

Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project

AMBASSADOR NICHOLAS A. REY

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Today is September 5, 2002. This is an interview with Ambassador Nicholas Andrew Rey. This is being done on behalf of the Association for Diplomatic Studies and Training, and I am Charles Stuart Kennedy. You go by Nick.

Let's start at the beginning. Tell me when and where you were born and something about your family background.

REY: Okay. Well, all of this is very relevant to my ultimate Ambassadorship, because I was born in Warsaw, Poland, in January of 1938 to a family which is quite famous in Poland, particularly since I am the direct descendent of the father of Polish literature. So

going back to my ambassadorship, it would be like sending Jeff Chaucer or Bill Shakespeare to be ambassador to the court of St. James. His name was Nicholas also, but in Polish it was Mikolaj. Rey has been the name unchanged. I am probably the luckiest Pole who ever emigrated to the United States - with only a three letter last name.

Q: You didn't have one of those "Ski" names.

REY: No. It is a very short name. About 200 years ago it was changed from Rej to Rey, but that is the only thing. Now he, this Nicholas Rey, lived in the 16th. century, 1509 to 1565, something like that, and he wrote basically the Polish national poem that every schoolchild can repeat, plus he wrote a lot of very Rabelaisian, very dirty as well as scatological poems. Anyway he is quite famous, and I had an instant thing when I became ambassador. But the background is, going back to your original question, I was born in January of 1938. In September of 1939 my family, my mother, father and I, I am an only child, plus my aunt, uncle and their two children, left Poland literally in the middle of the blitzkrieg, the Germans coming in from one side and the Russians coming in from the other.

Q: Can you tell me about your father's background and your mother's background?

REY: My mother was born in Warsaw of a rather wealthy banker's family, and my father came from the landed gentry. In fact I have an Austro Hungarian title which I have never used. I am a count in the old Polish system, a title that goes directly from father to any sons or daughters. It is not like the British system where just the oldest gets it. So we left in September of 1939.

Q: Going back. Was your father living on an estate or was he a businessman?

REY: He was trying various kinds of business at the time. He was not running an estate, but he had done so in his previous lives. Of course he was born on an estate in southeastern Poland, in Gallicia. Wait a minute. We left in September of '39. I might make a little digression there. That is, when I came back on home leave one summer while I was ambassador, my aunt who left with us, for some reason decided to mention how we got out of the country. It was fascinating. That was, as we were trying to leave the war was going full bore in Poland, and we couldn't get any fuel. But she knew the American Ambassador whose name was Anthony Drexel Biddle, at the time knew him socially, and approached him to see if we could get some fuel, because of course the diplomatic community did have fuel. He indeed said, "Yes," and in fact proposed that our family just hook its car into the motorcade that he was using to leave the country to go down to Romania. I found this absolutely uncanny small worldism because as you know any entrance hall to an ambassador's office anywhere in the world, any U.S. ambassador's office, there is always a rogues gallery of previous ambassadors. My picture now hangs just under Biddle, without whom I never would have become an American, and certainly I would never have become an ambassador. So it is a small world. She also described rather amusingly that when we arrived to get into this motorcade, we took one look at his

car. It was a different era than today. He had a canary yellow Cadillac convertible. We then proceeded, or they proceeded, I was too small, about a year and a half at the time, proceeded to cake the car with mud and pine boughs in order to avoid the German Stukas, camouflage the car from German Stukas on the way out. Anyway that is a little digression. We came to the United States...

Q: Well how did you come; do you know?

REY: We had family in Italy, so we went to Romania and then across Trieste to Italy; spent a few months, six months with the family in Italy, in Rome, and then ended up going to Spain and then Portugal. It was from Portugal in 1940, so we are talking roughly one year across Europe. In the fall of 1940 we took one of the last Japanese passenger or freighter-passenger ships that plied the Atlantic before Pearl Harbor, called the Hakoziaki Maru, and we came to New York.

Q: Did you have family?

REY: No, no family. We had visas to Canada, but we had passage through New York. We were going to go on to Canada, but in fact my parents or my aunt or whomever, one of the older people, they decided they would rather stay in New York, in the U.S., and not go to Canada. We went, because we had friends who were very helpful, to Bermuda, and we spent six months in Bermuda waiting for U.S. visas. It got to be, my earliest actual waking memories were of Bermuda and not Europe, as I was about two or three years old when we came back to the United States. My father advertised in the Farmer's Journal as a hired hand to be a farmer, and ended up with a job working for a spinster lady in southern New Hampshire, Hancock, New Hampshire. That lady was named Margaret Perry. She was indeed the daughter or grand daughter of the good commodore.

Q: Who opened Japan.

REY: Who opened Japan. My father as a hired had basically worked the farm, did all the things you would do as a hired hand at the time. He had one foot shorter than the other by about an inch from a skiing accident in the '20s, so he was not able to go into the military. Therefore he was the kind of a person that everybody needed badly particularly in the farming world, so he did very well. In fact we ended up getting a chicken farm later in Greenville, New Hampshire which we worked on for awhile. He ended up, I won't go into all the details, but basically he then went into business with some Polish people. We moved to New York. We lived in the Bronx for about five years in the '40s.

Q: When are we talking about?

REY: We are talking about living in New Hampshire in the mid-'40s, the Bronx in the late '40s, and then in the '50s from '52 on, when I started high school, we lived outside of Philadelphia on the Mainline, where my aunt lived.

Q: What about you essentially started school in the Bronx, would that have been it?

REY: Yes, that is correct.

Q: In the first place, English, how did that work?

REY: English, I had to learn it OJT I guess.

Q: On the job training.

REY: Yes, as a small child. All of my schooling was always in English in American schools. That is why I speak it without accent. It is interesting. My contemporaries, and I wouldn't call them any more than contemporaries, because they accomplished far more in life than I ever will, Zbig Brzezinski who left, and the other one is Shalikashvili, Poles who are roughly in my age group. They both left Poland when they were older. Zbig was probably about 15, and I think Shali was around 10. I was one and a half. Both of them have accents. I think there is some sort of a rule that says, Kissinger, too, if you learn a language after eight or nine, you are going to have an accent. I was lucky in the sense that I had learned Polish in the very beginning. We always spoke Polish at home. So while I was a child growing up with my parents, I spoke a lot of Polish every day and every way. Then when I went off to college and led my own life, I would talk to them on the phone in Polish on Sundays.

Q: Let me ask you a question about Polish. I served at one point in Italy, and so many Italo-Americans come back and they come back with their families and they speak Italian, and not really speaking Italian. They are speaking Calibrese, Neapolitan or something like that. Is there a Polish...

REY: Changes in language in various parts of Poland between different Poles? Slight accent differences but nothing that you would...

Q: Nothing that you would identify someone coming from that place or being almost incomprehensible to somebody else.

REY: No. I was always accused when I was ambassador, of speaking somewhat rusty but very classic Polish. I learned my Polish a generation before everybody else who was talking it in Poland today. I did not speak modern Polish, but I spoke perfectly understandably. I had gotten very rusty, because I spoke fluent baby Polish. That is the Polish I learned. Now I had got to be ambassador, I had to learn all those long words.

Q: Let's talk a little bit school in the Bronx. How did you find that? This was elementary school?

REY: Well, it was elementary school. I guess I spent a year or two. Well, I started life going to school in Pennsylvania. I went to a one room schoolhouse in outside of

Downingtown, Pennsylvania, at first. In 1944 I guess I did that. I remember it distinctly because I remember coming home from school to learn that Roosevelt had died. That is my first sort of political memory.

Q: That would have been 1945.

REY: '45, yes. I went to a one room school. Then after that I went to parochial school in the Bronx. Then I went to a private school in Riverdale. It was called Riverdale Country Day School, for fourth, fifth, and sixth grade.

Q: We are talking about a parochial school. Did you have the traditional nuns with the rulers?

REY: Yes, traditional nuns with the rulers, the whole bit, confession once a week, the whole gamut. It didn't turn me into a very practicing active Catholic. My family did that. But then after that schooling in the early '50s, I need to explain why, we went back to New Hampshire from the Bronx. My father, he did a lot of good things in life, but he made one humongous mistake, absolutely humongous mistake in hindsight. He decided to start a textile factory in 1950 in Nashua, New Hampshire. If you know U.S. economic history, his timing couldn't have been worse. Could not have been worse. It was like buying Enron stock in October of last year.

Q: Well all the textiles were moving to the south, and Nashua was exactly the center.

REY: Exactly. So anyway, we went there for a couple of years. That didn't work out very well. He then got a very interesting position which ended up being quite helpful to me in my future. He and another Polish man, and the other man was a business entrepreneur genius, started a business in Brazil. I will be describing that in a minute because it has great influence on my life. When they did that, my father spent most of his time in Brazil, but I went to school in the United States. My mother wanted to stay with me, etc. So she moved to my aunt who was outside of Philadelphia on the mainline in Haverford, Pennsylvania. They lived together. My father would visit frequently, once or twice a month he would come in. Maybe it was longer than that. Once or twice a quarter he would come back for a week, ten days, two weeks. I then went to high school at a private country day school outside of Philadelphia which was called Episcopal Academy. Not like Episcopal here outside of Washington, but it was called Episcopal Academy. It was one of the better schools in Philadelphia. That obviously taught me, trained me, and ultimately I went to Princeton to university. But from then on, basically my home, even when I was not home, was in the Philadelphia area. I was really sort of, my waking youth, my high school and beyond was spent in the Philadelphia area.

Q: Let's talk a bit about some of the elementary and high school things. In the first place, as a kid, what were some of the things you were interested in? Let's start as an elementary school kid.

REY: I was terribly interested in model railroads. I thought they were the greatest thing in the world.

Q: HO stuff.

REY: Well in those days it was O and Lionel trains. I desperately wanted HO but they were more expensive, and I had the old Lionel type. But it was a big thing in my life. That was big. I was not big into athletics ever. I have become more so on my sort of semi retirement, spending a lot of time in the fitness center, but boy I sure never did that as a child. So that was not in my life. I played the drums in a jazz band in high school.

Q: Reading?

REY: I didn't do a lot of reading. I did some. I was very interested in art, music, not in the sense of spending a lot of time on it, but I enjoyed going to museums, going to concerts, learning about things of that sort. So that sort of turned me on a bit. But I never had any massive enthusiasm or interests.

Q: Each family is different, but was your family rather ethnically Polish? You know did you sit around and talk about things in Poland and that sort of thing?

REY: Very good question. My parents who came to the United States in their late 30s, and I always had tremendous respect for the fact that when I hit the late 30s I said, "My God, how would I like to go to even Australia, but how would I like to go to some place like Japan, some whole new country with a whole new language, etc." My parents bent over backwards in getting much involved, getting me especially, not them so much, but me involved in the local community and local life in America. Both of them spoke English before they came. My mother had an English nanny most of her life, so she spoke absolutely fluent English. My father spoke excellent German, and learned English I guess OJT in his life prior to coming. He was very rusty, very accented, but he did speak very fluent English by the time he had a few years here. But they kept friendships with the émigrés of their generation, the people who would come over to the United States. And I would say there were many immigrations of Poles to the United States going way back to the 19th century as you know. The one that my parents and that I was in was very unique because it was small, and it was largely the intelligentsia. They were all people who knew each other and had cross married in the past, etc., because they were the people with the ability to leave. They kept in touch even if they weren't close with each other physically. I mean they kept in touch by phone, by letter, one thing or another. So my parents had an ersatz Polish life of that sort through their friends, but we were not involved in a Polish church. We did not have the typical Polish-American kind of background that a lot of Polish-Americans from different emigrations have.

Q: Well so much of it was centered around the Catholic church with the priest being the god there and a Polish-American center and all.

REY: Exactly. None of that. A Polish-American insurance company and blah, blah, blah. No we were not involved in that at all.

Q: A kid is very sensitive to this sort of thing, looking at the older generation, how could it be so stupid and all that. Did you find that within this group that you were observing, your parent's generation, were they affected by that disease that seemed to be rather strong in Poland, anti- Semitism or not?

REY: No, they were very definitively not anti-Semitic. In fact they were very strong on that. That is interesting that you mentioned that. They imbued in me strong opposition to that whole syndrome which exists in Poland. Not as bad as I thought it did, but still is there, boy. My father always worked with Jewish people a lot; in his business career there were a lot of Jewish people. They both always dealt with Jews as a very flexible thing. In fact it is fair to say that I have, I don't remember whether it is an eighth or a sixteenth Jewish blood in me through my mother, because my mother's grandmother was Jewish. Was Jewish and converted to Lutheranism. That was great grandmother. My, my mother's mother, converted from Lutheranism to Catholicism. I was always brought up in the Catholic church. But there is a strain in me of Jewish background. In fact it was a family, a very wealthy banker's family, quite famous in Warsaw historically. They started a technical, vocational, school which became quite interesting to me because one of the prime ministers I had to deal with had actually gone to that school when the communists took it over.

Q: Well, in high school, was this a day school or...

REY: A day school. I never did boarding. Well I did do boarding but that was in seventh and eighth grade. Yes, it was a day school. I was very much as a teenager, desperately wanting to de-emphasize anything Polish about me and emphasize anything American.

Q: Well, of course, in a way the great identifier that everyone has is their name, and Rey is maybe people thought French or something.

REY: French or Swiss. Spanish.

Q: It just doesn't resonate.

REY: Like I say, I am the luckiest Pole that ever left Poland and went to an Anglo-Saxon country - having a three letter last name.

Q: With the Catholic church, did the Catholic church was more sort of mainline American rather than Polish American.

REY: Yes, very definitely. Mainline Irish had the same reactions as I do to the Polish church, that is they are both churches in defense. They fight for everything they get, and they tend to have rules much stricter than the Italians and the French. But I was a typical

American Catholic kid basically.

Q: Well, while you were at Episcopal High, I mean obviously with your family background and all you are aware of developments. Was the Cold War and what was happening in Poland something that came in to your consciousness?

REY: Yes, it did. It was always there; it was always conscious, particularly since we have slews of family, and I am trying to think exactly, aunts and uncles and lots of cousins first and second and third cousins. My parents, to the degree one could, corresponded with them quite a lot, so I would hear what was going on and all that kind of thing. The other thing they did which turned out to be very interesting later on, I mean it gave me an interesting perspective on economics of transformation in Poland which I will describe when we get into that subject. But my parents, my mother especially, throughout her life literally from when she came from about 1945 or '46, probably '46 all the way into 1990 or '92 would send monthly packages to my cousins and my family and her whatever have you to Poland. She would accumulate those packages by going to thrift shops locally, getting clothes, buying a lot of medicines, putting coffee, tea and stuff like that in boxes. There was a system in fact set up by the Polish authorities frankly because it was a way for them to get imports in for free, so the Poles didn't stop it. But she was part of a whole very large group of people that did this. What was interesting is this wasn't for necessarily the family to use, but it was definitely for the family to trade.

Q: Trade well.

REY: It is interesting. That is what it became for 50 years, a training program for the entrepreneurial spirit of Poland which then blossomed after the wall came down. Look at them.

Q: Fascinating.

REY: You know there are two things on that which I will mention. One is that people would learn to trade and then they became good entrepreneurs. But the second thing that happened is that as a result of that there was an accumulation of dollar savings in mattresses in Poland, because there was that whole process, which probably amounted to several billions of dollars. Nobody knows for sure. These were the savings used for initial investment in the Polish entrepreneurial system which created the great economic transformation of Poland, one of the key elements in the economic transformation of Poland. So I had my own personal experience in that.

Q: Well now, were you getting relatives coming over from time to time?

REY: Very seldom. In those days it was very difficult to get out. There were occasionally visits, particularly when I was in college. There were some thaws in the system.

Q: While you were at Episcopal High, was this more or less pointed towards Princeton, I

mean being...

REY: Well It was pointed toward getting into an ivy league school. I was very fortunate. It turned out that there were, Princeton seemed to like Episcopal in those days, and for one reason or another I got accepted into Princeton.

