doing everything. Don't set up the bureaucracy and just make me a worker bee.

To his credit, this DAS understood within a week or two. He was such a smart guy, and he knew the system. He agreed with me. He thought it was ridiculous. The Department needed a job for him, so they created this job for him. Since he was familiar with the intelligence community, it made sense. But I heard even him have a shouting match with the principal deputy assistant secretary in INR. Two weeks into the job, he found out there were no positions, even though a shop had been set up in INR under IO, the international organization or refugees and relief people in INR. They weren't doing anything. They didn't have the connections, and this guy found out that I had no support, that my position wasn't even held in INR. He thought it was awful too, and he started fighting for the very same things I did.

I was so glad to leave at that time, because it was such a slap in my face for INR to set up an office and not put me in charge of it. It is that sort of thing that has really soured me on the State Department. It was appalling. I got no recognition from State. Other agencies gave me awards. I have classified awards that can't go in my personnel file. And I think I was even low-ranked for promotion during one of these years. But, I couldn't tell anybody what I was doing. It wasn't that it was all classified on the U.S. government's side; although a lot of the material was necessarily intelligence material. We just wanted to be very low key. And, of course, prosecutors and law enforcement never talk about their sources until they present a case. So I got classified commendations. I even got letters commending me two years after I had left that job from agencies that had tracked down things I had told them.

You know, I did it for the victims. But I tell you, I was in tears more than once on the job. All the working levels at the State Department understood what was going on. Other agencies supported me, but State Department management wouldn't. And I saved the U.S. government's tail by doing this. If I hadn't had this idea, the investigations process wouldn't have started up for maybe a year and a half, and we would have been so far

behind the international community would have roundly criticized us, because we were the ones who had pushed so hard for the tribunal to begin with. Had we been unwilling to provide any sort of information support, the tribunal would have had to go on what governments and international organizations had collected to start their investigations.

Q: Well during the period you were working on this, what happened at the tribunal?

SCHWERING: Well, it began getting staffed up, and they began investigating cases. Judges were elected. However, this was still in '95, it was only nine months after the tribunal was initially established by the UN. They didn't even have any computers, desks, courtrooms or anything. So, the tribunal's court room was physically being built. People, investigators and prosecutors were being hired. There was an administrative staff that was sent out by the UN in New York I believe, or at least they were willing to fund that. That was being set up. They were trying to devise a computer search system for when they got the computers up. They were trying to figure out how to store data on it. Remember, we didn't have CDs. At that point, the digital state of the art was scanning things in, but there weren't any really good programs to look for the name of a person or a battle or town in scanned in material. So, it just took a while to set things up and the tribunal was gradually ramping up.

Q: Well Milosevic, Mladic, Karadzic – were they front and center?

SCHWERING: Yes. They were still running around and free. I think the Dayton Agreement was signed in later November, early December. Unfortunately, I wasn't sent to Dayton. L/EX wasn't about to send me, and the tribunal was not involved in these negotiations. So they got Milosevic, Izetbegovic and Tudjman, locked in on an air force base until they came to an agreement. Now, if you know that country, the agreement wasn't going to hold. But Holbrooke and others didn't really understand that. So, once the Dayton Agreement was signed, the U.S. government started sending troops in to act as peacekeepers. I am fuzzy on that.

This was late '95 and into '96. The tribunal, now that it was up and going, were sending more and more daily requests to me for information, if I could provide it. I was just overwhelmed. I did have an assistant, finally, but even the two of us couldn't keep up with the demand. You can imagine. You know, I have got 20 or 30– maybe the prosecutor's staff could have been 50 at that point. Just trying to educate or help them was overwhelming in itself. At this point, I had had to print out all the FBIS things, because they still didn't have access. It was very good information, and provided very good lead information. I would go through 800 to 1000 documents a day on the system, and print out those that were unclassified and get them ready, sort them by subject matter and give them to the secure fax people for doing overnight, because the tribunal eventually asked me to stop faxing stuff during the day because I was tying up their fax. It would have between 100 and 300 pages a day to fax to them of current information they otherwise didn't have access to. At one point they asked me to stop sending stuff, because they were now getting overwhelmed with stuff coming in from other governments and their own research. It wasn't long, however, before they would say,

"Oh, could you start faxing that stuff again?" because I knew. I had a very good sense about what they would need. This was basically your current information on what was going on there on the ground, because FBIS was translating a lot of radio transmissions, statements by Karadzic, Milosevic and the others into English. As there was no one else in the world doing that, the tribunal was very heavily relying on that. You know, it was just hard labor, but that was the sort of thing I did. It jump started the tribunal.

Q: Well it was exhausting, I imagine.

SCHWERING: And frustrating.

Q: And at the same time, satisfying. You were onto something that was going to produce something.

SCHWERING: It was also historic, because as far as I understand, the intelligence community and other agencies had never done an operation like this before. It worked literally, only because I had networks and all sides trusted me. The U.S. government had word 24 hours ahead of time, as a result, as to when the Croats were going to go into Bosnia. It was as though they were saying, "No, we are going to try and take over their protected areas from the Serbs." I think that it was in '95. I called one of the prosecutors and I said, "Do you have investigators in these areas?" He said, "Yes we do." I said, "You need to get them out within… I didn't release any information from the tribunal to the U.S. government or intelligence community or FBI or anything that I knew was sensitive material. I was on the prosecutor's staff. Likewise, I didn't leak anything classified to the tribunal. However, I worked my damnedest if one side needed to know something. I knew what each side was working on. I worked my damnedest to get permission to talk. It was just a fascinating operation.

Q: How did you feel, particularly about the Serbs trying to cover up things? Was it inept or what?

SCHWERING: Of course. As I told the tribunal, "The Serbs are not Germans. It won't be organized or anything. But, also, you are not going to find any written documentation either. The Serbs aren't that organized." At this point, it was very interesting; I knew the games that the Serbs were playing. In the former Yugoslavia at this point, Milosevic was president of Serbia. Technically, in old Yugoslavia and new Serbia/Montenegro-Kosovo, Vojvodina, the military reported to the president. But, also, I told the tribunal time and again, "Even if you find any documentation within the military – which is unlikely – they report to the president. They don't report to Milosevic. And that is not the way he operates. He is not going to put anything in writing." Yugoslavs, in general, don't do that. I said, "And you are not going to be able to find a written trail to him." It took them years to believe that, looking for documents and everything.

I said, "Frankly, I think the only way you are going to get him is to get someone in his inner circle to turn on him." The prosecutor's office said, "Well, you know, is there any chance of getting anyone into his inner circle?" I said, "No, there is no way." (As

someone once put it, I think it was you, "Belgrade is the largest village in the Balkans.") I said, "No matter what side of the barricades they are on, they all grew up knowing each other. Everybody in that country in power knows each other. There is absolutely no way you could introduce anyone new and get away with it." So far, all that I have told them has proven correct.

Periodically, the rumor would pop up that the U.S. government was hiding information. What was so interesting was the tribunal knew we weren't. They knew we were cooperating with them to the absolute extent we could. We had actually lobbied other governments to do the same thing. We were trying to get the EC to do the same thing. There was a huge effort to try to get other governments to cooperate, particularly if they had had troops up front. But, at the time, we couldn't say anything publicly because it was still very sensitive, and people thought the tribunal was probably going to be a creature of the United States. So, the State Department would get really upset, as would the White House, when these charges would come up that the U.S. was not supplying any information, that we were not helping.

Q: Well, who was making these charges?

SCHWERING: Oh, mostly other governments, individuals, people in U.S. human rights groups, congressmen. But, we couldn't say anything. So, every time someone in the White House or State Department got upset, my point would be that was good. It meant there weren't any leaks. You know, the tribunal knew we were doing what we could, that we had supplied money and everything. But, because the tribunal was law enforcement, they didn't want to tip off anybody they were investigating or let anyone know about the kind of information they had from anywhere. We didn't want to say anything. We couldn't speak on behalf of the tribunal. We also didn't want anyone to know what we knew in terms of all these FBIS translations and everything else that would literally hang some of these people. Of course we had some imagery of atrocity sites and stuff that we gradually were working on getting released to the tribunal. But this all took time. So, every time we got a criticism like that, I would point out that was what we wanted to hear, not what we didn't want to hear. The U.S. was just going to have to be the whipping boy. That is tough. It worked. It worked for a long time.

Q: Well, then in '96 you left. Where did you go?

SCHWERING: Yes, where did I go? Oh, I went to the Human Rights Bureau.

Q: You were in the human rights bureau from '96 to when?

SCHWERING: '98. At that point there were several issues in Human Rights that Congress was highly interested in. Bosnia of course, but Burma and some other things as well. So DRL, the Democracy, Rights and Labor office of the Human Rights Bureau, had decided to start a program office. They wanted me to do the human rights programs in east Asia. Again, this was one of those new initiatives where I was left to hang out to dry, and had to do all the work myself.

Basically, we had an appropriation of millions of dollars which was earmarked for Burma. China was just liberalizing then, so DRL wanted to use some of the money to promote civil society and human rights in China. We were also beginning to have relations with Vietnam, so we wanted to promote democracy there.

What I ended up doing in that job –a first for me – was explore how you did a USAID program. I found my guru in USAID. There are all sorts of rules and regulations you have that govern giving money away and reporting by the recipient organization and stuff. Well, the woman who had come up with this idea and convinced the assistant secretary to set up this program office in DRL was kind of flighty. She hadn't thought of any of this. She didn't know anything about it.

So there I was. The first thing I did was research all of this. I called our legal department and found the lawyer who ruled on that and got all the rules and regulations. I called my guru in USAID, who explained the appropriations process to me. And actually even though some assistance is appropriated to the State Department for its economic security program, and some money is appropriated under a different foreign assistance law to AID, all of the money is actually sent to USAID, and then USAID gives it to the State Department, even though it is legally State's. You can get this money from USAID in one of two ways: a memorandum of agreement (MOA) or a memorandum of understanding(MOU), with the basic difference being who keeps account of the money. If it is a memorandum of agreement, the money is turned over to State and State must do all of the accounting for the money. If it is a memorandum of understanding, AID has to do all of the accounting. I maneuvered it so we had MOU's because we didn't have anyone in DRL to do the accounting and our executive office wasn't about to take this additional accounting task on. So, I had to figure all of this out. I had to write up what is called a 'request for proposals,' i.e., what we are going to do and have organizations bid on. Then, I learned you had to publish them in the Federal Register and some other places. After that we started getting proposals in, and I had to look at them and make decisions. My boss set up a little committee, which wasn't very useful. We decided on the projects we would fund. It was my job to tell people who got money and who didn't. Then I ended up having to do the paperwork to send the money out, because we didn't have administrative staff to do that. I worked with the State contracting people in Rosslyn, who actually wrote the checks. I just had to do everything from A to Z. However, I didn't have the committing authority, the obligating authority, so I had to convince our executive office in DRL to sign the documents. They knew nothing about the program, and they didn't want to put their name on documents authorizing the expenditure of millions of dollars. Again, I had no support, a tremendous amount of work, and DRL wouldn't let me travel.

Now, one of the things that I know about government programs is they have to be monitored. You can't give away money without monitoring how it was being used. I think I gave away something like $12 million in my two years there. Most of it was in Burma and Thailand, because there were around 100,000 Burmese refugees in camps in Thailand, and the Thai government refused to take responsibility for them, which is a

violation of international rules. We lobbied the Thai government, but we also tried to get these refugees to be self-sufficient. These were some of my programs.

You have to have monitoring. I can just imagine what the inspector general would do if we didn't. The U.S. embassy in Thailand was not going to do this. This was not their program. At that point, John Shattuck was assistant secretary of DRL. He used something like over 95% of the travel money for that bureau himself just to go give speeches in Europe and things like that. So, here we had programs on the ground with absolutely no monitoring by a State Department official. I finally talked them into letting me make one trip, literally by threatening them with the fact that if there wasn't due diligence on this, their heads were going to be hung out to dry. They gave me a trip, but allowed me only five days. They were so unsupportive. The program basically ended I think, a couple of years after I left. It was unbelievable.

Q: Why don't you talk a bit about the program? What did it do?

SCHWERING: Several things. We did some medical care for refugees. Burma was extremely shut down. It was hard to even get a visa to get in there. Of course, they weren't going to let us do any human rights or democracy programs there. But it turns out there is a tradition of Christian missionaries in Burma. And there is a whole network in the northern areas toward China. They are pretty much the only schools and churches in the area because the government clamps down on any sort of gathering of people. It is the churches throughout Burma that serve, in effect, as political or community gathering places. In Burma, the government would let the churches go on, but in fact, if you wanted to do anything political or teach civil rights or anything which was banned in the Burmese schools and banned in any other school, it had to be done within a church under the guise of a church service.

Q: I remember there was a famous doctor and humanitarian, Colonel Gordon Stifler Seagrave.

SCHWERING: I worked with his son.

Q: Who wrote a book called <u>Burma Surgeon</u>. I think he had a foundation or something. Didn't he there?

SCHWERING: Well, there were a couple of names of missionaries whose children were now the adults running things. You mention their name anywhere in Burma and the Burmese people are very grateful and happy.

But, basically, one church in particular had set up a network of boarding schools in areas that weren't served by government schools in Burma. What we did in this one program was work with this network of schools to develop some school materials about civics, a sort of the fifth column approach I guess. We were hoping we could get away with it by getting this material into these private boarding schools that were supported by these church missionary societies. That was one thing we did.

We worked with the Soros Foundation to develop some distance and internet learning programs. These are what used to be called correspondence courses, but now are taught through computer. Well, computers were not allowed in Burma but some had been smuggled in. The Soros Foundation was trying to get information out and do education programs that way. We worked, you know, to start up distance education to help support the people, because at this point Burma has shut down its university. It had been shut for a couple of years, so higher education had been cut off to the Burmese, and they weren't allowed to travel outside. A very repressed society.

On my one trip there, I got to meet with Aung San Suu Kyi. She is the 'Iron Magnolia.' She was just amazing and incredibly strong. By that point, she had been under effective house arrest for years. She was married to a British academic. She had two sons she hadn't seen in years.

I think she saw her husband once before he died. But she hadn't seen her sons for years. One of them was 10 the last time he saw his mother. Her husband was very supportive of her, but Burma wouldn't let her family visit her, and she knew if she ever left the country they would never allow her back in.

She was not an elected official either. She was just a significant figure, the head of her party, the opposition party. What had happened is, if I recall correctly, her party had won the elections in 1988, but the Burmese junta refused to let the government take office. They blamed her, even though I don't think she had run for election. So it was a standoff. This was '96 through '98. So she had been in Burma for eight to ten years.