Q: Was there any thought process or family pressure to go to Princeton?

REY: No, none whatsoever. No thought process whatsoever. I mean obviously the family hoped that I would get into an ivy league school, but my two cousins, my aunt's two daughters, one went to Holyoke and one went to Radcliffe, so I mean there was obviously that sort of pressure going to that kind of ivy league place. But there was nothing specifically about Princeton that didn't mean anything to anybody. It meant a lot to Philadelphia because it was sort of a training ground for Princeton.

Q: Well you went to Princeton from when to when?

REY: From 1956 to 1960. I graduated in 1960 and one little bit of Princetoniana that I will pass on. Our class had five ambassadors in it which is an unbelievable record.

Q: Do you know their names?

REY: I am trying to come up with them. Grant Smith who was in one of the "Stans" I have forgotten. Pete DeVos who was, he was a career, well they were both career guys. Pete was in Tanzania, Liberia, Costa Rica, and I think someplace else too in the process. Paul Taylor who was in the Dominican Republic, and well, me, that's four. I am missing the fifth one - oh yes David Ransome who was in Bahrain. Then Tex Harris who was head of the Foreign Service Association. He was not an ambassador.

Q: Oh, yes. Well, Tex is bigger than life. Literally. I have heard one of his tapes.

REY: There was this big thing about Princeton in the nation's service. I think our class has the record at least in my lifetime of number of ambassadors.

Q: Well one thing about this that I have noted, I have been doing this now for about 17 years. Princeton seems to have much more of a record of public service than most other universities. I mean they seem to hang on to their people. I went to Williams and I was really shocked. At the time I felt most of them end up as merchant bankers or something like that. I have talked to some of my colleagues at Williams class of '50, and had the same impression. I mean they do very well, but...

REY: They don't go into the national service. There is a phrase at Princeton literally that has been used for generations, Princeton in the nation's service. I mean this administration, shudder, Rumsfeld, because I am from there.

Q: Describe Princeton, how it was when you arrived, your impressions there, and sort of what you were interested in.

REY: Well it was quite a place. It is very different today. I had a daughter who went there, hugely different because now it has got women. My definition of Princeton in the 1950s was that it was a beer drinkers' monastery, because there were no women on campus and you weren't allowed to have cars. So it really was a beer drinker's monastery from a social standpoint. From an intellectual standpoint it was absolutely fabulous because it had spectacular teaching staff, professorial staff and relatively small classes. Each class had about 1000 or 800 students in it. It was divided up where you would have lectures and precepts. Precepts were discussion seminars. They would maximum of 15 people in, so that it was really focused, concentrated. You couldn't get away from getting a good education there, as compared to a Harvard or Yale which were much bigger and looser in terms of discipline, in terms of what you had to do.

Q: Yes, also I think, too, the professors at Harvard and Yale tend to be much less involved in the students.

REY: Yes, in our case the professors were very deeply involved with the undergraduates. Very deeply involved, and it was very stimulating. Maybe I should spend a minute talking about my desires and interests, because that then leads me into what I am the rest of my life. I went to Princeton, well first of all, I got very interested in the French language at Episcopal Academy. That I got interested in because my mother spoke fluent French. She always talked to me about French in French. So when I majored at Princeton, what I majored in was French. Then I decided to take another language, so it was French and German literature number one. They had a program which is called the special program in European civilization which allows you to go across a bunch of disciplines. But the grounding was French and then the German that I learnt afterwards. So I was always very oriented to things international. I spent a lot of time on these languages and the Goethes and Voltaires none of which I could remember, but boy I spent a lot of hours on that stuff. Then I guess I was only partly through the first semester, and I decided my career was going to be the foreign service. I had to get into the foreign service.

Q: Did you run into anybody or any connection?

REY: No connection to the foreign service per se. You know those were the days, I remember at Princeton reading about the wise men. Those were my gods. The book hadn't come out; they weren't called that yet.

Q: This would be Acheson, Marshal and Chip Bohlen,...

REY: And Kennan. Oh gosh I can't remember the names anymore. There was Grew.

Q: Grew by the way, has sort of was connected to the lady your father worked for on the farm. His wife was.

REY: Do you know why? I didn't mention that. We lived in his house. Because when we came, he was off doing his thing in Japan, where ever he was. He was down here. We lived in his house. I remember distinctly having Christmas in his house, the Grew house which was across the road, I wouldn't say street, the farm road from Margaret Perry's. It is interesting that you would say that. That was my first connection to the foreign service.

Q: Grew was married to the daughter, grand daughter I guess of Commodore Perry.

REY: This may have been a cousin. Some relation, okay.

Q: They may have been sisters. Anyway that whole Perry and Grew was connected to his wife.

REY: We actually lived in his house. It was fascinating. Anyway.

Q: Robert Murphy was another one.

REY: Robert Murphy and there was a guy who was undersecretary of state. Anyway those are the guys. And the whole, because of the society I had grown up with around Philadelphia and the society from which my roots were in Poland, I got very much involved in the mentality of the service view of the world. You know, you are fortunate, and you ought to provide service, etc. The Rockefeller view, and I don't mean Rockefeller over anyone else but that sort of attitude, noblesse oblige view of the world. That was always something that was kind of important to me. If I was going to make money, I was going to make money so I could do something else. It wasn't just to make money. That is what kind of motivated me for whatever reasons.

Q: How did you find the faculty at Princeton? Was the cold war being fought out there. I mean some places the last refuge of Marxism is on some campuses.

REY: I can guarantee you one of my favorite expressions "People's Republic of Cambridge Mass," having experienced it after I became ambassador. But at Princeton it was not obvious. It never emerged as being a great battlefield or that sort of thing. I am sure it existed, but it was not obvious.

Q: I always think of Princeton as being one of those places.

REY: No, and I was post McCarthy, definitely post McCarthy, so if it had been, it was not obvious the way it would have been in the McCarthy era, there at least. So I can't tell you anything. Anyway, let me go on from Princeton if I may. We are using up your tape. So I had this desire to go into the foreign service because this is the kind of life that appealed to me. So I then decided to go to graduate school. In those days one went to graduate school directly from college as a way of avoiding the draft, but it also became the system as compared to today where you need to work for three or four years before you go to

graduate school. So I applied to and was accepted at SAIS [School of Advanced International Studies] at Johns Hopkins.

At Johns Hopkins which still exists and is still very active. So I came down to Washington in 1960, the fall of '60 and graduated from SAIS physically in '62 but in fact I am in the class of '63 because I tried to take the orals early and missed them, so I had to take them again at the end of '62. They made me be considered the class of '63. Which was when, although I never met her, that was when Madeline Albright was at SAIS too for a brief period of time.

Q: Did you get involved in the election of 1960? There were a whole lot of very young people involved.

REY: I was not involved, but it was the first election I voted in. I voted in Downingtown, Pennsylvania, in a one room schoolhouse, where you actually had to write in the name. I mean it was a fabulous vignette of America. I voted for Kennedy. He was terribly wonderful to me, and I thought Nixon was a horrible man, particularly after the debates, you know, the typical kind of thing. But I was not directly involved. I remember helping, since SAIS was just off Connecticut Avenue, I remember well my roommate and I helping cars in a huge snow storm the night before inauguration, get up Connecticut Avenue to various inaugural balls and that kind of thing. It was a lot of fun. But going on with SAIS, SAIS was terrific. It was very useful and helpful, though it would have been better to do it the way it is done today which is you had to do something for a few years before you went to graduate school. By the time I got there, my second year at SAIS I realized I was in the 18th grade. It was time to get the hell out and do something.

Q: At SAIS what sort of courses...

REY: I took as much economics as I could. It was very little in those days, not as formal as today. I basically was in Latin American studies, because now I need to go back and talk about my father again. He went in '50 to Brazil and basically for 15 years worked in Brazil and traveled to the U.S. often. His basic work was in Brazil. I would visit him on all my vacations, so I got to know Brazil pretty well. I was there about six or seven summers when I wasn't going to Europe for one thing or another. I spent all of my high school and college summers traveling either in Europe or in Latin America, Brazil, so adding to my interests.

Q: Were you able to get into Poland at all?

REY: Yes, in '59. I went with my parents in '59 and spent a couple of weeks there.

Q: What was your impression?

REY: Oh, it was unbelievable sadness and horror. I mean that was just a tough life. On the physical side, people's lives as compared to the life I had, they were just having a

terrible time. There was very little progress up to '59. On the other hand, the Poles had compensated for that in the most incredible conversational spirit, charm whatever have you, so I had an actual ball with my friends and cousins and things like that, that I had developed even in the two weeks. It was just terrific. The Poles had a real ability to live through horror by their charm and their wits, unbelievable. So from that standpoint it was quite an experience. So anyway, I spent a lot of time in Brazil. I got to know a little Portuguese, traveled all over Brazil. I find it a fascinating country. So I got into doing things in Latin America if I could, knowing I couldn't do anything in Poland, so I figured Latin America would be a good place. I expanded my interest in Europe to Latin America in graduate school. Now all the time with a view to joining the foreign service. In the fall, I guess, of my second year at SAIS...

Q: '61.

REY: '61, yes it must have been. I took the written exam and passed it. Then I flunked the orals.

Q: Do you recall any of the questions or how it went?

REY: Which, the orals?

Q: The orals, yes.

REY: The orals were very much focused on some country in Africa. I was asked, I mean how I would deal with this issue or that issue. I can't remember except I knew I felt I wasn't answering the questions well for whatever reason.

Q: This was a period when our emphasis was on emerging countries in Africa at that time.

REY: That's right, very definitely it was, either there or the Alliance for Progress. Soapy Williams was the assistant secretary. G. Mennen Williams, that is why he was called Soapy. Anyway it was difficult. I remember they asked me about one of the constitutional amendments, like the 24th or the 23rd, and I blew that completely. I have forgotten which one it was. So I flunked that, the orals, and therefore there was no chance of getting into the foreign service right away. That was a disaster in my life, as you can imagine. It turned out to be how sweet it was when I became appointed ambassador, but that is a long way down the line. Meanwhile, I found a job at the Treasury Department. I worked in the Treasury. I went into the army reserves for six months and was a weekend warrior for six or eight years, whatever it was after that. That is how I did my military thing. But I ended up working in the Treasury Department, joined in the spring of '63.

Q: You were saying in the spring of '63.

REY: In the spring of '63 I got a job in the Office of the Assistant Secretary for

International Affairs at the Treasury Department. It is called OASIA. I worked there until 1968.

Q: What sort of things were you doing?

REY: Well I started out basically as the guy who ran the Xerox machine in the OASIA and helped them prepare briefing books and stuff like that for the assistant secretary of international affairs. I then worked at various sort of economist like jobs. I worked in international monetary matters which were fascinating at the time, and in the gold and foreign exchange operations office of the treasury. Both of which were quite exciting, quite interesting. I got to learn a lot of the international financial world from Robert Roosa who deceased a couple of years ago. He was a genius undersecretary for monetary affairs at the Treasury Department in the Kennedy and early Johnson administration. A really marvelous man. I used to be one of his assistants. That was a terrific experience.

Q: Did you get any feeling about the Treasury is a very small, rather professional organization compared to some other places.

REY: I got quite a feeling about that, and that still is the case. It is still quite small. The office of the assistant secretary for international affairs has got maybe a couple of hundred people in it. Maybe it is 300 now, 150 when I was there. It dealt with a lot of very important matters at a very high level, basically advising the Secretary in his functions on the international financial scene which was a lot of stuff. So you had direct and immediate contact with the top officials in the department if you got a job there. I certainly had that experience, which for a young man was just fabulous. When I look back and say how lucky I was that I didn't pass that Foreign Service officer's exam, because I never had to go through the consular service and all of those kinds of things where it never would have even remotely got the experience that I got at the Treasury.

Q: I was just wondering, at the treasury did you get any feel for the Treasury outlook towards the State Department.

REY: Yes. Clearly they always looked down their noses and vice versa, because the treasury were the tough hard nosed guys with the money, and the State Department were all these cookie pushers, pin striped wimps. Call that what you will, but that was the attitude. Now it was interesting that as a result, I got to observe fairly closely the fact that Treasury in those days had very narrow and very strong interests, and it ruled in those areas. Particularly since the two secretaries that I worked under, Douglas Dillon and Joe Fowler both had the ear of their two presidents, Kennedy and Johnson. They were considered quite highly. They were both very much involved in the national security council which is always a key thing for the Secretary of the Treasury to be there as well as all the other people in the national security council. So it was an interesting job. It was incredible. I spent three years working in OASIA in the international area doing various fascinating economic jobs. You know treasury had the relationships with the International Monetary Fund, the World Bank, all of the regional banks. The Asian Bank was actually

in the process of being created at the time. Plus it had all the international monetary issues. Those were the days when the U.S. had, as it still does, humongous balance of payments problems. It was the days of the creation of the special drawing right, the SDR, etc. There was a lot of action. a lot of major international back and forth going on that Treasury was in the middle of. In '67 I wangled a job as the director of the Treasury's Executive Secretariat. I did that for two years.

Q: What did that involve?

REY: That involved basically being the paper pushing staff for the secretary. It organized all the paperwork, made sure that he got his briefing books, that all the correspondence was answered and all this kind of thing. Not different from Executive Secretariat at State but much smaller, tiny, because the operation of course...

Q: When they put this together, were you looking at the military or at the State or other places, or had a secretary like that been around for some time for organization?

REY: Looking where to set it up. No we had been set up. I did not set it up. It was set up a couple of people before me. I know how it got set up. It got set up, Douglas Dillon had been undersecretary of state as well as ambassador to France before he became Secretary of Treasury. He brought with him one or two State Department guys to help him. He thought we ought to have an Executive Secretary that handled all the paperwork. It was again for a young man, 28, I did that from ages 28 to 30, was absolutely fascinating fly on the wall job, because I got to see everything that went to the Secretary that made any sense. It wasn't just eyes only. I got to give his briefing books. I got to go with him to all his Congressional appearances, so I learned a great deal about Congressional relations. How do you deal with the Congress if you are in the executive branch, basically at his knee. This was Joe Fowler; he was secretary at the time. He got to be a genius. He was a wonderful Virginia country gentleman, I guess, in character, and a lawyer. He was a Washington lawyer who had been undersecretary, now called deputy secretary then called undersecretary, the number two guy in the department under Douglas Dillon. He was really good for me because he sort of brought me in on a lot of Congressional stuff. We had some real very difficult Congressional battles. That was guns and butter and Vietnam. The Treasury, the Secretary desperately tried to get Johnson to raise taxes. He wouldn't do that for months and months, a couple of years at least to pay for the war. Finally we needed a 10% surcharge, and it was a huge battle. One of my greatest experiences in that era was to spend, I spent three or four months on and off, two or three days a week, in a House-Senate conference meeting on this tax bill. The horse trading and all that kind of stuff that I got to see before my very eyes was just a life experience that turned out later to be extremely useful. So I did that until 1968.

Q: Did you get a feel while you were there about the relationship between Fowler and President Johnson.

REY: Yes I did. It was a very good relationship. But Johnson was then preoccupied with

Vietnam and with the daily machinations back and forth that Fowler was obviously involved but on the periphery compared to Johnson's central interest. In fact if you look at the, my proof of that is if you look at the Bechloss book of the Johnson tapes, Michael Bechloss' book of the tapes of the Johnson, I have forgotten when the most recent one is, '65 or something like that, and you look in the index, Fowler is mentioned but only on two pages. Something very brief like that. But they were very much involved when it came to the economic situation. Fowler had a very difficult time because he had to convince Johnson and it was not easy. Then he had to take the blame for whatever, for lack of action on the tax bill to pay for the war.

Q: From your perspective where you were watching this, where was the opposition to the tax bill? Was this just general dislike of any policy that is going to raise taxes?

REY: Exactly.

Q: Where was the center of power in Congress on this situation?

REY: Well Wilbur Mills was the center of power in congress. My cobwebs are too thick to remember the details of what happened, of who the opposition was. Wilbur Mills, if he opposed he did it very quietly because he was. He was a good chairman, a brilliant chairman in terms of keeping things on track to the extent they were. The opposition was the Democrats were very fearful of raising taxes for obvious reasons. This was a period we really did need some money. That is why they ended up with this 10% surcharge. It was much too late. They should have done it three years sooner.

Q: 10% surcharge on what?

REY: On your tax bill. So if you paid 10% taxes, you would pay 11%. It had a, I don't know what it was, two or three year, four year period, something like that. Then it died out. But anyway, that two year experience of working that, not working, it is the wrong word, observing as a fly on the wall the highest levels of government machinations was extremely useful to me.

So in 1968 I decided I had risen to, I guess, GS-14 at the time. The question was would I, because Executive Secretary is not a job you would do for very long, you do it for two years and then you have to go on to something else. The question is would I go back into the treasury system, or would this be the moment to go off and join the real world, Wall Street. Because again I had this dream of investment banker or government official type. There were a number of people in the investment business who had been in government. I can't think of their names now, but of these wisemen types who would come back. Cyrus Vance was the perfect example. More recently in fact, but those kinds of people, lawyer.

Q: In and out of government.

REY: In and out. I wanted to try to do that if I could. So I looked around Wall Street,

found a job at a firm that was then called Drexel Harriman Ripley. Subsequently after I left it became the famous Drexel. It had its problems in the '80s. But when I was there it was a small firm. I worked for two years there.

Q: What were you doing?

REY: I was as they say in the business, I was in the bullpen of the investment banking group, which meant I was the guy that crunched the numbers for the bankers who were doing various transactions. It was a terrific experience. I got a lot out of that for two years. We moved up to New York from Washington. By the way I met my wife when I was in graduate school. She worked in the Labor Department. We had our three kids here in Washington, DC.

Q: What was your wife's family background.

REY: Okay, she came from New York, very eclectic background. Her family name is Machado. Her great grandfather came from Cuba. He was a royalist who got thrown out in the revolution of '68, 1868. Owned some land there. Came to New York as well as Canada. Her mother's family goes back to the Mayflower and the Salem witches. In fact there is a Salem witch, I have forgotten which one, but the famous witch is related to her. I can't say to me, but to her and our kids. But I think she was Rebecca Nurse. My wife worked on Latin America at the Labor Department. She was always amused by the fact that her name had been Machado and she married a Rey, both of which are very obviously Spanish names, so she didn't even have to miss a trick in there. Anyhow, we had three children. Our three children were all born in Washington while I was working in the Treasury and she was working in the Labor Department. She quit because of the kids. Then we moved to New York, moved to Larchmont, New York, which turned out to be a wonderful community to bring up our kids in. I commuted on the subway for two years. While I was there, Drexel was going through problems. It looked like somebody was going to buy them, etc., and the work was getting less interesting. A lot of people were leaving, going to other firms. I was called by the Treasury to see if I would be willing to come back to work on a nine month, ten month assignment on the staff of what was then called, what was officially called the President's Commission on International Trade and Investment. It was called the Williams Commission. It was run by a man named Williams who was a vice chairman of IBM.

Q: This would have been in the Nixon administration.

REY: The Nixon administration. I said, "Sure, why not." This is not working right. It gives me a chance to see what other firms I could go to later. So I went back down, took the family, brought them back down to Washington. I spent ten months of 1970 down here. Well the fall of 1970 to the spring of 1971 down here, spring, early summer of 1971. This was a fascinating commission. It had a lot of very good businessmen, lawyers commissioners, outside commissioners. Nobody from the government. It would decide what U.S. foreign economic policy should be and provide advice. It was your classic

study commission, you know, the president didn't know what to do, and they didn't know what to do, so let's have a study commission and dance and obfuscate until we need to do something. So that was set up for that. I was responsible for writing several of the chapters as a staff man. We had a very good staff. The staff director was a man named Isaiah Frank who is a professor of economics still, even though he is in his mid-'80s, at Johns Hopkins. There were various CEOs of major corporations, which again on the commission. We did a lot of interplay between the staff and the CEOs. So I got a lot of feel for what these people think and how they act, etc., which again was very helpful to me in later life when I got into the business of client relationships.

Q: During this time the Nixon administration more than most was very heavily involved in economic policy including going off the gold standard and all that. The Nixon shoku as they called it.

REY: Yes, I can explain all that.

Q: Would you talk about the approach that you all were taking. I mean basically the whole problem is a deficit wasn't it?

REY: Yes. There was a big balance of payments deficit. The dollar was weakening around the world, even though everyone needed the dollar because it was the reserve currency. But there were all sorts of problems, and we were still on sort of the semi not gold standard but whatever you called it in those days. Our report was issued on July 27, 1971. I think it was the date of the report. Literally one week later we had the Nixon shoku. Our report was, and I had to write them, those chapters, or was very much involved in writing those chapters, was vehemently opposed to going off the \$35 an ounce gold exchange system we had, and more importantly we were against going to a flexible exchange rate system. So that report had a life of about one week before Secretary Connelly threw it out.

Q: What were some of the arguments pro and con at that time?

REY: Well, the biggest argument for keeping the system as it was is you had a much more stable day in and day out payment system. You knew the currency was going to be worth X from one day to the next, and that was a lot easier for business to figure out how to price its exports, buy its imports and all that kind of stuff. It of course, missed the fact that what you have is a pressure cooker which is building and building and building because there was no price change. Then all of a sudden then bang you would have huge devaluation, the pound devaluing, one thing or another, big problems. So the other argument which is the one that ultimately prevailed because it was the realistic one, was that you had to allow exchange rates to meet the market, change with changes in the market. It ultimately happened, but boy it sure was a shock when it did. Because, people, you know, were just not used to it. But it was very funny. The report had to do with a lot of other things, not just the foreign exchange thing. Now the reason why I got this job to work on this commission goes back to something you asked before which was Treasury

versus State Department. The Treasury is very understaffed. The last thing it wanted was to have a commission like this without somebody from treasury involved in the staff, because these guys were a bunch of state Department types who were academics who would do crazy things. They needed somebody from the Treasury who would be their man. So the reason I got on it was because I had recently been in the Treasury and people sort of still trusted me as a Treasury man and put me on there as the Treasury guy on the commission staff. What the heck, it got me a job, so it was fun. I spent as I say ten months on that. The commission finished its work. Meanwhile I observed what was going on on Wall Street. Several of my former colleagues at Drexel had gone to Merrill Lynch. I had interviewed with Merrill Lynch in the investment banking division and joined the firm in '71 and spent 16 very rewarding and very interesting years at Merrill Lynch.

Q: Let's go back to the time you were on the commission. Did you get a feel for, I mean you have been in Treasury. When these people from private business world were working on this commission, did you have a feeling that they have a mindset or were they a different breed of cat? What were you getting?

REY: That is a very good question. I am impressed with your questions; they really are good. Because it builds to a broader issue, and that issue is what is the difference between government and the private sector mentality and thinking. The businessmen, setting the lawyers aside, the businessmen had a rather narrow focus for the world because they were motivated by the fact they had to have their companies making money. Certain things work and certain things didn't work. They did not take the broader view of somebody who had been in government knew that there were other factors. They were dealing with their business factors. It took a lot of convincing to tell them, hey you have got to look at some other subjects. Not necessarily opposed to what you are saying, but they need to be reviewed to get a realistic policy out of it. So that is one of the main things I learned being on the commission, is the mindset of your typical corporate executive. He got to where he was because he was able to force people to make the company be profitable. That is a different mindset than balancing the views of various people as you do in government.

Q: Also these were powerful men who gave orders, and they expected them to be carried out or not.

REY: They were powerful men who gave orders, but it was fascinating. It is interesting you mentioned it. To a man they were sensitive to the fact that they were in a field where they really didn't know what the heck was going on. They needed more before they could make a decision. They were very good listeners. They may have come out differently than they wanted it to but at least sensitive to the fact that they had to worry about things other than their one track approach to life. That was very impressive. These guys were quite good. We had the vice chairman of IBM, the then chairman of General Electric, the chairman of Utah Mining which is one of the big mining companies obviously in this country, and one of the top people from Cargill. Those are the ones that came to mind. I am sure there are some others too. There were one or two jerks, no doubt about it, but generally speaking they were all quite good.

Q: You were mentioning lawyers off to one side. Tell me about that.

REY: Well lawyers are used to dealing with a lot of people and are not as one track bottom line oriented. There are some good lawyers. One of them, a colleague of mine who was ambassador, his name is Dick Gardner.

Q: I know. He was my ambassador when I was in Italy. Also a professor of economics at Columbia.

REY: Not economics, law. Then he worked at Coudaire. Now he is with another firm. He switched firms. I can't remember where. He is quite an example. I wouldn't mind having his record. Going from Italy to Spain wasn't bad after all.

Q: So you went to Merrill Lynch. You served at Merrill Lynch from when to when?

REY: From '71 to '87, sixteen years. During that period I was directly involved in getting Merrill Lynch involved in the international banking business. They had lots of other people doing it too, but it was basically my thing. What I did was, this again is going to be very important later on, but what I did was I over time, it got to the point where I ran a group, a small group in the investment banking division that dealt with foreign clients that wanted to raise money in the U.S.

Q: For their businesses abroad.

REY: For their businesses and for their countries abroad. Now this was starting in the early '70s, '72 or so. My first coup, my first new business coup which was a major big deal for Merrill Lynch and obviously a wonderful thing for my career, which is why I did very well at Merrill Lynch, was that I convinced the government of Mexico to raise money through Merrill Lynch and not through its traditional bankers, First Boston and Kuhn Loeb, big firms that had traditionally been in the international investment banking business since the 1920s. Merrill Lynch was new to investment banking. It had been main street to Wall Street in the brokerage business, but it was new to investment banking. Starting in the mid-'60s I guess, they got into investment banking, investment banking defined here as getting clients to raise money through Merrill Lynch as compared to dealing with investors who would place their money through Merrill Lynch. That would be the brokerage side of the business; this is the investment banking side of the business. I convinced, I spent a lot of time working on it, the Mexican government to shift its business for one transaction at least to Merrill Lynch. We did a very successful bond issue for the Federal Republic of Mexico which was a real coup on Wall Street because, my god, what was Merrill Lynch doing business with Mexico. That was the traditional bailiwick. In those days investment banking was very hide bound, very traditional. You always dealt with your previous bankers, etc. The Mexicans had thrown out 30 years of experience with First Boston.

Q: How did you get...

REY: I spent a lot of trips there. How I got to it, I spent a lot of time talking to the ministry of finance, the debt management office of the ministry of finance of Mexico and the central bank. Now I had spent five years before that working at the U.S. treasury department. I knew the way they thought. The treasury departments don't all look alike around the world, but people think the same way. That doesn't change. But I was one of them, because I had that experience. We could exchange war stories. I could tell war stories about my bosses and about what treasury was doing, and they remember so and so and such and such. So I was right away a familiar figure. I had a heck of a story to tell about Merrill Lynch because of our ability to go after individual investors.

Q: What does this mean? I mean you are talking a vocabulary I don't really understand. Here you represent the firm. In the first place what was the culture of Merrill Lynch; where did it come from?

REY: The culture of Merrill Lynch was Irish Catholic. Charlie Merrill who started Merrill Lynch in the teens was a junior stock broker, basically invested people's money for them, developed a brokerage network of individual offices around the country. The old theme, advertising theme of Merrill Lynch was main street to Wall Street. That is what they did. So it was basically a big brokerage firm which did not have the long established relations with issuers of securities as compared to investors in securities. They were big with investors, not big with issuers. What I was doing was bringing to them a major issuer which is what supported me.

Q: One thinks of the Mexican government in the first place, in those days it was all the PRI party, a one party system, came out of sort of a radicalized thing. Its foreign ministry was renowned as being where they put all the anti-United States, anti-American types. But this part of the government, where did it come from?

REY: It comes from Harvard, Yale, and Stanford. There was a technocracy that ran under the PRI. There still is because Mexico produces a lot of technocrats. The financial economic side of Mexico was in the hands of a bunch of very capable technocrats, well trained economists in American universities, a very respectable crowd of people. They did what they could. There were times when they had disasters. All emerging countries have, but they did a very good job and they were respected around the world. They probably had the best economic management of all of the then emerging market countries. So that is where they came from.

Q: This is prior to the oil boom?

REY: This was prior to the oil boom, getting there. Now that brings up an interesting question. With the oil boom, now let's go on from there to the rest of my career at Merrill Lynch or at least part of it. The oil thing started in '73, '72-'73. I did the Mexican thing before. But with the oil crisis, not so much the boom as the crisis, a lot of countries around the world particularly in Europe as well as in Latin America, but particularly in

Europe flipped into current account deficit in their balances of payments, huge current account deficits which they needed to finance. Their budget deficits also went sky high as a result. So they had both current accounts they needed to finance and budget deficits. They needed money badly. I then, took advantage of that. Ended up by the end of the '70s having as clients, as governments raising money through Merrill Lynch, Mexico. Then I had Brazil. Then we did some things in Argentina, things in Venezuela, and then we had all of the Scandinavian countries, the Finns, the Danes, the Swedes, the Norwegians. Various French government agencies, France itself didn't borrow, but its agencies borrowed. We did a bunch of those. We also did The European Investment Bank, the World Bank, the Asian Development Bank, and the Inter-American Development Bank. So all of those clients of Merrill Lynch in many cases I brought in myself, if not with other teams, are all people and all institutions that I used to deal with at the Treasury.

Q: Where was the money coming from? I mean the U.S. had its deficits.

REY: The money was coming out of the savings in the United States which was quite significant in those days, and through the international financial system from Arab countries. A lot of the money they made with oil, they were not all Arab but mostly Arab. All of that money accumulated in reserves or in the private sectors of all of these countries, which were then reinvested in the international financial market.

Q: You had to put it somewhere.

REY: Yes, had to put it somewhere, and it got circulated. We were one of the circulators. Our job was to circulate, and we did it quite successfully. Basically I guess I had a significant impact on putting Merrill Lynch on the map in the financing of governments, particularly in the U.S. market. That was a very interesting career.

Q: Just one more thing. I am fully out of my veracity, but you are dealing with this. One always talks about how many of these rulers and people are involved in these countries that have this money slapping things away in Swiss accounts. What happens to Swiss money?

REY: Swiss money gets invested very conservatively, not necessarily back in these countries through the bonds we did, but sometimes. It gets invested in AAAs, highly rated securities. By the way in my whole career in doing that with all of these governments, both Latin and European obviously, I never saw any corruption I could put my finger on. Not obviously. At this level it wasn't obvious.

Q: But while you were dealing with this, I mean everything is boom or bust anywhere not necessarily. The financial market is not a smooth sail. As you were working on this was there getting to be any disquiet about Brazil or Mexico?

REY: Oh, yes. Lots of disquiet, there were lots of problems. In fact the Latin American market ended in 1982, the ability to raise money because they went through a financial

crisis which started in Mexico, but then went on to all the other countries of Latin America. It was the first big financial crisis of the post war period.

Q: How did Merrill Lynch do out of that?

REY: Well, we did all right out of that in the sense that all the bonds we had done were paid by the Mexicans. The Mexicans didn't pay their banks but they did pay their bonds, so our investors all came out all right in terms of our investments, the transactions we did for Mexico and Brazil and the other countries went very well. So we could hold our heads high as a result of all of that. But in the 1980s then when the market for government financing declined, there was less of a need, and there were these crises which made it more difficult to do, I then switched into doing transactions for foreign corporations in the U.S. market. I had a number of clients who did not bonds but stock issues of one sort or another. They were clients like Philips Lamp and Reuters. It was very interesting. I was involved with getting Reuters shares first into the public...

Q: What is Reuters? I always think of the news agency.