Q: How did she feel about the programs that you were…

SCHWERING: We didn't talk particularly about them. She was watched very closely. This was just basically to call on her. You had to get the government's permission to do that. Somehow, the embassy talked them into letting me visit her. It was more just to check in with her and see what was going on with the democratic opposition in Burma. She was the best one to know. I was also you know, to say we, the U.S. government, are still here; we still support you. Because the Burmese guards would almost never let a foreigner in to see her, only on very rare occasions, it was very interesting that they let me in to see her, with an embassy official. That was just to stick it to the Burmese.

And we were doing a lot of health programs, as I said.

Q: Well, did you feel that the money was basically well spent?

SCHWERING: I made sure it was, with one exception. My boss had said she had gone to Harvard, but had actually gone to Radcliffe, in her day women weren't allowed to go to Harvard. Harvard came in with an outrageous proposal to ask us for $50,000 to $75,000 a year so that they could educate one Burmese. That was a waste of money, particularly since the new Soros Foundation had gotten some Burmese into Harvard with their

Burmese project. They had gotten a couple of students there for $20-$25,000 a year, with Harvard picking up the rest. But my boss, who had gone to Radcliffe, or Harvard as she called it, kept insisting that we should give Harvard the money. It was a complete waste of money. That amount of money would have gone for a year for training for many people to learn skills in a refugee camp in Thailand. So you know, it depends on your priorities.

Oh, another way I wanted to use the money was to support the Cambodia Genocide Project. There is a center in Cambodia which has incredible records of the killings. So I tried to get money for that project, but DRL shafted me in the end and I didn't get that. They desperately needed an air conditioner to keep the documents from deteriorating and one jeep to carry material they found to the center.

Yet we spent $50,000 to send one person to Harvard. I think that project got approved by this little committee we put together from State and people from AID. I voted no. It turns out the woman Burma sent to that program was also the one they sent to other foreign education programs. This woman had so many degrees it wasn't funny. She was the designated 'student' I guess, so this did nothing to further democracy in Burma. People make their careers in certain ways in the State Department. It usually doesn't involve common sense or a real understanding of the issues.

Overall, though, that was a terrific job. I learned an awful lot. Of course, just as I left, they hired an administrative assistant to handle all the paperwork, the grants, the forms, the checks and stuff.

Q: So where did you go after that?

SCHWERING: Then I was hired to implement the Dayton Accord on Bosnia. An office had been set up in EUR, the Dayton Implementation Office. I was assigned to that to do refugee and relief work, even though the refugee bureau did most of that. It was an office that didn't need to exist and there were 15 of us. We were an extension, if you will, of the Bosnia desk. So, when you have 15 people sitting around, you create all sorts of things to do. But I did find a way to make myself useful.

It turns out that one of the best things I have ever seen done in international assistance was being done in Bosnia. That was an effort to return people to their homes through a property commission. A property commission had been set up with European Union money. We didn't initially support it, but it was sort of an independent Bosnian organization run by an American with a European board of advisors. Its job was to document who owned what property in Bosnia, so that those people who had been ethnically cleansed could go back and say this is my property, and in theory the authorities, particularly in the Serb controlled areas, would kick out whatever family had taken over that property. Well, it was a long process.

My job became trying to get money for this commission. I would also sit in on it as an observer whenever it met every six months or so, which proved to be very useful. It was a

European commission so, as Americans, we didn't have a right to say anything. But, there was money that had been appropriated to implement the Dayton Agreement. I never once got a dime of that for this property commission, which is how you are going to reverse ethnic cleansing. It was key to setting up the country again and protecting property rights. If you don't have property rights, you are not going to get businesses in there, because they have to know they own their building or their land or their property. I mean this is a key to it.

I learned a great deal about property in Yugoslavia, which is a unique system in the world, because Tito had granted a new form of property rights. I can't remember the name right now, but it is basically the right of occupancy. It is called 'occupancy rights.' They are inheritable. So, you may not own the land, and you may not own the house that is on the land, but you may own the right to occupy it. However, it was basically restoring property to rightful owners, which only makes sense.

However, I could not convince the Eastern European assistance office, which had been set up in the late '80s to support breakaway Poland and Hungary or whatever, to give the Commission any of the money they had for implementing Dayton. For some reason, they thought this wasn't important. AID didn't either. So I could never get money for the commission. However, what I ended up doing was convincing the refugee bureau to provide something like $2,000,000 a year to support this commission, which is the most efficient operation I ever saw in my life. I got an award for arm twisting another bureau to support 'my' program.

But, again, you could see something that needed to be done, and instead, AID, who were the implementing agency for our money, seemed to think that gave them the right of veto. They had given something like $450 million to the Central Bank of Bosnia to onlend to small businesses, when the economy couldn't begin to absorb that money.

Q: There was an awful lot of corruption there.

SCHWERING: Well, it wasn't that as much as you could build a house for $3,000, but AID didn't want the bank to lend any less than $50,000. It is just not an economy where those numbers make any sense. So, AID actually returned a lot of the money appropriated to them to Congress. But they wouldn't give me $2 million or $1 million or $500,000 for the property commission, even though that would have been essential to their housing program. I mean, the inanities of our assistance programs just drive me nuts. So I did that for two years. I traveled to Bosnia often. I worked with some key Bosnian figures on all sides.

I was just waiting until Bosnian Serbs on the commission figured out who I was. We had six Bosnian commissioners and then three European commissioners. The executive director of the property commission was an American. He was very good, and he had done this before. He was an expert in running things overseas. We had two Serbs, two Bosnian Muslims, and two Croats on the commission. I wondered how long it would be before the Serbs figured out who I was and tracked me back to my time in Belgrade and

stuff. It wasn't until 2000, on my second to last trip, that one of the Serbs looked at me and said, "We have heard about you." It took them awhile. I had had to be very careful, because I had worked on the tribunal and stuff, and I did not want the Bosnian commissioners to know this. I wanted to be viewed as a neutral person, which I was. I didn't particularly want the Serbs in particular to know what I had done to help mount the prosecutions of their leaders. It was an interesting position.

Q: I remember traveling through there when they had the second elections.

SCHWERING: Early '91?

Q: No, this was later than that because the troops were already…

SCHWERING: Oh, observers. '97. '95.

Q: Anyway, I remember seeing houses which were all shot up and houses had been leveled in a place called Bosanski Brod. The interlocutor who was taking me around would pint to the leveled houses and would say things like, "Oh I think that was a Croat house." Or something like that.

SCHWERING: Oh, absolutely. Yes.

Q: This is what they had done. I have heard stories that things are really beginning to work, and people are going back and all that.

SCHWERING: As you know, by the nature of these people they eventually will, and they will eventually be sitting down and having coffee with each other.

One of the problems though was a large part of Bosnia had been mined. An example of this was up in Bosanski Brod. People from there being helped by the property commission might have the document to get themselves back in their home, but they couldn't farm because their fields were mined. I knew about the problems in this area because a town called Brcko has also been part of my beat. I had worked with a lawyer here in town on the international document which settled the final steps of Brcko, as it had been left out of the Dayton Accords because the Serbs and Croats were still fighting over it at that time.