REY: They are a news agency which was owned by all of the UK Fleet Street newspapers. It was a privately owned by newspapers. But when it discovered that news wasn't enough and it got into the business of providing financial information on screens. It was the first computerized system for foreign exchange trading, stock trading, and every trader on Wall Street and London and Tokyo had a Reuters screen which provided up to date information on what was going on in terms of currency quotes, stock quotes, things like that. So it was quite a valuable property, much more so than just a news agency. The news was like 5% of the revenues; the rest was all this thing. So anyway it was interesting. As I mentioned Philips Lamp, a couple of British companies. Throughout the period I did Japan as well because there were a number of Japanese companies who raised money through us in the U.S. market, Matsushita, Honda. Kyocera, Canon etc.

Q: One thinks of Japan usually as talking to people who are Americans trying to break into the Japanese market. How did you find dealing on the financial side with them?

REY: Very difficult, but we had something to offer. They needed us to raise money in the U.S. market. We had something they needed, and they had something we needed, so we thought that we could do business. It is a whole dance about how you do it, where you do it. These were the halcyon days where everything Japanese was considered spectacular, good, went very well, and very different than today.

Q: Did you find going to Japan to negotiate how you do this, was this difficult?

REY: It was difficult, but fascinating, a lot of fun and so different from what I had been doing before. You know, you learn how to negotiate, and you.

Q: I just finished a set of interviews, I don't know if you had run across him, Mark Sering

who worked with the Department of Commerce in talking with the Japanese. Everything was done in the back room more or less. You laid out your thing and they figured out, you know. You then had to wait until they came back.

REY: Exactly. It was all that sort of thing. Finally deals, I mean you finalized deals at four in the morning, that kind of thing. But it was fun.

Q: Did you get involved at all with the eastern bloc? Were they completely out of it?

REY: They were completely out of it. They were very communist. The economic management in the '70s and '80s in all these countries was just disastrous. There was no way they could raise money. That is one of the reasons why the wall came down. They were just economically on their backs.

Q: Did you have anybody kind of looking at the investment thing? Eventually these people are going to have to come around.

REY: No it was much too early. There were no futurologists in the investment business. It is too quarter to quarter. They don't do that. I mean the fall of the wall was just a surprise and an even bigger surprise on Wall Street.

Q: How did you find the Arab countries?

REY: I had very little, in fact I had no dealings with the Arabs. That was one part of the world that I had very little to do with, no business to do there. I mean there is not anything from me on that subject.

Q: So then where do we go?

REY: Well after that for a number of internal reasons at Merrill Lynch, career ideas, I decided to leave Merrill Lynch and I joined Bear Stearns. I spent five years until 1992 at Bear Stearns doing similar business.

Q: Were you in all of this time, did you find yourself getting involved in politics in any way?

REY: Getting involved, I mean I am a dyed in the wool Democrat. No nothing to speak of. A little bit here, a little bit there. My route to the ambassadorship is other than the fact that I have been a Democrat all my life, has less to do with politics and has more to do with my business background, my Polish background which is the next item on the agenda.

Q: Well, I thought it would be a good place to stop here, and we'll pick this up the next time, what around '92 or so?

REY: Yes, around '92. I will tell you, in fact in 1990 it will start, how I got re involved in Poland.

Q: Okay, we will talk about 1990 and all. We have talked about your education and your family background. During all of this time up to 1990, were you involved in any Polish-American affairs?

REY: None whatsoever. Absolutely not.

Q: So we will pick this up in 1990.

REY: Okay, great.

Q: Today is October 1, 2002. Let's go to 1980 and 1990.

REY: That year of course, and in '89 just before that the wall came down, the Berlin Wall used as a way of describing the whole change that occurred in '89 and '90. In that period, especially the end of '89 and early 1990, the Bush administration and the Congress passed an act which was called the Seed Act which stood for the Support for Eastern European Democracies. I think it was actually passed in December of 1989. That act included a provision and the appropriation of \$240 million to an enterprise fund that would be used to jump start private enterprise in Poland. An amount of \$50 million was also appropriated to do the same thing in Hungary. The idea here which was truly an excellent concept, was to get the U.S. private sector to work with the then just beginning private sector in Poland to jump start private enterprise. So that rather than provide a huge amount of money through the official assistance organization of the USAID and let the bureaucrats try to jump start private enterprise, the concept was let's let the private sector do that job. So the \$240 million was appropriated, and the Bush administration searched for directors for the Polish enterprise fund as well as the Hungarian one. In the process my name came up. It came up because I was the only white haired investment banker on Wall Street and in captivity that actually spoke the Polish language. It was my history at the Treasury Department that created that situation because, in fact, the Treasury was in charge of setting up this fund and choosing the board of directors for President Bush. There was a top person at the Treasury who remembered that I used to be in the Treasury Department and that I was an investment banker and that I spoke Polish, which is how I got on the list, a guy who had no political clout or any other reason to be on that list. Other board members included the chairman who was and still is John Birkelund who then was chairman and CEO of Dillon-Reed which is a major investment banking firm.

Q: This is the Polish fund.

REY: This is the Polish fund.

Q: Hungary is separate.

REY: Yes. Hungary was separate. The same kinds of people were found for that, a rather parallel story at least in the beginnings. So John Birkelund was chosen as the chairman. The other members were Zbig Brzezinski who had been Carter's National Security Advisor, and Lane Kirkland, who was then president of the AFL-CIO and was quite involved in the Solidarity movement in Poland, leading the AFL-CIO. The four of us plus a man whose last name I can't remember but first name was, Charles, who was chairman and CEO of ConAgra Corporation also on that board. We were all chosen in March of 1990. That was the beginning date of my re-involvement in Poland, in fact it was march 21, 1990. We were chosen like so many things in government, under the pressure of a deadline, the deadline being that the then prime minister of Poland, The Prime Minister of Poland, Mazowiecki, was invited to the White House for an official visit. Even though he was prime minister, he was the highest free official in Poland at that time. They had a state visit, and they needed to give Poland something, so they gave the Polish-American enterprise fund, which is why it was created in March 1990.

Q: I am surprised at the makeup of this. One knows politics. The politics, say, of Ireland, you would have been loaded if you had one for Ireland, you would have been loaded with Ryans and O'Bannions and what have you. Here is your group and it just doesn't have those names with "ski."

REY: Well, it doesn't. It has got Brzezinski. He comes from a different ilk, and Rey of course, is Polish, too. They did not go to the Polish-American community, thank god.

Q: Yes, I was going to say in all these things...

REY: This group was purely motivated, not purely but clearly motivated and thought through by some very savvy people in the Treasury Department and the State Department who worked out if this thing is going to happen, it has got to be done by pros. This is not a political operation; it is a professional operation.

Q: Otherwise it turns into a patronage pork barrel.

REY: Exactly. In fact it is very interesting that you mention that. Over the course of the next six or seven years, there were about ten or twelve such enterprise funds established for the Baltics, for Romania, for Bulgaria, two for Russia, one for small business and one for big business or energy or something. All with this same enterprise fund concept, although sadly I have to say that continuing in the Clinton administration, and this is a piece of embarrassment to me, the choice of directors became much more political, much more Bulgarian-Americans and Hungarian Americans and that kind of thing, rather than pros. In fact it turns out in hindsight, that the two best performing were the first ones, the Polish and Hungarian. In fact the Polish was a spectacularly well performing fund. You will find out as I go further. We were the only two that did well. The rest of them turned out to be a disaster for one reason or another. Some of them are still around,. Some of

them are still working, but really not terribly well, because they really were not handled professionally. So going back to the beginning, that March 21, 1990. We were invited down to the White House, and this will continue what I just was saying, to the arrival ceremony and then the State dinner on March 21. Of course this is a big deal for me because I had never been in the White House. In fact when I worked in the Treasury Department in the '60s I had an office that overlooked the lawn of the White House. I used to watch LBJ pull the ears of his dogs at a distance, but I always said to myself I am never going to go, unless I go there officially. I don't want to go there as a tourist. In fact I had my first opportunity to go to the White House officially for this entrance ceremony and to a state dinner which was a spectacular event. In the course of that after the arrival of the prime minister and the greeting, etc., those of us who had been chosen as directors of the enterprise fund were invited down to the situation room in the basement of the White House to begin the process of organizing ourselves. So we spent about 45 minutes or so down there under the tutelage of various top assistants both of the White House and the State Department. That was an interesting meeting because it set us off in the right direction. John Birkelund, who I have tremendous respect for, sat down and said, "Gentlemen, this is what we are going to do and how we are going to do it. I have certain basic principles, the first of which is that this fund is like a venture capital fund in the United States. It is not like a commercial bank nor is it like an investment bank. Commercial bankers are trained to say no. Investment bankers are trained to say yes. They are big salesmen. It is neither of those things. It is a venture capital fund, because venture capitalists are trained to understand and deal with management, be sure that management can take the money and do something useful with it. The key to this operation and to its success is going to be the management of the outfits we invest in." That has turned out to be true with a vengeance. Management is an extremely important part of what you do, but you have got a whole new country, a whole new world, and you have to give money, and those people have to do a good job with that money. Otherwise it is not going to work. You can't just throw money at the problem; you have to have good people doing things with the money. He was absolutely right on that. His second principle which is equally as important was the U.S. office of the enterprise fund will be in New York. It will not be in Washington, because we do not want this to be in any way a political operation. We want to run it as a professional operation out of New York period, end of story. That is how we struck it. A few weeks later we had another organizational meeting with the administration including President Bush came to that, and then deputy secretary of state whose name always escapes me. He was Bush's last secretary of state. Larry Eagleburger who is a wonderful man. Larry particularly understood that this had to be a professional operation. We had this meeting in the Indian Treaty room or someplace like that in the east executive office building about three weeks after March 21. At that point USAID had presented us with the papers under which we would operate, the system, the grant agreement under which we would operate, since AID was the granting agency which would give us the money. It basically said that we couldn't sneeze without AID's approval. AID was basically going to control the operation. To a man the ten of us in that room representing both funds raised our hands and said, "We resign." If this is going to be the contract we operate under, we resign. We cannot operate this way. You guys can come in once a year and audit us to be sure we are doing all right, but that is it period, and

we made it very clear. All of us said that in unison. Larry Eagleburger heard us out and that was the last we ever heard from AID's approach to running the operation. We in effect were given independent free hands. That fortunately, worked very well for us and for the Hungarian fund, but as time went on since we had set this precedent. I am not sure it worked so well with some of the other funds because they had not put really good capable people to the directorship. The original two funds did very well. The Hungarian fund had some business problems as time went on. It hired some people that were not all that good, but over time it resolved those issues, and it came out with not losing the U.S. government's money as some of the others did. We not only didn't lose money, we made a substantial amount of money. The \$240 million we received, plus another \$10 million in technical support grants, so call it \$250, we turned into about, I am not clear yet because we haven't completely finished, but about \$325 million. I am going to jump to '98-'99 and 2000 now just to complete the story on the enterprise funds or my involvement with the enterprise funds. Once I finished being ambassador, I went back on the board, so I am still involved. But what happened was because the fund, polish American fund was so profitable, we decided at the end of the '90s to liquidate. There was no more reason to have it. Poland didn't need this anymore. It was long jump started. So we started the process of liquidating the fund. We gave \$120 million back out of the \$240. \$120 million back to the U.S. treasury. The rest of the money which will amount to somewhere in the neighborhood of \$200 million we have established an endowment for something that is called the Polish- American freedom foundation which does civic, civil society work in Poland, particularly in the backwards regions of Poland, especially educational programs of one sort or another for the youth of the poorer parts of Poland, on the one hand. On the other hand uses Poland as a means or rather finances Polish efforts, private NGO efforts of Poland in the region around Poland. For example, we have a program of which I was the, I guess not the conceiver of because it was not my idea, but I pushed it through. A program which we called the Kirkland scholarship program. You may know Lane Kirkland died in 2000 I think. We decided to set up a scholarship program in his name kind of modeled after the Fulbright program. It is basically to bring people from the countries, young, capable professionals from the countries around Poland to Poland for a one year training program in their field of interest, and to particularly imbue in them the Polish experience in transition to democracy and free enterprise. So basically it is legal studies; it is civil administration, business. Unlike Fulbright it is not art and literature, but it is in practical things they can do. We have students form the Ukraine; we have students form Kaliningrad which is the little Russian enclave between Poland and Lithuania, and Slovakia and all the countries around. That is a program which in its second year has gotten 35 students. It will probably end up with 40 or 50, and it will be an annual program. That is an example. The other thing we do is we finance NGOs, Polish NGOs that do advisory work in economic development and other matters in a lot of the countries of the region. This is all very important because what it does is supports the basic Polish knee jerk, it is very similar to the U.S. foreign policy knee jerk, of saying you have got to keep peace and stability in the region around you. The Poles have been very active in their foreign policy in doing that, and this is a way of supporting that. I think it is a perfect marriage of U.S. interests and Polish interests to do this kind of thing. So that's the story with the enterprise funds. Now let me drop back and give you the history. For the first

three years from '90 to '93, I was very much involved in the day to day work of building the foundation. I was vice chairman, so I was very much involved with the early investment decisions, etc. It was very interesting work, and I obviously became recognized as somebody that was doing things in Poland and knew what was going on in Poland because of this work with the enterprise fund. I am now moving on to the Ambassador.

Q: Well, let's go back to the fund first. I mean here you work on management. How did you all operate. I mean in the first place you are looking at Poland, and Poland had suffered for 50 years under a communist regime which means that everything was government run, which means that management was not exactly, how did you, what did you do?

REY: Very good question. Let me answer it in various ways. The response to this question is fundamental to an understanding of why Poland did so well in the transition, so I am sorry, I am going to give you a long answer.

Q: I want a long answer.

REY: It is something that I would have weaved into the talk later on. Let's remember this is already here and I don't have to do it again. I can refer back to it. There are a number of fundamental reasons. Let's talk about the fund to begin with, to understand. When I say the fund was hugely successful, it was hugely successful because it was doing this in a transition country along the lines of what you were suggesting with your question, but to give you a sense. After about six or seven years, if you look at the portfolio investments that the fund had in it, the various companies it had invested in, its portfolio's performance didn't look that much different from a typical venture capital portfolio in the United States. That is to say it had 30 investments of which there were 10 what we call on Wall Street, turkeys just disasters. There were say 10-15 which were yawns, you know doing all right but not all that great. There were five or six spectacular hits which doubled and tripled and quadrupled. That is the way a typical successful venture capital portfolio looks like. To our great surprise and astonishment, we were able to create that in Poland. But we created it not by going in as typical U.S. venture capitalists do, into financing people with widgets that they had invented in their garages, but in pedestrian day to day businesses that hadn't existed there before. That is what we did. We also had a significant part of the fund which invested in a small loan program to finance individual entrepreneurs, small entrepreneurs of one sort or another. By that I mean garage mechanics, plumbers, sewing operations, Laundromats, the typical day to day service industries.

Q: There wasn't anything particularly to encourage these people at that time?

REY: No, there was nothing. We were it. We were it to start with. Now, having said all that, that is the record of what we were able to accomplish. It still begs the question why, how. When people ask me why was the Polish-American enterprise fund so successful,

my answer is the first ten reasons are the Poles, and the last two are it had professional management, and it was felt that it was important that the management didn't have its office in Washington, DC. Okay, but the first ten reasons are the Poles. Now why? We had, going back to what you said, we had 50 years of communism in Poland, however, the Polish people always fought the communism. They couldn't, anybody that had any spirit, couldn't make a living under the communist system, couldn't get enough money in their communist job to do it. So they ended up trading among themselves, doing things for themselves, for each other and gaining things. Now that trading was fed by people like my parents. Polish immigrants, who were in the United States, Australia, England where ever have you, Brazil, you name it all around the world, who would send literally on a monthly basis- I know my mother did it on a monthly basis - packages to Poland for those 50 years of the communist period. In those packages were, she would go to the thrift shop in the local community and buy second hand clothes. She would fill the boxes with coffee, various pharmaceuticals, over the counter pharmaceuticals, all that kind of stuff, and send them once a month to various members of the family. Now what the family would do, the family is very important in Poland, it is very extended, is they would use bits of that, but most of it they would trade. So they would give somebody a can of coffee to get their car fixed. The guy would moonlight fixing the persons car. This happened over and over again. We also used to, and many Poles did this, send money, U.S. dollars to Poland. The communist government loved this because it was their best export, the dollars that they would receive, the transfer of dollars. Another thing that happened was if you looked at the U.S. balance of payments, I remember when I was in the Treasury in the '60s, one of the biggest minus items in the balance of payments was social security transfers abroad. It turned out that a lot of Polish Americans who on retirement could take there what ever it is, \$400 a month social security, and use it much further living in Poland, and they did that. But the result of it, there were two things that emerged form that whole process which literally went on for the 50 years, that was that Poles were trained, they trained themselves in being entrepreneurs, because they figured out ways to make the system work to their advantage economically. Secondly they accumulated an enormous amount of mattress savings in cold hard currency. So when the wall came down, there was a five to ten billion dollar - we don't know what the number was; nobody every figured it out - of accumulated cash savings in the country. Plus there was this entrepreneurial competence that had been built up. So what happened was when the wall came down, the steam fitter from the Gdansk shipyard would come home to his wife and say this place is going no where. They aren't building ships anymore. We are a disaster. I am going to go into the plumbing business. So he'd take some of the family accumulated cash, buy the tools he needed, steal the ones he didn't have or whatever have you, and become a plumber. That happened over and over again in Poland. I mean I am using a typical sort of example, but that kind of thing happened. So the entrepreneurial spirit was there. What was very interesting to me when I was ambassador was to watch the fact that this was going on, and the Poles seemed to learn the good lessons from the 50 years, not the bad lessons. That is they took their entrepreneurial spirit, but they did not transfer to the new country the spirit of it is good to do anything you can to screw the government. So the corruption, the doing what you can to not make the government succeed largely disappeared. Certainly there was corruption but not that much. But they picked up the

good entrepreneurial spirit in the process, and that meant that when the enterprise fund came in and made its choices who to invest in, it had some pretty good choices. Now it has invested in a lot of bad investments. There was as I mentioned a lot of turkeys, but there were also some very good ones and some spectacularly good ones.

Q: Well, going back to the time of the communist period, this had been something about the communist government in Poland that was different. In the Soviet government, they stamped out all the stuff. When you get bureaucrats going, having been a bureaucrat myself, if you can envy trying to stop it, I mean the very fact they allowed the money in; they allowed the bartering.

REY: The Polish government was run by Poles. That is the short answer to your question. They had a completely different spirit. They had a very western oriented spirit as compared to the Russians, a totally different character. A friend of mine, one of the people I have some respect for who was foreign minister of Poland when I was there, Andrzej Olechowski, said to me once, "You know, the difference between the Poles and the Russians is when the oil companies, the petroleum companies decided to open gas stations in both countries, self service gas stations. In Russia there was no question, you had to pay first and get your gas after you paid. In Poland it worked just the other way around. You could pump your gas and then you go pay." This is more or less the system in the U.S. That is the different character, a different approach. Throughout the 50 years there would always be strong, based particularly in the peasant population, push for private ownership and private enterprise. So the desire and you know the peasants were never collectivized.

Q: I was going to say Stalin went through this going after the so called Kulaks and really destroyed it as a class.

REY: You could not do that in Poland because it was too strong. They realized that if they pushed too hard, the explosion would be too big. If you add that stubbornness of the Polish peasants which today is a burden by the way. Then it was a great advantage; it is now a problem. And the church which was terribly strong and still is, and again a great advantage in the old days, not such a good advantage if you are trying to build a democracy. We will get into that later on when we are talking about my ambassadorship. Those were all things that worked in Poland's favor.

Q: Well, in the first place did the church play any part in this developing of entrepreneurship?

REY: None, I mean none. It was just not there. Well, I mean, they did in the sense that they were very supportive of any private endeavors, morally supportive by word, but were not in the sense of providing any financing or anything like that from the church coffers.

Q: Well, okay, you have got quarter of a billion dollars, and you are in New York. Here I am in Gdansk and I want to set up a butcher shop. How do I get...

REY: It took us some time, probably a couple of years to get things going. The first thing we did is we set up a representative office. We had to have some legally representative office basically an office in Warsaw. We advertised in the newspapers that we were in business, that we were looking for investment possibilities. We hired a group of Polish-American, I mean people who spoke Polish who had a business orientation. The first set of people didn't work very well. The next set sort of worked. The third set finally got to be pretty good. Over time we developed an ability of contacting entrepreneurs and getting them to make proposals. The first period was really very difficult in terms of making investments. We made a number of mistakes, but we felt we had to start doing things. The most successful thing we did from the very beginning was the small loan program. We worked out a system by which we used the banks in Poland as our windows for making the loans. We trained people in being loan officers, because a bank in the communist era was nothing more than a cash window. They didn't know anything about loans; they didn't know anything about credit analysis and those kinds of things. We had a fairly lengthy period where basically people, all very aggressive and entrepreneurial, thought that an idea was a business plan. So we had spent a lot of time with people working out a business plan as to how they would make their garage repair shop work. We spent a lot of time doing that. In those days I used to say that a no answer is as good as a yes answer, because a no answer teaches. The yes answer teaches and gives money, but it is still very good. The amount of activity that we had was more important than what we actually did with the money because we were educating in the process. But you know, slowly but surely it worked itself out. It was amazing again because of the entrepreneurial confidence of the Poles. It was fascinating to see slowly but surely them understanding that you have got to have a business plan and coming up with reasonable business plans, etc. This is not to say we didn't invest in some crooks; we certainly did. It is like anything else, you have got good investments and bad investments, but it worked. It really did.

Q: Was there any carryover from the Polish experience in the United States. I always think when you say Poles I am thinking mainly of people working in factories or mines or something like that which is not entrepreneurial. When you think of...

REY: No. What was entrepreneurial was different. Entrepreneurial was the decision to leave Poland and to emigrate. That aggressiveness, that independent desire to say to hell with this, I am going to go off and make my own living. Then you come to the U.S. and do whatever, that spirit was very important. That was imbued in the Polish population and it took different forms as time went on. But there was, we did not, as a matter of fact you are asking a question which I can give you a broader answer to. We did not find that the Polish-American community was very helpful in this whole process. They just were not. Very few of them are interested in coming back to Poland and making investments. Those that did tended to be a little shady and had not succeeded in the United States, so they figured they could do better in Poland, things like that. So the Polish-American community was not at all helpful in the process of what we were re-developing in Poland. There is no question about that.

Q: How about Congress? Congress is loaded with Polish-Americans. I would think they would be, you know they are Congressmen.

REY: I have to tell you that in my experience we never got any real pressure. But I go back to the fact that we started by not having an office in Washington. We made it very clear that we were going to run this thing professionally. After awhile, I mean I am sure there were attempts at the early stages but nothing that got very serious. After awhile, it is interesting. Congress and Washington began to respect what we were doing and frankly avoided putting pressure on us. It was certainly true in the Bush administration, the first Bush administration, and then in the Clinton administration after there were attempts to do one thing or another, they also realized that what we were doing is pretty good and they should not mess with us. They never really did except for playing, with the Polish one, playing a little bit with directors. Playing for instance with my replacement when I had to leave the board to become ambassador, there was some political pressure to put some Polish-Americans on the board. That was not too good. But beyond that, I would say that all of the administrations at the end of the day realized that it is far better to stay out of this. Congressmen seemed to think that, too.

Q: Okay, well then we will move on to...

REY: Let me then jump to 1992, February of 1992. I am sorry. February of 1993, not '92. '92 is when the second wall came down and the Clinton administration came into office, the election. I call that the second wall coming down in the early '90s. In February of 1993, so two solid years into my efforts and my activities in the enterprise fund, I was sitting at home one evening and listening to I guess it was then Jim Lehrer News Hour. MacNeil had left by then, and heard that Tom Simon who was ambassador to Poland was being called back to Washington to be in charge of assistance to the former Soviet countries, Russia and the NIS. There was a coordinators job to coordinate the assistance. That was a time when we were providing very big bucks to Russia and to the Soviet Union. He was called back to that. He was a Soviet expert, etc. So I said, Hey, it looks like there is an empty job much quicker than one had expected. Therefore people hadn't positioned themselves. Gee, I'd like to try that, see if I couldn't get that. So I started dialing for dollars. By that it basically meant that I made a call to very key people who I had gotten to know and I guess had gotten to respect my position. That was Zbig Brzezinski who had considerable clout as an outsider if clout is the right word in the forming Clinton administration, and Lane Kirkland, then head of the AFL-CIO. Both of them thought it was a good idea for me to try to become ambassador, so I went through the whole process of writing letters and pushing one thing or another. They were both exceedingly helpful in the process. That was in February. Basically what my pitch was, was obviously I speak Polish, a Polish background. Sending me to Warsaw is like sending some guy named Goeff Chaucer to be ambassador to the court of St. James, because of the background of my Polish ancestor blah, blah which I had his name, etc. So it would be a real coup if the administration put someone like that in. My education was in foreign affairs. I worked in the Treasury Department. I knew about government, and I had spent 25 years on Wall Street, and knew a lot about private enterprise in a period

where private enterprise transition in Poland was very good. That plus the fact that I was a lifelong Democrat although not in any sense a big money giver of any sort. I don't think I gave anything more than \$1,000 to somebody. Never got involved, deeply involved in activities, Democratic party activities. But those were the points I made, and lo and behold, at the end of the day I came out a sausage machine, which happened to me at a moment which was quite wonderful in my life because I was at the graduation of the Harvard Kennedy School of my daughter. In the middle of the graduation I did what I always used to do, call to see if there are any messages on my machine. There was a message saying, "Congratulations, you are our Ambassador to Poland." There I was right in front of the Harvard Kennedy School, I got the word. I thought Super. I then spent from the middle of June of 1993 through I guess the end of November going through the process which is quite a process. I don't think you want to spend any time on that, but that was seven months it took.

Q: Well it does bring up a point that should be mentioned. The process has gotten so complicated hasn't it. It must get people to say oh to hell with this.

REY: I tell you it is such an unbelievable honor that people are willing to blow the wad I think. People are more willing to do it than you would imagine. There are a few reflections I might make on it, particularly on an issue which is of great importance to the career foreign service and very rightfully so. That is, the imposition of political appointees on the very pinnacle of the career process. That has got to be a tough one. I might describe that a bit, describe my part, my involvement in all of that which I describe with a certain amount of pride, but it may be of interest. If it bores you, turn me off.

Q: No, go ahead.

REY: Basically I was a political appointee. I like to call it non career rather than a political appointee. But I had going for me some things which were quite exceptional, Polish ancestry, speaking the language, having the knowledge, knowing about how government works having worked in the Treasury Department. So I was somewhat different than the classic, at least in people's imagination, the political appointee who is a rich party giver who spent a lot of money, and who gets as a prize, Barbados or something like that. I will never forget. There was a woman in my group, not in my group but in my time, who was becoming ambassador who announced to somebody in the press, "I will take any island. Just give me an island." So anyway there is that whole thing. The reason why I am saying all of that is there were at that time in '93, there were 15 or 20 of us. Let's call it 18 Clinton appointees who were trying to get through the Congressional process. It was in fact a meeting of the foreign relations committee in which they were all voted on. There were only two of us who were voted on unanimously. I was one. There was another guy who went to Morocco. Everybody else had various- (end of tape)

Okay, so let's see. We were talking about political versus career employees. I came at my ambassadorship from the outside for reasons of one thing or another, but my heart was always with the foreign service. It is something I always wanted to be when I was a child

so I was therefore I thought, tried to act in a very sensitive way towards career people and never abused people on staff. I think I did what I could to make them feel comfortable with me as an outsider on the block shall we say. Should we go on with this?

Q: Well, did you have any problem with Senator Helms?

REY: That is a very interesting, very good question. The answer to the question is absolutely no, in fact, the reverse which is one of the incredible moments of my life. I will never forget. One day I was what do they call it, reading in at the State Department, being briefed on various things. I got a call from the lawyer for the enterprise fund, Rob Odle. The Polish-American enterprise fund that we had been discussing before, who I knew very well. I had worked with him for three years. He is a Washington lawyer. He said, "Do you want to hear the voting on you in the foreign relations committee." Because of the rules those are public hearings. I said, "Sure." He said, "Well I will plug you in." I guess lawyers in Washington had a telephonic ability to pick those things up, and they sit in their office and listen to whatever they want to listen to. So he plugged me in and I sat there in my little cubicle in the State Department listening to them vote on the foreign relations committee vote on me. I was the first person that came up, and it was in fact the sartorial, whatever the expression is, voice of Jesse Helms who proposed me as ambassador to Poland. He proposed my name and everybody voted unanimously. It was unbelievable. I never had a problem with Jesse. Others did for various reasons. When I was going through the process, the person who had the biggest problem was the fellow whose name escapes me right now, who had been ambassador to Peru and was going to another country, Columbia or something like that. Helms had a problem because one of his constituents had been put in jail in Peru. He held him back for about two or three years. It was a terrible process. Anyway I was very lucky from that standpoint. Helms was not a problem. In fact it was the other way around.

Q: Well then what did you do to get ready to be an ambassador, training?

REY: Various things happened. Starting in July once I had sent all the papers in, I was invited down to the State Department. I went through, over the course of the next three or four months I came down four or five times. I went through an enormous amount of briefings, both in the State Department. I did a lot of reading, and then various agencies throughout the government that had an interest in Poland, the Commerce Department, the Agriculture Department, STR, special Trade Representative, CIA, Defense. So I got an enormous amount of background. I was voraciously interested obviously, so I did what I could to study up in reading whatever happened. Then in late September of '93 my wife and I went to the charm school, the ambassador's seminar as it is called, which was an intensive week and a half, extremely helpful to me because they spent a lot of time talking about running an embassy and those kinds of things. I thought it was extremely good. In fact, after my ambassadorship for the first couple of years, '98-'99, I did a visiting professorship at the seminar giving my insights to the whole thing. So I thought it was an extremely good process. That was very helpful not in terms of viewing the substance of Poland, which is what the briefings were about and what the agencies wanted and didn't

want in Poland. The seminar was very helpful in an administrative sense, an experiential sense of what is it like to be an ambassador, stuff like that.

Q: What were you picking up not only from the ambassadorial seminar but also from in the corridors and people you knew about the problems of being a non-career ambassador with foreign service staff and all?

REY: Well, what I was picking up was that you had to show respect for the staff. If you didn't show respect for the staff you had a disaster on your hands. You had to listen. This sort of came through over and over again. You had to make people feel that they owned their jobs, that they had things that were important to do, etc. So I and I would say that all of my colleagues, political appointee colleagues that I was aware of, picked that up pretty fast. I don't think any of us, we did a lot of rumoring and scuttlebutting around, I never heard of any egregious disasters.

Q: Sometimes it just doesn't work, and the fault is as often on the side of the foreign service as on the side of the non-career ambassador. Sometimes it just doesn't fit.

REY: There may be one or two cases of that while I was an ambassador but they were not major and significant. I never ever had that problem. In fact probably the single greatest compliment I ever received in my life, I may have told you this the last time so I apologize. The CIA station chief, my first CIA station chief as he was leaving came up to me and said, "I want you to know you are one of the two or three best ambassadors I have ever worked with." That was the greatest thing that ever happened to me, because that meant that I really had succeeded, I mean in the eyes of a pro. I got the same compliment from the budget, the administrative officer in the embassy who was leaving and sought me out and said the same thing. So I got it both from the top and the bowels of the agency, the embassy, and I thought it was very important. It clearly, I mean what I learned from that, you asked what I learned. What I learned and I tried to perform on was the respect of people working for me. These people had the jobs, they are professionals; they should be treated as professionals, and they should be given the sense that they are doing something important, and their judgment counts. I spent a lot of time making people feel that their judgments counted because that was very important in the process. That is not to say that I didn't want to fire some, etc. In fact, there was one point, we will get into that, where I actually spent a weekend wondering whether I should send a letter back to an agency saying the agency director who was working for me, I had lost confidence in. Finally my DCM prevailed on me not to do that. I guess that was right. It was rough. That person had completely countermanded what I asked them to do.