We were not insisting, as part of the Dayton agreement that Serb, Croat, Bosnian, etc. troops go in and de-mine the places they had mined. Now, this is absolutely another part of U.S. foreign policy I do not understand. The U.S. government appropriates money for de-mining and then hires private contractors to do it. Even our military in Bosnia did not do de-mining. Now, to me, that is a military operation. Anywhere we have laid mines, we hire private contractors to de-mine. One of the continuing problems is there are still a lot of mines in Serbia. I don't know the number; I haven't been in touch for awhile.

I did have one other memory of my time working in the human rights bureau. I went to observe the Albanian elections in 1997 with John Shattuck. I was part of the U.S. observer mission. That was hilarious. Albania – I loved it. Albanians are probably the smartest people in the Balkans. It is amazing how they are so linguistically skilled. They learn other languages very well. It was amazing that all these Albanians who had been under forty what years of Hoxha spoke beautiful French, beautiful English or whatever. They learned it from the radio. It was stunning. I speak French so I could communicate with those who didn't speak English. A lot of them spoke Italian, of course, and some Greek.

The whole experience was hilarious. My fellow observer and I went to our final polling place, where we had earlier been and had sensed problems. It was quite clear that all eleven or thirteen parties had wanted to elect this one guy in the village. When they were polling ballots, they'd pull out wads of 20 ballots that were all folded together in the box. This only confirmed our suspicions that the ballot boxes had been stuffed. When we began challenging them, one guy went out in the hallway and literally cut the electric cord to the one light bulb in the counting room. It was dark by that point. They said, "We are going to retire to the nearest bar and finish the count." At that point, the other observer and I just gave up. We knew there was no way of making this particular local election legit. And there was gunfire. We had to use armored personnel carriers even in parts of Tirana to get the ballot boxes in and out. It was quite an exciting three days.

Along with other foreigners, we stayed in a hotel that had been built by the Saudis up on a hill just outside of Tirana. My first night there I was woken up by bursts of machine gun fire. I thought, "Should I hit the floor or what?" Well, it turned out we had the Austrian observer mission. That was the S-4 stabilization force that had been sent into Albania in March of '96 when all the armories had been raided and every Albanian had armed themselves, and the former president wanted to take over. Anyway, it was really rather exciting. What happens was in those days after dark, everybody would go out and play with their guns. It was like the fourth of July. Everybody was shooting. Apparently, what happened my first night there is the Austrians, just on their own, had set up military guards around the hotel. It wasn't official. The machine gun bursts I heard were them firing off their machine guns at Albanians who were shooting off in the field next to the hotel. They had gotten just a little too close and the Austrians warned them away. We were not under attack or anything. But that was really interesting.

Q: How did you find John Shattuck?

SCHWERING: He is definitely an alpha male, very impressive. He had a true interest in human rights, but only to a certain extent. I think he was more into being a speaker; if it is about John Shattuck. For example, Sierra Leone and Liberia had tremendously awful fighting going on. He refused to visit Africa. He wasn't going to get involved in that. He opposed getting into Bosnia again until '95, when the White House got interested and stuff. Then, of a sudden, he had to travel to Bosnia and stuff. I had been dealing with him throughout the Bosnia thing, and I would describe him as not particularly interested in tackling the tough cases. I mean, how many speeches to the council of Europe can you

give? That is what he tended to do. He did travel once or twice to Bosnia. He held a press conference without clearing with anyone in The Hague after his first trip there in '95 to announce that the U.S. government would supply any information to the Tribunal that they wanted, which wasn't true and wasn't cleared, but of course got the international press's attention. It was literally the first time I had been present at a very polite dressing down on an assistant secretary.

He was a political appointment. I forget whose roommate he had been. Maybe he was Clinton's roommate in college. He had previously been the government liaison for Harvard or something, prior to that he had been a lawyer for the American Civil Liberties Union. So, he had mixed reviews. He didn't do a whole lot. He wouldn't support me to travel to Burma in these programs. He never once, ever did I speak to him interested in this program. He was more interested in and worked on the big sexy issues where you could get attention. He traveled a lot, as I said, and the rest of us didn't get to.

Q: Well, then in 2000 you left.

SCHWERING: Yes.

Q: Where did you go then?

SCHWERING: I went to Ex-Im Bank. At this point, I was thinking about retiring. Since it had been years since I had worked in economic stuff with the exception of the property commission, I decided I needed to brush up my economic financial credentials. And again with great difficulty, even though I was the only bidder on the job, I got the one State Department position on Ex-Im Bank as an economist in their country risk office.

Now, it turns out all assignments like this one out of every agency are controlled by a woman who is a Civil Service officer. who is, apparently, a little potentate or dictator. I pushed very hard for this job. Everyone told me I needed to go kowtow to her, and kiss her feet. It is she who decides you can get that job. I mean, she was apparently even this way with ambassadors. Well, since I was the only bidder on the job and highly qualified and Ex-Im wanted me, I didn't see a problem. However, she ended up trying to prevent me from going there. I forget why. She accused me of having cussed her out. Now, as my daughter said, "All you have to do is call her (me) and she will tell you what her policy is on swearing." I don't swear. Furthermore, I had never met this woman. But this is the rumor she started to prevent me from getting this job. She hoped to tarnish my reputation. I don't know what it was. I can't remember why. She just decided she didn't like me, and so I wasn't going to get this job. She was just going to leave it empty. I don't think any GS person has any right to control Foreign Service assignments. But, apparently, she had once sued the Department and everybody in personnel is scared of her. I knew this because I went up the chain and nobody was willing to challenge her, even deputy assistant secretaries or assistant secretaries. So we have got one loose cannon who thinks she knows better than anyone else who should be assigned to what. She has never been out of Washington, as far as I know.

Q: So what happened.

SCHWERING: Well I got over there, but she wouldn't let me extend. In fact, she basically did away with the position out of the personnel system in retaliation. So we don't have any Foreign Service officers at Ex-Im Bank anymore.

Q: How long were you there?

SCHWERING: I was there a year. I absolutely loved it, because it. OMB decided at some point in the mid 90s that all U.S. government agencies that lent abroad, such as USAID, Department of Agriculture, and the military foreign sales program should all lend on the same criteria, because the loans are supposed to be repaid. To that point each agency had had a different approach. Some looked at whether the countries could repay the loans but some, like the military, didn't. OMB set up this interagency committee, which, in effect, was to decide on a credit rating for any borrowing country. It was Ex-Im Bank economists, of which I was now one, who did the economic analysis and made a recommendation to this committee. That was a lot of fun, I mean you have to be into numbers and economics.

The last thing I did before I left took place when we were starting to warm up to Serbia. We had re-opened our embassy there in 2001. OMB, and of course as usual, our embassy, had clientitis, as did the desk, who wanted us to give money to the former republic of Yugoslavia i.e. Serbia and Montenegro. These countries had never paid us our old money. I mean, they owed us so much. They actually owed Boeing for planes we could have confiscated. Instead, the U.S. government negotiated an air agreement where YAT, Yugoslav Air Transport, their airline, was allowed to fly to two cities in the U.S. Now, under U.S. law and accepted international practice, those planes are an asset. They owed money on those planes and we could have seized them planes until the Serbs paid for them. But the U.S. government wouldn't do that.