Q: When you went out, in the first place you were ambassador in Poland from when to when?

REY: I was ambassador to Poland from December twenty something, actually on post, '93 to October 25, '97. Just under four years.

Q: A good solid time. Now when you went out there, I mean obviously you had been up to you neck in Polish affairs anyway through the fund. Did you have I mean there are usually two things that somebody going out to a mission has, and that is perhaps a set of instructions or saying to you we are going to take care of this or that. But then the other one is the mental one of I really want to see this or have priorities. Did you have either of those?

REY: I can't say I had when I got out, but within the first six months I developed, six months may be too long, three months, I developed a series of things that I felt were very important. I was one of the lucky ones because I would say that out of six or seven objectives, I had a sheet of paper that I scratched down the six or seven objectives on, every one of them came to fruition including getting my cousin who worked in the embassy AID mission married off to somebody. That is how it went. We won't get into that. She was a delightful young woman who desperately needed to find somebody and she did. It worked beautifully. So there were a series of issues that I thought were important. Nobody sat down and said, "Rey, you have got the following five things you have got to do." Basically it sort of came in and of itself. It was pretty obvious what it was. If you want I can go through those, or perhaps better I should describe what I call the total immersion of my first month on the job, and then from that will emerge basically the issues that I felt were important. We arrived, my wife and I. I should stop before I go any further. I am absolutely convinced that one of the most important keys to a good ambassadorship is that it is a two person job, one salary, you know the famous phrase.

Q: Twofer.

REY: I tell you it is unbelievable. Let me stop. I want to talk about that for a second. It follows on what we have just been discussing about political versus non political appointees. My single word definition of what the job of an ambassador is, is access. You are the middle man par excellence. Washington looks at you to see whether you have access to the host government. The host government looks at you to see whether you have access to Washington. Both are very important. Now access in the host country, access is a thousand things. It is not just dealing with the top politicians or dealing with the president and the foreign minister and two or three in the head of the foreign relations committee in the parliament. It is dealing with a number of constituencies. Listing them and not putting any importance on them, there is the embassy family, because the embassy is a family. It is a family that is transferred out of the United States, and it has got to live. That family has got two parts to it. It has got expats [expatriates] and it also has people who do the real work, the FSNs the Foreign Service nationals, the local people. I mean, in the case of Warsaw, we had an embassy of 600 people in it of which 185 were expats and the rest were all Poles. So that is one constituency. Another constituency is the local Polish community of one sort or another, the state officials, town officials, village officials throughout the whole country that you have got to get to know and have access to, etc. It is the local American community, that is another extremely important thing. Which in the case of Poland was quite important because there was a burgeoning community of American businessmen over there, people who had been sent

over, young to middle aged people who had been sent over to start the new foreign investments established by American companies. There was, you know, a couple of thousand people like that just in Warsaw. So there are lots of these constituencies that one has to have access to and feel that you are leading because of who you are as ambassador. And a spouse, a wife in my case, was extremely important in several of those constituencies. So from the standpoint of doing the job as a whole job, my successor Dan Freed who is an extremely competent, is now a high official in the National Security Council, his wife didn't go. He was superb as an ambassador dealing with the first constituency. But I got to tell you, he didn't do much for the rest of the constituencies at all. That came through. I kept hearing, my wife can tell you about that. So I mean there is a question of doing the whole job or doing part of the job. Now he did the most important part of the job superbly well, no question about it. But he wasn't what you think of as a full blown ambassador doing all the things you ought to do. Again I am talking about a medium sized country where those kinds of things are much more important than if you are ambassador to Paris or Rome or whatever. So that was very important. My wife was a key part of all of this. Just on a personal note, we had spent all of our lives, all of our married lives, 25 years living apart professionally. She was at home, she did everything at home. She started out first working in the Labor Department on international affairs. Then we had children, and she stayed home, and I commuted for an hour and a half in each direction when I was on Wall Street. When I had my own business, it was very difficult to share that business. She had no background in it, etc. This job was absolutely wonderful for the marriage. We never had any problems, but it augmented the marriage extremely, supported the marriage because we were able to share the process. That was very important. My wife also, and I will move on to other things, but since I am on this train of thought, my wife, in fact, had as important if not more important impact on Poland than I did, because at one stage of the game. Well just before we went to Poland she had a bout with breast cancer. It turned out not to be too serious, but she had to have an operation, the whole thing. So she was very attuned to the problems of breast cancer. She arrived in Poland and discovered, spent some time getting to know a lot of the women in leadership in Poland, and concluded there was absolutely no sense of the problem of breast cancer. No effort had been made. Obviously the country was in transition. The medical system was not going anywhere. There was no breast cancer awareness program in Poland. So she volunteered to be interviewed, frankly to play Betty Ford like Betty Ford did here, in the best and most well known Polish women's magazine on the whole problem of breast cancer awareness. She did that, she made a huge splash in the country, huge splash in the womankind. She got letters from the boondocks and everything else. It was a very important thing. She then worked as an, advisor is not the right word, but as an important personage in the process of developing a whole breast cancer awareness program in Poland which the Polish women did, the magazine professional women did, women deputies in the parliament. She got very much involved in women's issues in Poland, and I think had quite an important and distinct impact. It was great. Anyway, that tells you all about that.

Now we are dropping back to late December of 1993. I give my letters of credence to Lech Walesa. He was then President. Unlike what I expected which was just sort of a pro

forma operation and that is it, he grabbed me by the arm and took me into his back room in the presidential palace and lectured me for 25 minutes. This was a period where he was very concerned about U.S. policy toward Russia. It was letting Russia do whatever it wanted. It was not doing what it could, and that Poland was clearly going to be insecure. The Polish should get into NATO yesterday so that Poland would be cemented to the West. He gave me this half hour speech, some might define it as a diatribe on the subject which he basically kept saying you have got to cage the bear. He loved to use expressions like that. You have to cage the bear everywhere you can. The best way to cage the bear is to bring countries like Poland and the other countries around the region into NATO. He kept talking and talking about it. Finally I sort of screwed up my courage and I said, "Yes, I hear you Mr. President, but there is nothing more dangerous than a cornered bear. You are talking about cornering the bear." He looked at me and he said, "If he is caged, it doesn't matter."

So that started me literally running on a subject matter that I thought, I mean I was aware of but I didn't have any familiarity with by a long shot, into a major operation. Again we are talking the end of '93 when Clinton was moving towards but I don't think had yet definitively decided on NATO expansion as president. We were moving in that direction, and the decision had been made to proceed with something that was called the partnership for peace program, PFP as it was called, which was an effort to bring countries who are not in NATO within the NATO family, but not give them the article four security guarantee. So it wasn't a definitive guarantee. It was an attempt to help to train these countries in dealing with NATO realities, with the capabilities of the militaries, get them to work with NATO, the central European militaries with NATO. Walesa saw that as an excuse to get out of NATO expansion. It was just a way of taking care of the seconds, you know some citizens, second degree citizens of NATO and that sort of thing, He wanted vehemently, absolutely vehemently, every way he could, screamed and yelled on the subject in every way he could, public forums, private forums. So I arrived the 20th or 21st. I guess the 22nd was when I did my letters of credence when I had that conversation with him. By the 5th or 6th of January, '94, the administration sent Madeline Albright who was then UN ambassador and Shalikashvili who was Chairman of the Joint Chiefs of the military to Poland to try to convince Walesa that the partnership for peace was the first step in the process and an important thing, etc. So they arrived literally on my doorstep. I was brand new; I had no idea what I was doing. They had a series of meetings in Poland with the top officials and with Walesa. Walesa went through the most unbelievable, he raked me through the coals, he triple raked them through the coals. It was an amazing performance. They kept saying the security of Poland and this region is a vital national interest to the United States. PFP is a first step and blah, blah, blah. He went on and on. He just criticized and criticized. This was a build up to the fact that there was to be on the 11th or 12th of January, I have forgotten, a summit in Prague of Czech, Hungarian, Slovak and Polish presidents (the Visegrad) along with President Clinton in which the central European imprimatur would be put on the partnership for peace program. This would happen the day after the partnership for peace program was announced by NATO in Brussels, and Clinton would be there for that. It was a process. So Shalikashvili and Madeline Albright came to sort of pave the way. Obviously at that

point it was a very difficult situation. They did not seem to be successful. It looked like Lech Walesa was not going to buy PFP. So they left. They obviously warned Washington that this was the case, but the meetings proceeded, and on the 11th I think it was, the 12, was the summit in Prague. I got on an airplane to go to Prague. Clinton arrived the night before, spent obviously time with Havel. They did a bilateral visit. Then the next morning the other three presidents, that is the Hungarian, the Slovak and Lech Walesa were going to arrive and they would have meetings, the five of them and make a big thing. That was the hope. So I will never forget. I was standing in front of the ambassador's residence in Prague wondering whether my President was going to arrive or not. Was he going to be there. I would have had the shortest ambassadorship known to man if he hadn't arrived. The utter relief I had when he did arrive with his entourage. I had a meeting with Clinton. I had never met Clinton.

Q: You didn't have your piano portrait done?

REY: No, the Piano portrait, that was a Reagan event which I think then Bush followed. Clinton, I expected to get that, but there was no effort in that direction at all, and my nose was slightly out of joint.

Q: It is annoying because it is handy. You are present.

REY: Correct. I got something ten times as good as that. I will explain why it all happened right here. So Walesa arrived, and they had bilateral meetings with each of the presidents, and then there was going to be a combined press conference with all five presidents, a speech by Clinton and then a press conference with all five presidents. Wonderful pictures of the four of them, five of them, Clinton and the four Visegrad Presidents standing out in front of the residence. The bilateral meetings which I went to, obviously took notes at, Walesa went through the same diatribe, although I had pleaded with his aide de camp, Mr. Wachowski, that he not be too strong with Clinton because there was a history that in May of '93 when the Holocaust Museum was opened, there was a big ceremony and Walesa and Havel and people like that came to that opening. Walesa had a bilateral meeting with Clinton in which Walesa did all the talking and gave Clinton both barrels of his diatribe. The impression was that Clinton was very unhappy with that meeting. So I pleaded with Wachowski, look it is not going to do you any good, you have got to make it clear to Walesa it is going to be much more effective if he is somewhat more relaxed. So, he gave a, Walesa gave a, not a diatribe but made his points as strongly as he could very carefully, and Clinton went back to the fact that you know, obviously saying that the partnership for peace is a first step in the process of NATO enlargement. It is a way for you all to learn about how NATO works, etc., and work together, be prepared to cooperate, all those good things. Then that was the end of the meeting. I walked out of the meeting with Clinton. We were saying good-bye to Walesa. Afterwards I turned to Clinton and I said, "Mr. President, you have heard the Polish primal scream which is based on 1000 years of history and 50 years of personal experience," Which is exactly what it was. Walesa was representing the Polish view to the world. Then I went my way with the Poles. Somebody told me afterwards that Clinton walked back into the meeting

room before the next meeting, and said, "Boy the ambassador just said, "Blah, blah, blah. "Boy does he have that right." The next step in that meetings and then I will go on from there. There was preparation for the President's speech. I have a picture of the classic Clinton handshake. I don't know whether you are familiar with the book "Primary Colors" which is the book about Clinton's first '92 election written by anonymous. It turned out to be Joe Klein. But the first two paragraphs of that book are a description of how Clinton shook hands. He sort of grabbed the elbow; he did all sorts of things. That is exactly what I have a picture of. He did that to me while I was telling him, and that is why it is so important, how to pronounce in Polish the expression, " nothing about us without us," a famous Polish expression. It is a little hard to pronounce, but he did a pretty good job of pronouncing it. Frankly, when he gave his speech, and he made the same points, not moving very far but made the points of moving in the right direction, but making the point to all of the Visegrad but especially to Walesa that we fully understood that nothing about us without us is a vital, essential part of the Polish psyche. That was very helpful to Walesa and was very important. I have a picture of me telling him about that.

End of the Prague summit, but that started a process then in which one set of issues that I had to deal with, set of objectives was the whole process of Polish security, NATO enlargement. That was I had two functions as ambassador. Function number one, and of equal importance, so when I give you one, I am not saying one is more important than the other equal functions. Number one, I had to convince the Poles that we were moving down the right direction. So I had to work on behalf of Washington to keep the Poles understanding that we are going the right route. That was point one. Point two was I had to work with the Poles to get them to do the things that they needed to do to be ready for NATO. Basically I had two jobs. One was to understand, to get the Poles to understand and accept our policy, and the other one was to help the Poles get ready to move into NATO. Those were my two strategic pol-mil objectives that I had, that emerged out of this total immersion I had in the pol-mil issue during the first month of my term.

Q: What were you getting from the military, our military about the Polish army, military's ability to merge into NATO, because you know, the Soviet system is one thing and just the drill and all, the treatment of the enlisted man, the whole thing?

REY: Sure, it is a very good point. It was an important part of the whole process of what we were doing. The U.S. military was probably the most reluctant on NATO expansion for exactly this reason. They were worried that they would be adding to the problems of running an alliance because you would have people that weren't in common. What slowly but surely emerged however, I think, understanding on both sides. It really required an understanding both on the part of the Poles and on the U.S. military, that the Poles had the innate competence to produce a pretty good military. It needed to be re-educated, and the Poles were willing to do that. Now the best example I have of that was that in September of '94 we had the first partnership for peace military exercise in Poland, the first one ever exercise they did in Poland. It was a peacekeeping exercise which had five or six different countries in it including Poland in one of the big Polish training grounds. By the way one of the things the U.S. military, NATO got out of Poland's entry into

NATO wasn't just the Polish military. It was these incredible Polish training grounds all over the country, very broad, particularly useful for the U.S. Air Force ultimately because you could fly all over the place. In Germany the ability to train was more and more limited by the size of the country, the population all of that. You really couldn't train much. But if you could get to Poland, there was plenty of grounds and room for training, having shooting ranges for aircraft and all that kind of stuff.

Q: Like adding Texas to Europe.

REY: Yes, exactly. It is like adding Texas to Europe in a sense. I mean it is not as big as Texas but it is the same idea. A lot of, the Polish military under the Soviet system had produces a lot of different training grounds, and they were all pretty good. So that was a real plus. But my first example of where Poland had to go, what needed to be done in training was this partnership for peace exercise. There were two things that came out of it. The first part of it was- I remember asking one of the American army captains how he had found the Polish troops he was working with in this exercise and how their equipment was. He said, "You know their equipment is excellent. The Poles are very aggressive, very willing, intelligent, etc. However in this Polish company whatever it is, 20-30-40 troops, "They would send teams out to do things - teams had six or seven people in them - all with radios. Only one radio was two way, and that was the leader of the team. The rest of the team just listened. They weren't allowed to talk which says that requires an enormous retraining, because the American military, and I guess the western military is based on the individual initiative of soldiers, and this was totally unallowed in the system. So that was something the Poles had to work on and obviously they did. The other thing that came out of it which was hilariously funny, one of the great moments of my time, was at the end of the partnership for peace exercise there was this big parade ground and the various troops of the various countries were parading back and forth. We were all there in the reviewing stand. As ambassador I was there, all this kind of stuff. At one point in this training exercise they had had a shooting contest, a sharpshooting contest, for each of the country's militaries. Then they had the ten soldiers who were the best sharpshooters who were going to get an award at the ceremony at the end. There was an American sergeant and then the ten soldiers from the various countries standing at attention. They were given their little award for sharpshooting. Then the American sergeant tried to march them off. He gave the orders to face right and march off. Every one of them went in a different direction. It looked like the keystone cops. It was the funniest thing I had ever seen. It brought home the fact that there was something else that was very important in this process, and that is the Poles wanted to get in quickly. They figured they could do anything and everything. At one point during my first year, George Joulwan who was then SACEUR turned to me and said, "You know, these guys have got to walk before they can run. They have a lot to learn about walking before they can run." So that became, and this was a perfect example of walking before you can run. That became my theme on the military side. I spent a lot of time talking about walking before you run, etc. The whole embassy did; it was not just me.

Q: Well I mean this has to be a delicate issue, because after all, we are not talking about

a country that has never had a military. These guys had been fighting battles for years. I mean they were trained in one doctrine. You can't completely discount the Soviet doctrine.

REY: Yes. All their top officers were.

Q: So to bring it around you have to you know put it in terms of not this is lousy; we are great, but you know I mean you really have to get people up and down the line working on this to use a great deal of diplomacy.

REY: Exactly. That is why my job, or the embassy's job was so important, was to work on that process. We did it. I think by the end of the day we were in the process of moving the Poles in the right direction. I think that is a fair way to put it. We had various things that got us there.

Q: In the first place, before we leave the military, what did Poland have? Did they have universal military service?

REY: Universal military service. They had about 400,000 in uniform. The military was largely army. They had a small air force and a very small navy, obviously not being a sea country except the Baltic. It was, I can't remember what the percentage was, but it was upwards of 80-75% conscript and 25% professional or something like that.

Q: Was there any move or were we talking were they looking at making the army more professional?

REY: Oh, yes, very definitely. That was an essential part of what we were doing, advising them. We had various military advisors there. It was basically the process was they had to do it for financial reasons if for nothing else, to reduce the conscripts down to an increasingly smaller percentage by reducing the amount of time they had to stay. I think they have reached the point now where they don't have any anymore. I don't remember; they are getting pretty close. But they reduced the military. They are now, this was a process over about ten years, or was it five years. They went from 400,000 rapidly down to 250. Rapidly means by '96 or '97 they were down to 250. Their objective now is 160, so a substantial decline, and a substantial professionalism. They did another thing which was while they were reducing the whole process, and therefore garnering money that they could use for their military, they had, I mean the amount of buildings and land and assets that the military, the army had was unbelievable. Along with that they started an agency which began to sell that stuff off, etc. So they are moving more or less in the right direction there; they were. What that permitted them to do was to focus their military efforts on one or two or three units which they would make operational with NATO. There is a unit, mountaineer paratrooper unit. I don't know how many people it has. It has got to have 20,000. It is a fairly decent number of people of soldiers in it based out of Krakow in southern Poland which has been used in I corps or S corps, used along with NATO even before they, soldiers from that unit, very small numbers like four or five

hundred were used in S-FOR in the Balkans and I-FOR. What they do is rather than try to re-do the whole military, they have focused on certain units and certain operations.

Q: The Soviet system had an awful lot of officers, whereas the guts of our military are non-coms.

REY: Correct. That was a major thrust of our advice and their agreement ultimately was to reduce the number of officers, create a whole cadre of non-coms. I don't know how that has progressed, but certainly it was a big, we were a broken record on that subject. We spent a lot of time pressing them in that direction. I know they were beginning to move there, but it was going to take time for them to get there.

Q: Well, in any military, including your own, you were cracking a big rice bowl here. When you were going after the officer corps, particularly at the senior ranks, these must not have been happy people.

REY: Many were not. In fact I am going to give you a whole segment on civilian control of the military which is a major issue, a major issue. I will be ready to give it whenever you want to get into that.

Q: Well, I am thinking why don't we continue. Maybe this would be a good time to stop don't you think?

REY: I think it might be. I am getting a little tired.

Q: We'll put here we have covered when you arrived in Poland, but really we have only treated Lech Walesa and about getting into NATO, and we have talked quite a bit about NATO, but we have not covered the civilian control of NATO. Then after that we just keep going because that is about all we have covered.

REY: All right. Then what I would like to do when we start up again is as I mentioned to you I had two strategic missions when I was over there. They were obvious. Nobody told me about them, but they were pretty obvious. One was to get the Poles to understand and accept our policy of NATO enlargement, the process of NATO enlargement. The second was helping the Poles to be ready. We have just been talking about the military aspects of that. What I will do is when dealing with that second issue, what I want to do is cover the five or six what are called Perry points. Perry was secretary of Defense and he gave, I can't remember whether it is five or six, but several issues that or several matters that he thought countries getting into NATO, several tests rather than countries getting in to NATO would have to meet before they were accepted as members of NATO. I want to go through each of those, tell you what our views were, what we tried to do, because they were all very important in the process of NATO enlargement. I obviously also want to talk about what I did to get the Poles to understand what our policy was, because that was very important also. Okay, and then we can go on from there.

Q: Okay, and I also want to ask about on the military side, you have NATO, at the same time we have a new relations with Russia. How you were meeting that, and also Germany, too.

REY: That is an essential part.

Q: Today is October 30, 2002. Let's start, you mentioned Perry points. Do you think that is a good place to start?

REY: Not quite. I need to start before that. As I mentioned at our last session, I basically discovered that I had two functions to perform. One was to convince the Poles that we were moving in the right direction on NATO enlargement including Poland, and the second one was getting the Poles ready to join NATO. Those were two separate subjects, but they were two key elements of what I had to do as ambassador throughout almost all of my four year, almost four year term there. Let me start with the first mission which was to keep the Poles, get the Poles to understand what our position was. Basically the Polish attitude towards life after the wall came down was to do everything they possibly could to cement themselves to the West. They wanted to be sure that their security was taken care of from now on. Now that the Russians had become weaker, and the Russians were no longer in a position to control the Polish sphere, they wanted to be sure they were cemented into the West. Now that meant that basically the Poles had quite a chip on their shoulder. Basically they wanted to be 100% sure that we were going to be on their side, and we were supportive, and we had uppermost in our minds the security of Poland as being part of our national security. In the early stages of my tour it was not clear to the Poles based on what they were hearing from Washington that we indeed felt as strongly as they did about the need to maintain the security of Poland. So I had to spend a lot of time both in public diplomacy and in discussions with government officials to make them feel comfortable about the approach we were taking to NATO enlargement. In the '93 to '94 period the administration was in the process of developing its NATO enlargement policy. There was a lot of toing and froing among agencies and the National Security Council, etc., to see, to come up with a final policy.

Q: This is a new administration which really had not been keyed toward international relations. From your perspective, were you seeing a certain lack of firmness at the tiller while they were trying to figure out what was happening?

REY: Well, there were certainly time of confusion as to what they were figuring out to do, but by contrast to the current administration where there are huge battles going on back and forth between various agencies about foreign policy, the unilateralists versus the multilateralists, etc. None of that was really prevalent in the early Clinton years. There was confusion because people were learning by doing, but that is a great difference. There was not a confusion among agencies with totally different ideological approaches to foreign policy. Which is, although I am on the outside, is what I sense is going on at least

in the early period of the second Bush administration. People were trying to feel their way. The Defense Department was very leery of including other countries in NATO for obvious reasons, practical reasons. It is a lot easier to run, it is tough enough I should say to run a military alliance with whatever number of members we had then, 15 or 16, and then we are going to add another three or four whatever have you. So there was opposition in the Defense Department to moving ahead. There were some in the State Department who were for NATO enlargement; others who were against. The National Security Council, particularly Tony Lake, happened to be very much for NATO enlargement for the same reasons that ultimately became the fundamentals of the policy which was that NATO enlargement would expand the zone of peace and security in Europe beyond the German border, and that was well worth doing. Anyway, the problem I had was to sell to the Poles the idea that we were on their side even though the policy was not 100% certain yet as to how it would go. I had to perform that function through speeches, various forms of public diplomacy, interviews in the press, etc., and in a lot of discussions with government officials from President Walesa on down to people in the administrative foreign affairs, defense, foreign minister, etc. This was a process which took basically three to four years, to 1997 when it was finally absolutely clear to the Poles that they were going to get into NATO. For the first couple of years it was clearly a process. It started with the administration coming out with the partnership for peace program which was a way of engaging countries that were not in NATO in the whole NATO process. The Poles obviously considered that as a way of getting, it was an excuse for not enlarging NATO, just having friendly relations with other countries and cooperating with them, but not giving those countries the nuclear guarantee of article 4 or whatever it is of NATO. So we had a lot of selling to do on the fact that the partnership for peace program was indeed a step towards NATO enlargement and inclusion of key countries into NATO, and not just a sop to their needs, etc.

Q: Well, with this partnership for peace, were there concrete things that were happening or let's say the Poles had to do to bring themselves to a standard?

REY: Correct. There were a number of things they had to do, and they did do. They bent over backwards, and I will get into that further when I get into the Perry points and what the Poles did, etc. But sticking with this how do you convince the Poles that we are on their side when basically the fundamental views of the Poles are this administration was Democratic, and the Democratic as compared to Republican, and the Democrats brought us Yalta. That was very much in the minds of many Poles. There was a horrendous insecurity complex in the Polish population.

Q: Were you surprised that Yalta, a 50 year old thing was...

REY: I was not surprised because I am sufficiently Polish that nothing Polish surprises me. It was not easy. In fact there came a moment where I really had to sit down and bite my lip. The foreign minister actually made a public pronouncement that Republicans were better for Poland than Democrats because the Republicans had brought us, brought the Poles the empire of evil. Reagan was tough on the commies. The Democrats were

wishy-washy and had brought us Yalta according to the Poles. I really had to bite my lip to not give an interview in the press in which I indicated that Woodrow Wilson whose 13th point was the independence of Poland in 1918 was a card carrying Democrat. Anyhow that is how raw the nerves were in Poland in this period. So a lot of my time without boring with specific details, a lot of my time was spent dealing with that nervous psychosis that was going on in Poland at the time, because they felt that they were so close and yet so far from having their security cemented.

Q: Did they really feel, I mean a good portion, that they would never get it.

REY: That's right. I mean this is a country that had been knocked about for 1000 years since its history started, so their basic historic outlook was pessimistic and not optimistic. That was tough.

Q: I think it is interesting to think because Americans always think that the future is going to be better, and you get to some of these countries such as Poland and all. You know, my time was in Yugoslavia, and God I mean there is nothing and it just seems to get worse.

REY: Indeed when we start getting into some of the economic things I will talk a little bit about the speech that I made all around Poland for three or four years starting in 1995, three years I guess. '94 not '95 about the glass being half full or half empty. I would go to every kind for venue that you could imagine with a water glass which I would fill half way with water. I would ask the audience, "Is the glass half full or half empty." The answer was invariably half empty, which would be the basis of the speech. You have got to think the way Americans think, blah, blah, blah.

Q: How about Lech Walesa when you first met him. Was he concentrated on this?

REY: Oh, yes, he was fully, totally and completely concentrated on this. I think I mentioned in an earlier session my first meeting with him. When I presented my letters to him, he took me aside and grilled me for a half hour about the bear, and how we had to cage the bear, etc. He was vehement on this subject. He was my biggest, how do we say, my biggest challenge was to convince him that indeed we were moving in the right direction. I had a lot of help. The other sort of interesting perspective on this whole approach was that Washington fully understood the need to get the Poles calm and understanding of the approach we were taking. It became a key element of the whole NATO enlargement process thinking in Washington, which was very good for me because it helped me a lot in this first mission that I had. Indeed it was so important that in the spring of '94, Strobe Talbot came to Poland. Strobe had been deputy secretary already of State. Strobe was viewed by the Poles as being a friend of Russia.

Q: Oh, yes.

REY: And they thought very anti-Polish, which was untrue. He was also rumored to have

made a huge change in U.S. policy. In the fall of 1993, basically it looked like the administration was moving to expand NATO as quickly as possible when Strobe was rumored to have written a memo which indicated why we should go slow and not do anything for the time being because of the reaction of the Russians. Somehow this got leaked out, and he Strobe, was public enemy number one in Warsaw, so he was on the enemy list. He came over in April and had a number of meetings and went a long way into defusing that issue because of his whole approach and what he said. Basically the sum and substance of what he said, we were all saying, is the security of Poland is a key to the U.S. national interest. We have it very much in mind, and we are moving down a deliberate but slow process of enhancing the security in every way possible, blah, blah, blah. So he helped to defuse the problem when he came over. Then most importantly in the middle, in fact on the seventh of July of 1994, the Clintons came to Poland, spent a day. The President made a speech, made it clear that he believed that Poland would be joining NATO at some point. That helped a great deal, so by the end of '94 Poles were a lot less troubled than they were in '93 on this subject while I was there. They still were not 100% convinced, but at least they felt that we were moving, seeming to be moving in the right direction.

Q: What about the role of the other major members of NATO? Obviously Britain, Germany, and France. What were they doing at the same time?

REY: At the same time they were saying nice things to the Poles about Polish security, they were not saying definitively, if I remember correctly, that Poland should be part of NATO, but they were kind of moving in the same direction we were.

Q: We had the lead?

REY: We had the lead, very definitely, we had the lead, and as time went on we were increasingly in the lead in moving the process forward is the way to put it. But there was no major European country that was vehemently opposed to NATO expansion. People were, let's go a little more slowly, let's be careful. Then there was a great deal of concern about which countries to add and which not to add. Do we want to add just three or four, or do we add many more. There was a great debate on that. We never had a real problem with the western Europeans on NATO enlargement. Like everything else they are never 100% one way or the other. It worked out all right ultimately. So '94 was the year by the end of which the Poles were getting more relaxed on this question. '95 was the year in which the President asked NATO to do a study of when and how NATO would be enlarged, which was clearly a step in the right direction from the Polish standpoint. Indeed that study made some conclusions by the end of '96 which were quite favorable. They didn't indicate which countries would get in, but they showed that the process was moving forward. In '97 the actual decision was made, and the Poles as well as the Hungarians and the Czechs were invited in July of '97 to the Madrid NATO summit. That of course, was a great day for Poland when it happened. Just to round out and finish off this part, in July of '97 - I have forgotten what the date was - after the NATO summit, President Clinton did a victory lap in Poland to confirm the Poles and been indeed

invited, etc. He and the then president of Poland who is still the President, Mr. Kwasniewski, gave speeches in the central square of Warsaw about Poland joining NATO, etc. It was sort of the great moment of my own personal success in that we had finally achieved what had been my objective. All that has to do with a side of my mission which had to do with convincing the Poles that we were not a bunch of ogres, etc. The next step is to talk about the other mission which was to get the Poles ready to join NATO.

Q: I would think that you and Strobe Talbot and all would be walking a certain tightrope, because we did not want at the same time we knew where the Poles were coming from, but the Russians we didn't want to get the Russians. They were in a fragile state and the idea was not to get them into a chauvinistic mood and scare the bejesus out of them. I am sure the Poles would be happy to say this is keep the bear out and all that, but you had to be very careful.

REY: Absolutely. That is exactly what the policy was. I didn't go into the details of my speech, but that was basically my speech. In its simplest thematic form it was hey guys, we are with you. We are moving slowly but deliberately in the direction of NATO enlargement, but we must do it in such a way that we don't cause bigger problems than the ones we are trying to solve. Namely, we have to keep the Russians on board. They have to understand. We are moving slowly to convince the Russians that what we are doing is not a threat to them, blah, blah, blah. It went over and over again. The reasonable Poles understood that position. There were the firebrands who would never buy the fact that we even need to think about the Russians. The U.S. is so important, blah, blah, blah. But that is the way, and in fact in hindsight it was a very successful policy because we got everybody in. Not everybody, we got the three key countries into NATO in a way which did not infuriate the Russians. It didn't cause the Russians to do things which would have undermined the whole process of improving the security in central Europe.

Q: Well while you were doing this, were you at your level of ambassador I mean letting the Russian ambassador in Warsaw understand and bring him on board to...