Now, the European bureau wanted to give them more money. However, it was very difficult. Since there had been no economic statistics collected on Yugoslavia for now ten years, since 1991, how were you supposed to do an economic analysis? Even the IMF didn't have any numbers. So, that was my challenge, and my last job as I left in August of 2001. I put together a very good economic analysis based simply on what I had known before. I knew because I had been the financial economist in Belgrade. They had stopped paying their debts in the late 70s and those debts were still there. So, actually, I had a lot of accurate background information that, again, I could put into this. There were a lot of other issues as well. So I really enjoyed that. I found Dick Simm treated people much more professionally than many of my State bosses had. I didn't have to clear my work thorough anyone. Although it was reviewed by senior people, you were basically trusted to know your job.

Q: How effective was this screener, this Ex-Im committee for affecting what we did?

SCHWERING: Oh, the OMB, Office of Management and Budget, chaired the committee. It was very effective, because what happened was the loan was given the grade and the credit rating the committee assigned a particular country. That is how each agency was to price its loans. So, the lower the credit rating, the higher the price in terms of interest rate and fees for a borrower in that country.

Ex-Im Bank, of course, did a lot of lending, sometimes directly to the main agency that lent to other governments, although, we also would finance U.S. companies that were exporting. These financial arrangements would be guaranteed by the country that was importing. So it had to do with pricing our loans. The Ex-Im Bank committee made sure all the agencies priced things the same way.

Q: Did you find that people at the State Department or maybe the Pentagon, who had clientitis, would weigh in and say, "You can't do this"?

SCHWERING: They would try. They would try to get us to waive fees or do this, that, or the other. They didn't succeed, maybe on one occasion. But what was interesting, I was not around at Ex-Im at the time. It turns out the OECD, which used to be the 24 most developed countries, but by this point had added some of the eastern European countries, had set up a similar program to get all OECD countries to agree on, in effect, an international credit rating for borrowing countries, in order to equalize the playing field among export agencies. However, the Germans and the French were trying to subsidize their exports. The OECD was trying to set up rules by which all export banks had to play, so that they couldn't undermine each other with bribery or fees or anything. That is a good thing, too, because, if everybody agrees and treats a borrowing country the same way, that country is going to shape up. If it wants money, it is going to have to meet certain criteria that these governments will lend on.

Q: Well, to your knowledge, was there any attempt to rationalize the OMB and OECD approaches?

SCHWERING: Well, they used different formulae. When the U.S. delegation – usually one or two of my economist colleagues – went they would make our argument for the numbers that went into the OECD formula. We might carry the day; we might not.

Q: These were serious people. They were looking at it as bankers, as opposed to politicians.

SCHWERING: Well, they were all government officials, but it was neutral and objective. Now, of course, any government could ignore that number – the credit rating assigned to a country like Albania – but at their own peril, because they would be called on it if we found out and maybe a world trade organization suit might ensue. I am not quite sure. I was there only a year, and I had to use the lotus computer program. I had to learn how to use the computer program and figure out the statistics the way Ex-Im Bank did. That took me a couple of months. Then, of course, I had to get the information. My assignment was Eastern European countries and Latin America – the same break down I had previously

had in the State Department. I was responsible for analyzing Venezuela and Brazil. I did some of the Caribbean Islands. I did Jamaica; I did Yugoslavia. Oh, I did Angola. For some reason they gave me an African country or two. This is all in the period of twelve months. Certain countries we do every year, like Venezuela and Brazil – big economies. With other economies, economic analysis is done every two or three years. There is a schedule.

It takes a lot of effort. At that point the internet was pretty good, so we did a lot of research on the net. We used IMF and World Bank data, embassy reporting, and Commerce Department data, to come up with our best analysis. I have to say this is the best group of economists I have worked with in the government. One of the most interesting things is that since the system was set up in '95 or '97, the private sector in the United States has become aware of it. These ratings were classified, because of the fear they could move markets. If it became known the U.S. government thought X of a certain country, then it would affect the bond ratings that the bond rating companies assigned to it, and it would affect the rates at which these countries could issue bonds. We constantly had some companies like Bechtel calling the economic section and trying to weasel out of us what we had just classified a country at. That actually was terribly important work and I didn't know that at first.

Q: Oh I can imagine. I mean, the country's credit rating by the major economy in the world is damned important.

SCHWERING: So, we were really quite important work, and we were feeding out knowledge into OECD. OECD did not have access to it. Nobody did, but this was an interesting development. I had been out of economics long enough and I thought a very good thing. Unfortunately, there is tremendous infighting in Ex-Im Bank, and it has kind of gone downhill, because it is supposed to have a bi-partisan board, but right now there are only two or three members on it. The Bush administration has pretty much neglected it. You have a few strong personalities who are trying to run a bank and may not actually know the economics or how the economic side of the bank as opposed to the loan officer side or policy side works within the interagency committee. I still have lunch with people there and apparently it is not a pretty picture. I got there at a good time.

Q: Well, I think this is probably a good place to stop, Katherine. We will pick up next time in 2001. Where did you go?

SCHWERING: I went back to INR after 9/11, to start up the terrorism finance initiative. This is my third time in the government where nobody had done it before, nor known how to do it.

Q: Today is 22 November 2005. Katherine, you now have come back to INR. What is your job again?

SCHWERING: Well, what had happened is I did not have an onward assignment from Ex-Im Bank. I had wanted to extend there, but a civil servant had decided that she didn't

think I should. So I was looking for a job. In talking with my personnel officer, who had been visited by another economic officer for some reason, I learned that there was this effort to track how the 9/11 hijackers had managed to stay in the country, had managed to pay for aviation school, and generally had managed the whole thing. The U.S. government was then beginning to realize that behind drugs, money laundering, and now terrorism, there has got to be financial support. So, the policy bureaus in the Department were demanding all sorts of information, and of course it had to come from INR, which was the only source of information in the building. They were putting tremendous pressure on INR to come up with how the 9/11 hijackers, and now Bin Laden, had managed to finance what they had done. That was one aspect we needed to look at in addition to everything else.

So my personnel officer said, "You know, the economic office of INR may be able to use you," because her office I had the financial background and the intelligence background that might help them. I can't remember if they had already created an extra position or not. I went to talk to the head of the economic shop. They grabbed me, because they were just overwhelmed. They didn't have the people to meet the demands on what we were planning to do in Afghanistan. It was pretty obvious we were going to go in and go after Bin Laden. And, as usual, we were going to try and do our nation building. So, given that Afghanistan had been isolated from the international economic community for so many years, just trying to find economic information on Afghanistan to form our policy there was difficult. We had that going. We had a lot of other things going like China trying to buy some major company that was considered a national security issue for the United States. There was just a lot going on, and the economic shop was only eight or nine people covering the world. So, when I went and offered to do what I could on terrorism finance, they added a position, which is amazing in the economic shop in INR.

For several months, I couldn't figure out what to do because there was no organized approach within the government toward this. What I started doing was going back through historical information that is stored on data bases in INR, to see if I could find names of individuals we now knew were involved in 9/11, and anything referring to finance or money or something. This just takes tremendous time and effort. You just have to read thousands of cables and reports and things. But eventually, inter-agency committees began to be set up. These were classified. The entire operation was classified under a national security directive. So I can't say much about it. But suffice it to say, over the next year all agencies including treasury and the NSC got together to have regular meetings on targeting financial flows, through working with other governments to stop them or going after terrorists who might be in those countries.

There was a third aspect. We also worked with the UN on trying to establish sanctions against terrorism financing. So it just took nine months or a year to get the subject introduced to the UN, and get a UN committee up and get all UN members to agree to sanctions. Then we had to address the issue of what criteria to use for imposing sanctions. There we ran into a lot of domestic legislation all over the world that made it difficult for governments to implement sanctions. For example, I was told that in Britain any intelligence given to any non-intelligence agency in Britain (say from their intelligence

agencies to their treasury) in order to justify sanctions, cannot be kept classified, and is then available for public use. This was a tremendous roadblock, because for the British to impose sanctions under their law, they had to know why to build a case. Some countries had to pass legislation.

We didn't have to pass legislation, but it turns out the Department of Justice would not clear on sanctions unless we could meet the legal criteria in the United States. The standard criteria was that we would have to be able to defend the sanctions in court if we were sued by an organization or an individual whose assets we had frozen. This caused problems for us, too, because a lot of the reasons for wanting to sanction something or someone come through intelligence sources. But, this is not something you can bring up in court. In fact, by the time I left in August 2003, there were four major asset freezes we had imposed in the previous two years which were being challenged in court. I don't know if they have been resolved yet. I don't know as I wasn't part of how we would present the intelligence side of our case to judges. These cases take place in civil court. And so actually, it is very difficult to impose sanctions on people in this country.

Further, while we could convince the UN to impose sanctions on people, it turns out the U.S. couldn't go along with the UN resolutions imposing sanctions because in many cases we did not have enough identifying information to present to a court of the Justice Department. For example, it turns out Afghanis do not have dates of birth and often do not have addresses. It turns out an Afghani may know what year he or she was born in, and they often have only one name. They don't have family names. So, in general, when they were issued a passport under the Taliban, they would choose January 1 or December 31 as a birthday. However, it is impossible in the United States to put a sanction on a Mohammed born January 1, 1935. Our Justice Department and Treasury just can't. That would not hold up in court. So, there was this huge rush on the part of the White House, I suppose, and Treasury and everyone else to put sanctions on people, but to this day there have been a number of people sanctioned by the UN who the U.S. government has not put sanctions on because UN standards were less strict.

Afghanis don't tend to have specific addresses either, as I said, so, it turned out to be very complicated legally to get reliable financial information. In fact, this is where experience really comes in. There was this rumor pushed by a certain journalist that conflict diamonds out of Liberia and Sierra Leone were being used to finance terrorism. It is not true. And there is actually no indication of it in any reliable intelligence. Actually, it is very difficult to do. A diamond is not liquid. You would have to get it out of the country, get it to Pakistan or Afghanistan, and get it to Belgium or Israel to sell and get cash.

Q: And you are dealing with a monopoly too – the diamond monopoly which means these transactions would stick out.

SCHWERING: While that is a very incestuous world, with conflict diamonds that part broke down as there are a lot of people who are willing to buy diamonds from any source. Once sold, they are within the diamond community, so they no longer stick out. The same thing with gold. There are a lot of academics who began writing about how gold and

everything else was used. Well, they just don't use common sense. Gold is heavy. How can you carry that much across the border? And, again, it is not liquid. You have the issue of foreign exchange. If you sell gold in Pakistan, you have got Pakistani currency, and you may not be able to buy dollars or a hard currency for a very good rate. I mean, it is just difficult. But what we gradually found is the main sources of financing of terrorism are the developed countries, because that is where the money is. So, it eventually evolved that we discovered a lot of organizations in Europe and some in the United States, where émigrés were collecting funds and sending them to very suspicious recipients in Pakistan and others. So, actually, the bulk of sanctions tend to be imposed in western Europe and the United States. It is fascinating.

Q: What little I have gathered on this, is that you had this problem that under Islam you are supposed to support charities.

SCHWERING: Yes, that is right.

Q: It is one of the pillars of Islam. So, people in perfectly good faith, in the United States, would give, hypothetically, to the Omar beneficial fund or what have you.

SCHWERING: That is right. Based in the United States, based here.

Q: And then, that money would end up going for both beneficial services, hospitals, schools, and all that, but some of it would go somewhere else. I mean what do you do?

SCHWERING: Well, that is why a lot of these charities were sanctioned, and it is some of these that are fighting us in court. But yes, it was the first we learned of that. We looked at the charities, and this led to another initiative overseas led by Treasury, with the Office of Foreign Assets Control. This office is actually a domestic law enforcement part of Treasury. They wanted to take the lead on this in the U.S. government. There were a lot of bureaucratic struggles, because they really didn't have any experience. They did some things that really caused us problems, because the U.S. ambassador in a country abroad wouldn't know that Treasury had contacted the Ministry of Finance in their country.

One of the things we learned we had to do was convince other countries to audit and to monitor charities far more than they traditionally had to track the money. It is just really interesting to figure out how the money flowed. It took us probably a year and a half to do that. It was inter agency, and, of course, we had to send taskings out. One of the things that was done that was very unusual was every embassy was required by State eventually to set up a terrorism finance task force composed of certain people in the embassy. They were tasked to go out and get information and to work with the other governments to develop regulations.

We had great problems in Saudi Arabia, but less so in other Middle Eastern countries, precisely because of what you said: charities are a tradition. In fact, the first foundations that existed in the world were developed by wealthy Muslims in Turkey. Centuries ago,

they would set up foundations to fund libraries and schools. It is actually a Muslim concept, something which most people don't know. The Saudi government, for one, was extremely reluctant to accuse legitimate charities of perhaps financing illegitimate activities. One of the myths that surrounded terrorism financing is the Saudi Government was very much behind it. That is absolutely not true because it is this kind of extreme radical that threatens the Saudi government. The Saudis had revoked Bin Laden of his citizenship; he could never go back to Saudi Arabia again. They would have arrested him the minute he set foot in there.

There was also the myth that terrorists were somehow involved with Iraq and Saddam Hussein. But again, very few people, particularly in the White House or Treasury, sat back and said, "Now, Saddam Hussein is hardly Muslim." If you look at his rule, Iraq has been very secularly ruled. I can't recall a time when Saddam Hussein ever used his religion successfully as justification for anything. To someone like Bin Laden, who was a religious fanatic, I can't imagine someone he would have wanted to work with less because he considered Saddam a fallen Muslim. There was no way the two had interests in common. This was a battle we at the working level really had to fight because the administration people wanted to argue that, in addition to weapons of mass destruction, Saddam was supporting terrorism. That is absolutely not true.

Further, where you did have a few radical Islamic groups in Iraq, they were in the northern part of the country. If Bin Laden, and his organization had any contact with anyone – and we were never really able to verify that when I was working on it – it would have been in the northern part of the country. Now, who lives in the north? The Kurds. The Kurds have not been under the control of Saddam's government since 1991, because it is a protected zone, and it has air protection. So, people in the administration simply were not thinking logically. A lot of the information saying that Saddam was doing this or that or the other was sourced in the north. This is where I question the military. The military should have questioned how a Kurd could possibly know what Saddam Hussein was up to. So, there was just an amazing amount of lack of common sense on this issue.

Q: I want to go back to relating other governments a little bit later. But, on this subject, did you find at the time you were dealing with this, prior to our invasion of Iraq, did you get the feeling of pressure coming or conflict that INR was not on board or part of the team?

SCHWERING: No. INR is truly independent, and always has been. Bureaus really respect that. They don't necessarily listen to what INR wants to say. But that independence is actually why INR was my favorite assignment, next to consular work. It is because it is as I said, the only place in State Department where you can really do your own thinking. You are not permitted to clear with policy. In fact, INR is considered part of the intelligence community, not part of State. Even though we report up to State, INR is absolutely independent of the policy desk.

Q: Well, I realize you were dealing with the terrorism problem. But, were you feeling at all the currents that were going around?

SCHWERING: Oh, absolutely. We knew from late 2002 the White House wanted to go into Iraq. You just watched the process. You know, in my opinion, nothing was going to deter President Bush, least of all the facts. There wasn't a single agency who really thought that there was any reason to go into Iraq. I am not sure. I understand it was someone in an intelligence agency; I would call him a 'rogue analyst' who claims there were weapons of mass destruction. But in INR, we had that young man who later testified in Congress, Christopher, who said, "None of the material we have seen going to Iraq is suitable for weapons of mass destruction. You know, this kind of material can only be used for producing rockets, not atomic bombs. We really couldn't find any indication (we can't say evidence because it is not evidence) really, that there were chemical weapons or anything else in Iraq. That is all we can say. Yet we could tell the White House was going to use any way it could to justify going in there. I still don't understand why Bush felt it was so important, except he was looking at what happened with his father, and his father stopped short of going into Baghdad.

Q: George W. Bush is not that close to his father.

SCHWERING: But why pick on Iraq? I mean, we couldn't understand it. I couldn't understand his fixation on Iraq. But yes, we knew that if the White House could manage it, they were going to invade Iraq.

Q: You were telling me off mic about Colin Powell and how you viewed him on this, I wonder if we could repeat it here.

SCHWERING: Oh yes. Well Colin Powell was a voice of reason. When he came in, he actually turned out to be a very good Secretary of State. One of the first things he did is what you do in the military when you just look at the resources and support for your people. He started to change some things in the Department that had long been needed to be addressed, because the Foreign Service is not very well supported administratively or otherwise in the Department. We also knew and it was a general impression in the Department, which I think is accurate, that Powell was a thinker. He wasn't about to jump on board something simply because it was policy. It was our impression that the White House was not listening to Powell as much as they were listening to Cheney or Rumsfeld. There were times we believe he was even cut out of policy deliberations. But he is not only a game soldier, he is a leader. Powell was absolutely wonderful.

He came to address INR at one point after we had gone into Iraq. It was basically the summer of 2003. No weapons of mass destruction, or chemical or biological weapons had been found or anything, and the intelligence on which the White House had based its justification for war was really coming into question. I think Powell realized by that point that the State Department, and INR in particular, really knew what it was doing.

The policy to go into Iraq and Powell's speech to the UN in February-March of 2003 justifying the war had not been cleared through INR, nor the State Department. The White House had sent over a very early version weeks or maybe a couple of months before he had gone to the UN; after that we never saw anything. We did not know that he was going to give that speech at the UN. The intelligence and the information on which a lot of his claims were based would never have been cleared by INR because we knew they weren't true. Powell has since said that he would never have made that speech if he had known what he learnt subsequently. He would have known had INR been on clearance for that speech. But that wasn't Powell's fault. I understand that speech was written by the White House, and they didn't want to hear anything against that. They found some intelligence analyst somewhere to support it.

So, Powell came to address INR, and he said that he really respected the work INR does. He wanted them to keep it up. He said, "I don't care what the policy is; I don't care if what you have to say is something that we don't want to hear," meaning the administration, not meaning him. He said, "I want to hear it," which in fact turned out to be true. When we sent memos up to him, he would send them back annotated. He is the only Secretary of State who ever commented on the work and when you got it back, it was usually complementary. That made a difference you know. He did read a lot of it, which let us know that he was not being listened to particularly by the White House. We know this because his comments indicated he believed it. So Powell said, "Keep telling me this stuff. It is my job to work with policy and decide what State Department policy will be." He said, "Even as I crash and burn."

Q: This is where he put out his arms and…

SCHWERING: …pretended to be an airplane diving into the ground. He said, "Even as I crash and burn, you do your jobs." It was very funny. It was quite clear he was referring to Iraq policy. But I think he won over every single individual in that room because that is the appropriate division of work. It is his job to decide whether or not to argue against a policy proposed by another department of the government, but if not, he is the type of individual who when outvoted either goes along or I expect, resigns. But he is a loyal soldier, and even though he might not agree with policy, he will do his best to argue his case. That is all he can do. So, the fact that he recognized what INR's role was and encouraged us to keep it up was very good. That is not to say that other Secretaries of State did not have the same approach. I think that the understanding that INR was a valuable player probably was not understood by him initially during his tenure.

Q: Well, I interviewed Phyllis Oakley, who was head of INR when Madeleine Albright was Secretary of State. It had been the practice that the head of INR brief the Secretary of State at certain times. Phyllis was told not to bother and that Madeleine was getting her information from and was being briefed by the CIA.

SCHWERING: This was something that developed after Bosnia. We did see the CIA try and take the initiative to be the all-source source of information for senior people in the

department Actually people were seconded to the department. In New York it was the agency that did brief Madeleine or any of our UN reps.

Q: Phyllis did this when Madeleine was the Secretary of State.

SCHWERING: You have to remember that the DCI, Director of Central Intelligence, is based at the CIA, and that is the individual who briefs the President and the White House, so it doesn't surprise me. Actually, it started with Holbrooke, I think. During the Dayton negotiations, I understand, he had a whole team of intelligence analysts but not one person from INR. Since that time that State started with Bosnia, the agency has tried to become the lead briefer. But, what I have found is they had so many people, and they have such a large division of labor that they don't really have individuals who have the kind of overall picture that an INR analyst does, because we had so few people. At the agency, you could get rogue analysts.

Q: Well, that is another thing. The more people you have, the more layering, the more homogenized the intelligence becomes as well. They start qualifying and all that. It loses its bite.

SCHWERING: Well, that is usually done in the inter-agency process, where all the agencies try to come to a consensus of how they view a subject. That is where you get it watered down sometimes.

Q: Well tell me, in your view – and I realize we are dealing with something that is still classified, so just in general terms, how did you find the various government agencies as they got into this financing network thing? What agencies did you deal with and how did they operate?

SCHWERING: Well, one of the interesting things is that if you are into economics or finance – I have found this throughout the government – you tend to deal with facts. These are political people or the policy leaders who will decide, "Oh, we should do this, or that government is good and is democratic," which we used to say about Noriega and a few other people. But, when you are dealing with finance or economics, it is numbers. You can see if interest rates go up. Money moves out of the stock market into interest bearing instruments. These are facts, so you are usually dealing with very common sense, down-to-earth people. This was true for terrorism finance. We got along tremendously. We had really good people from every agency except the military.

The military decided in 2003, they were going to get involved in terrorism finance. They didn't tell the rest of the government. This is just like the Panama policy. The Pentagon seems to operate in its own sphere. We learned about this as we kept stumbling across little terrorism finance units that the military had set up all over the world. They didn't know what they were doing. They would try to go to the military in other governments to work things up without telling the terrorism finance operation within the government. They threw money at very sophisticated computer modeling, which just doesn't apply here as you don't have basic facts to put into a model for one thing. It was very

interesting. I knew that would happen sooner or later. When an issue becomes the sexy issue in the government, sooner or later every agency will set up an operation to deal with it, whether or not they are qualified to do it. So occasionally, the military would attend our inter-agency meetings, but generally they would just go off and do their own thing. Sometimes, in some countries, they would run parallel operations to what the rest of the agencies were doing. They risked screwing up some operations.

Outside of that, though, we really had good people working on this who were not influenced by policy or anything other than what we could actually find out as facts.

Q: What about other countries? Which countries, particularly European countries, seemed to understand, and give the same attention to the financing problem?

SCHWERING: After a while they did, but only after the U.S. was able to demonstrate, they had a problem and were able to say, "Look, you probably have a problem here." Often, they were unaware of it. I would say the lead countries were Britain and Germany. The Brits in particular. Oh yes, NATO decided to take up terrorism finance and came up with this proposal to do all the things that were already set up and which governments were already doing. This is a good example of a military organization, or military-political one getting into something that really in my opinion it had not business getting into. It was being handled well. NATO, of course, as an organization, doesn't have access to the most sensitive intelligence from any government because it has to be shared. Everybody was sticking their nose in. It just made for more meetings and more complications. But, we worked very hard. The Brits were on board and in fact were ahead of us initially in terms of figuring out what was going on in 2002. The Germans took this very seriously. Then we worked a lot with the Netherlands, and the Scandinavian countries, as well as Italy and Spain.

Q: How about France?

SCHWERING: France didn't seem to have as much of a problem of being a source of funding. To find the main funding, what you have to look at is if they had heavy immigrant populations. Those countries were the ones who had the most problems.

Q: Well, France does have a quite a few Muslims coming from North Africa.

SCHWERING: Well that is the thing. I would have to say the problems were in North Africa and not in France, because there was such free going back and forth. A Moroccan terrorist didn't need to operate outside of Morocco. And, in fact, because of banking regulations and other things, if you can, it is much easier to operate out of a third world country. Then, by the time I left in the fall of 2003, we were beginning to spot terrorism finance coming out of Latin America. And, there was a lot of stuff going on in Africa where there is just no way to track any finances. They don't have banking systems and things.

But one of the policies decided early on and wisely so is we are talking 'terrorism finance.' It doesn't matter what group. This is not oriented toward Muslims. We were looking very hard at the Palestinian organizations.

Q: Or the IRA (Irish Republican Army)?

SCHWERING: No. Because that had pretty much come to a standoff, and the Brits were handling that. I am trying to think. Groups out of Lebanon who were operating out of Lebanon. It turns out there are lots of Lebanese immigrants in Latin America.

Q: Oh yes, and Africa.

SCHWERING: In Africa, we found Angola, for example. Anywhere, too, where you had, like Angola, tremendous oil revenues. There were also conflict diamonds. I just don't think there was enough manpower to explore all of the leads we got. But you know, as you uncover one network, you find there are more. Oh, and the Basque terrorists; we worked with Spain on that. There was also the Moroccan group.

Q: Polisario?

SCHWERING: No, not Polisario. There was a radical Islamic group. There were also Indonesia and the Philippines. In the Philippines you had the supposed communists in the southern area that were constantly trying to take over, gain territory and convince people. These are the ones who captured the missionaries, where the husband got killed. Southeast Asia is right next to the Middle East and Europe. Southeast Asia was, I would say, the third priority, because you have a lot of Muslims in Indonesia. But then you got into a Muslim-oriented thing. So it was just in the Philippines that they used Islam. Some groups were Islamic, some were communist, but to an extent we called them both terrorists. One of the most interesting questions that came up was whether we could call the Serbian government a terrorist government. We already had financial sanctions on them and tracking. But the definition of terrorism is that it has to be outside a country's borders, and so when they were terrorizing Kosovo in 1999 and driving the Albanians out, that is not considered terrorism because at that time Kosovo was not an independent entity. Just as we couldn't accuse Saddam of terrorism for gassing the Kurds in 1988. So your definition of terrorism was difficult. Oh, the Australians were very much on board also.

Q: Well you left in the fall of 2003.

SCHWERING: That is when I retired. I was replaced by two individuals because I had been covering for INR, and I was the liaison between the State Department and all of the other agencies. Because by definition terrorism is an underground activity, you don't do diplomatic demarches to Bin Laden saying, "Please don't attack us." So the effort to track terrorist finances is almost wholly intelligence-based; although I have to say the press is another good source. So, I was the sole person in INR trying to cover all these groups, all these issues all over the world with all these U.S. government agencies, and I physically

almost broke down. That was recognized and in fact, a second position was created in the economic office of INR. Again, this is when budget pressures were high. So, when I left, there were two people who picked up my portfolio. However, I was literally so burned out some days, I couldn't make it into work until noon.

Q: By the time you left in the fall of 2003, did you feel what we were trying to do was having an impact?

SCHWERING: Absolutely. We had really gotten other governments – certainly the European governments, Australian government, Philippine government, and several middle eastern governments – to really look at the issue, and to start passing regulations. For example, we were able to convince the Saudis to set up a committee to monitor their charities. Previously, they had left them alone. There was tremendous impact, and governments got serious and really took this as a serious issue. The UN was up to speed. We were working with the EU as a whole. That was another issue because a lot of the European Union member governments who might want to put sanctions or regulations in place, had to clear it with the larger organization. The sanctions had to meet certain EU criteria, which standardized these sanctions across the EU. As a result, EU member countries had a two-front battle, one with their domestic agencies, trying to convince them there were some problems, and then a second one trying to get EU regulations in place that would permit them to carry out sanctions and be consistent. I can't remember those issues but it was very complicated.

An OECD group had been set up to follow terrorism finance, to try and get them to actually regulate their banking industry. I notice that the number of countries on what we call the black list of countries that are not considered to be meeting OECD standards or other standards the international community set up to prevent money laundering and terrorism finance has dropped considerably since 2003. These Caribbean countries are getting the message. So it actually, in a way, served to tie the international financial community together further, even though it had been coming together under IMF.

Q: International Monetary Fund.

SCHWERING: International Monetary Fund, World Bank, and Paris Club and other countries that are trying to help indebted countries reschedule and everything. Terrorism finance has proved to be a useful tool to use to push for banking reform, which is badly needed in most of the world. In fact, now the IMF annual reports on countries has a section on their banking system and financial system, which they never traditionally did. It would be mentioned, but now it is specifically analyzed. So, in fact, this effort to find terrorism financing has had a very good impact around the world in terms of improving financial systems and in terms of regulation and everything. That is a side effect. But it was very interesting to be in on the beginning stages of this.

Q: Well, after you retired, what have you been up to.

SCHWERING: I have been up to handling family matters. One of the reasons I retired – and I was so burned out at the end – was my mother was in severe medical health. I don't think she spent more than 10 days out of the hospital, with crisis after crisis the last six months of 2003. So, it was time for me to retire. Having been medically restricted to Washington for the previous 12 years, I couldn't go overseas. It was difficult. The Department didn't want to assign me to a job for more than a year. This became a real problem. The jobs I bid on, bureaus, weren't interested in me because they could only have me for a year. This is the rule about medical restriction in the Department.

Q: Silly rule.

SCHWERING: Oh, I had real problems with that, and I had to work my way around it, so I spent a great deal of time fighting the bureaucracy.

Q: Well Katherine, I want to thank you very much.

End of interview