REY: Not as much as I should have, but I had very friendly relations with him, and indeed tried to inform him of what I was doing as we were going along, though I didn't do it actively, and it was not uppermost in my mind. He and I had very good relations. There were two of them, two Russian ambassadors. During the period we were really working on this, there was a man named Kashlev who was the ambassador, who I ultimately did a favor for. He desperately wanted to get a job at the, oh gosh, I can't think of the word for it now, what is the security organization?

Q: OECD?

REY: NO, not OECD the other one. It is located in Vienna.

Q: Well anyway we can fill that in later.

REY: It is the one that is very much involved with the Balkans. A big organization, I just can't think of it right now. (the OSCE) But they, he wanted to become part of that organization, and I sent a letter to the State Department saying they should support him because he is a good man blah, blah, blah. He was very funny. He sent me a bottle of vodka as a result which had been opened, a portion had been drunk already. I thought it was great. Anyhow, he was a real character straight out of whatever it is called, central casting, a perfect image of the florid somewhat rotund Russian ambassador. I had one of my favorite moments in my entire career when he invited us to a barbecue, which is a very Russian thing to do - a shaslik, I guess it is called - out at his country dacha one day, my wife and I and a bunch of other people went to this thing. He had next to the dacha a small building where he had basically it was a gaming building which had a big pool table. He and I started to play pool. I noticed it was very different from the pool we are used to. It looked the same; it was a billiards table, but the balls were somewhere the size of a baseball. Not the size you think of the small or medium balls we use. He spoke very good English, and I had the wonderful pleasure of in the presence of the Byelorussian ambassador sort of turning to him and saying, "Mr. Ambassador, the Russians have got bigger balls than Americans." So anyway we had a good time. The whole way just going back to the main point, the whole sensitivity to the Russians was very important to the policy, I think it came out all right ultimately. Of course in hindsight for a number of reasons it came out beautifully. Even while we were doing it, it did not cause the Russians to go off the deep end.

Which brings me to the famous Perry Points. Bill Perry was Secretary of Defense, a wonderful man, very sensitive, very understanding, tough, extremely competent. As I mentioned earlier, the Defense Department was quite concerned about the problems of bringing other countries into NATO. He basically set out five criteria which he felt were important for any new member to meet. They were basically the stuff of what I did for almost my whole tour there. Those five points were that a country could get into NATO or was a candidate for NATO if it had a stable western style democracy for one. Two, if it had a free market economy, three, if it had no problems with minorities and a peaceful foreign policy, four if it had civilian control of the military, and five if its military was interoperable with NATO. Those were his key criteria. Basically we worked on all of them with the Poles in one form or another. I am now going to bore you to death, but I think I need to go through each.

Q: Oh, absolutely.

REY: This was a lot of what was going on at the time. This is not necessarily in any order. The first issue, the first criteria the Poles had to meet was having a foreign policy that basically exported stability, that it was a peaceful foreign policy. There the Poles, I never had a problem on that issue. In fact it was astounding to see how much they worked on ensuring that they were viewed as exporting stability, particularly in the region and outside the region. So they became basically our champions in many areas of U.S. foreign policy, champions in the sense of doing things and helping us to be sure there was

stability around the world. The most obvious example that I will give you is that in January of 1995 when we went into Haiti, the Poles offered us troops at the time which from a Polish perspective was absolutely unbelievable. I will tell you why. In the middle of the 19th century, Napoleon had gotten the Poles to send troops to Haiti when he was having problems in the Caribbean, the French were having problems. The Poles sent a unit of about 400 soldiers to Haiti under the leadership of a Colonel Dombrowski. I think about four or five of them came back. They were all killed or something.

Q: Yellow fever wiped out a lot.

REY: Yellow fever was a disaster. The Polish national anthem has a sentence in it like our national anthem, has a sentence in about Dombrowski marching. I am translating. I am not really translating, that is what it talks about "March, march Dombrowski." It referred specifically to that Haitian disaster. It was a great moment of heroism in Poland. Here the Poles are sending troops to Haiti again. Not at our request, but of their own initiative they did that.

Q: Did they do it?

REY: Yes, they did. They sent 50 troops. They sent their delta force; they had a small delta force.

Q: Which is special forces for emergencies.

REY: That's right, SWAT teams and things like that. Way overqualified for what the job needed to be done. Way over qualified, and in fact they caused a real problem for the Defense Department as what the heck to use these guys for. They finally figured it out. They became the guards for VIPs who would come, and there were slews of VIPs going to Haiti then to see what was going on. I have always been amused by Tony Lake who went there several times describing how he had these Polish guards in their black uniforms with lightning strikes on their lapels and things like that. So anyway, much more importantly than that, in the region the Poles were doing all sorts of things to be helpful to us. They certainly were extremely helpful in the Balkans in terms of sending troops, I-FOR and S-FOR. I basically after about a year in Poland, I concluded that Poland Inc, by that I mean the sort of establishment if you can call it that, the structure of the political system in Poland. That is people from various parties, it didn't matter, must have gotten all together in a smoke filled room and decided what do we need to do. We want to get into NATO, what do we need to do to embarrass the bloody hell out of the West, particularly the Americans to force us to do it. They then mounted a foreign policy that did that in every way they can. I mentioned Haiti. There are myriads of reasons why they did that.

Q: What about the whole Yugoslav thing? This tends to be pretty confusing.

REY: It was very confusing. The Poles were very helpful in the process in terms of

providing various forms of assistance to us that we needed, both clandestine and very public. So they were very helpful in the process. Made us feel very comfortable.

Q: They, the Russians went to their traditional Serb allies, you know go back to WWII you know, the pan Slavic movement. Did the Poles, were they sort of taking to like being on the other side?

REY: No, they were much more sort of using their good offices to help develop dialogs and things like that. Keep us informed as to what was going on, etc. They did not obviously take the Russian approach and just deal with the Serbs

Q: I would have thought that Yugoslavia for NATO for the European Union, for that whole area there even though it was somewhat removed would have caused them anxious moments. I mean they could see this thing..

REY: All the more reason to get into NATO, exactly. They saw the Balkan powder keg doing its thing. Moving on in terms of foreign policy, the last point I think is important to make in this issue was that I think, I still believe rather, that I was witness to one of the great phenomena of the 20th century in Europe which was the total disappearance of the Polish-German animosity. It disappeared before my very eyes. When I used to go to Poland in late '89 and early '90, I was going on business. Basically everyone I would meet with would say you have got to get American companies to come in here and invest, because if you don't the Germans are going to come in here and are going to do with the Marks what they were unable to do with a machine gun. This was an ever occurring theme. They were scared to death of the Russians coming back in, the Germans coming back in. Particularly given the fact that Poland had been shifted about 300 miles west right after the Second World War. That meant that there were a lot of former German lands that were still part of Poland, that were now part of Poland rather. They were very worried that the Germans would try to come back and buy all that stuff back and create ulcers. That was true in 1990. In 1994 that had basically gone away. Now I say 1994, in August of '94 was the 50th anniversary of the Warsaw uprising which was the famous moment when the Poles, the citizens of Warsaw rose up against the Germans figuring the war was close to being finished. The Russians were sitting on the other side of the Vistula River and that was the perfect time to revolt against these awful Germans. They revolted, and the Russians didn't do what they expected to do which is to move in. They just sat there and watched the poles, the citizens of Warsaw be devastated in the course of 63 days. It was a real horror of the Second World War. There was this anniversary celebration. Al Gore came for the United States which was another example of how we were bending over backwards to keep the Poles happy because Gore had been in Poland the year before for other purposes. He actually came back within a year. Well, practically every politician in the United States was going to get his ticket punched in Warsaw in those days anyway.

Q: The Polish immigrants being in the United States being an important fact.

REY: Exactly. But he did come, and that was important. The President of Germany, Herzog was there, various people of that ilk. Herzog the German got up and gave a speech at the anniversary basically apologizing for the Second World War. It was very well taken by the Polish press, but more importantly it was extremely well taken by the German press. That became sort of the signal event of the process of frankly the disappearance of the anti-German feeling in Poland. From then on, I just never heard a word about those awful Germans. It was amazing how it disappeared. Now here we are talking about an event, you know, an attitude which has existed for centuries, and was clearly exacerbated first by the First World War, and then by the Second World War, etc., gone. Just gone. Now that is not to say there are not individual Poles worried about the Hun, just as there are in any country people who feel that way. But it was no longer part of the national psychosis it used to be. Fascinating, absolutely fascinating. It is one of these things you hear about, but if you take a look at history, it was a major development. So the German question no longer existed. In fact the main motivation for the Poles desperate desire to get into NATO is that they would become cemented as an ally of Germany so that that issue, the German question would no longer be an issue. And they would then have the strength of Europe to deal with the Russians if they needed to. So it was a twofer. It was definitely a twofer for the Poles, to do that and why they were so vehemently for it. So Perry point on foreign policy the Poles never had an issue. We never had an issue with the Poles on foreign policy not being exporters of stability. So that was the good news.

The other issues, the biggest problem we had with the Poles in terms of their getting into NATO was the issue of civilian control of the military. This is one where I will be getting to spend a great amount of time describing. The problem here was that there is a long tradition in Poland, it dates way back before the communists, prizing very highly the military in Poland. It goes way back to the Middle Ages. I mean in those days throughout Polish history, if you had two sons, one would become a priest; the other would become a soldier. Very important. In fact the institution of the military in Poland in the early years while I was there, 1990 was prized more highly than the Church in the public opinion polls surprisingly. I mean really just considered very important. But the military was imbued with the Soviet communist system of military organization which really did not have civilian control as we see it, which is the legislature makes the budget, and the president and the minister of defense tell the military what to do and the military executes, which is certainly our system in the western system's control of the military. The most powerful person in the Polish military was the chief of staff. Unlike our chief of staff who is basically head coordinator for three or four arms of the military and spokesman for all of them, this guy basically made all the decisions and ran all of them. The man who happened to be the chief of staff, his name was Wilecki, was tough. Walesa bent over backwards to please Wilecki and the military because he was very careful to keep them in his power base, not only for the fact of having the military on his side, but more importantly there were many military pensioners in the body politic. So he didn't want to get them, all the older people who had been in the military, unhappy with him. Therefore, he bent over backwards to be helpful to the military. Now that does not mean very good things in terms of civilian control of the military. I would have to go to him

frequently, fairly- (end of tape)

The problem was that President Walesa felt very beholden to this guy, Wilecki. When I asked Walesa about civilian control, his answer to me was, "Look I was elected, and I am in charge of the military, and that is civilian control of the military." No understanding of parliamentary oversight or of the ministry of defense that makes the basic decisions on the civilian side which are then executed. He just didn't understand at all. The biggest problem came, I have forgotten the date, but it must have been in September of '94, when Walesa, late '94, when Walesa hosted all of the general staff, major generals including the chief of staff at a dinner at a training ground in Drawsko in western Poland. At that dinner basically, he asked the generals in front of the minister of defense whether they liked the minister of defense. All you can do is laugh okay. The answer was no. Within a week or two the minister of defense was fired. This created an almighty stink in Washington. First of all, they knew about this man Wilecki, he had been to Washington. I had people in the military telling me if Wilecki is still around by the time the decisions are made on NATO enlargement, the Poles are not going to get in. This guy is impossible. Having orchestrated Walesa publicly firing the minister of defense was a big issue. So then the second thing that happened, which happened in mid-'95, was that the parliament passed legislation which regularized in a much better way the relationships between the military and chief of staff and minister of defense, set it all up structurally in the fashion. Walesa vetoed the legislation, didn't veto, pocket vetoed, put it on the shelf and refused to sign it. That of course exacerbated the problem.

Q: Was it our interpretation that Walesa was bowing to the dictates of the military?

REY: Sure, and that there was not real civilian control of the military. This was something that obviously at that point the Defense Department was still upset by. For enlargement this was a perfect thing for them to play on. So I will leave that subject. No, let me finish with the subject. What happened then was there was an election for president in late '95. Walesa lost, a very narrow vote. The man who took over, Alexander Kwasniewski, a young man. I think he was 43 or 44. He basically ran the SLD party whose party roots were in the old communist party. He had been in the last communist government in the '80s, minister of sport and youth. He was labeled on the communist side. But very competent, a very lucid individual. You will hear a lot about him as we go on. On this point, he came in the first thing, literally within the first week in early '96, February of '96, was to sign the legislation that I talked about. That began the process of regularizing the relationship between the civilians and the military. Ultimately it took him about a year plus, he also being concerned about you don't want to infuriate the old military pensioners, etc., and the military. He wanted to handle it right. It took him about a year, but he did finally fire that chief of staff Wilecki. That freed up the issue, removed the issue rather I should say, of civilian control of the military, the one Perry point which was a major stumbling block to Poland's entry.

Q: Were you making your points to the president?

REY: Oh, yes, to the new president and certainly to Walesa. I used to go, I don't know whether I mentioned this in my earlier things, but one of the really fortunate circumstances I had as ambassador was having been Polish as I mentioned early on, being a direct descendent of the father of Polish literature, Poles considered me Polish even though I was an American ambassador. But then they made it possible for me to go into a huge ego like Lech Walesa and say, "Mr. President, I am not coming to you as American ambassador. I am coming to you as Nicholas Rey, Pole, and giving you some friendly advice," blah, blah, blah. Then I'd say you have got to do something about this. It is really creating problems in Washington. That is the kind of conversation I would have. It didn't do any good, but I felt a little more comfortable with it. It was my, what I guess would dub the big brother finesse. The biggest problem you had, challenge you had as ambassador in a place like Poland, as American ambassador, is that you would be accused of being big brother, replacing the Russian big brother with the American big brother. So this was my way of sort of trying to finesse the whole issue. I would go on and on and on with Walesa a number of times with his staff, with everybody I could think of indicating that this caused a big problem. He just wouldn't listen. Kwasniewski understood right away, and in fact I never had to bring up the subject beyond the first or second time, because he was moving in the right direction, always moving in the right direction.

One of the great ironies of my period in Poland was the way everything was upside down. The great democrat, Lech Walesa, opened up democracy in central Europe etc., turned out to be a lousy democrat, when it came to running the country. By contrast to the old commie, the former commie who turned out to be spectacularly good for the development of democracy in Poland, freedom. Enough on that subject. Not enough on that subject. You have two issues that came up which are very important. I now move to the question, to another element of a key Perry point, and that is the fact that it was a solid western democracy. That was another key criteria to NATO entry, that Poland would be an example of western democracy. There are several issues that came up in this area which were troubling. None of them had to do with fundamental democracy, trend toward democracy, the fundamental trend toward democracy, but they had some major small issues which had a considerable impact on Poland's image as a democracy that we spent a lot of time worrying about trying to deal with. The first one I would dub as the Zacharski affair. This happened in August-September of 1994, again while Walesa was still president. This is a perfect example of what I meant by Walesa creating problems. Mr. Zacharski, the name may mean something to you, was one for the more famous Soviet era spies in the United States. He had basically garnered a lot of information from defense contractors, I believe out on the west coast, and passed it on to the Russians. He was indeed an agent of the Polish secret police, foreign secret service, whatever have you. He was jailed, tried and jailed in the United States, and given a life sentence. We are talking late '70s early '80s. Very early '80s I think. He was sitting in the pokey in the U.S. until on a given day there was an exchange of spies. He was exchanged for some Americans that the Russians had picked up. So he got sent back home. Yes, he was sent back to Poland.

Q: Was he ever an American citizen?

REY: Never an American citizen. He was a classic agent, foreign agent in the United States, subject to life sentence, under life sentence in the United States, got out of it because of exchange, but he still had a life sentence on his head.. Walesa and his friends decided they would make Zacharski the head of the Polish foreign secret service. I will never forget. My daughter had just gotten married in Warsaw to an American. We had the wedding and my wife and I and some of our oldest friends went off to a place in Tatra Mountains to take three or four days off. In the middle of that thing my cell phone rang. It was the DCM who said, "Guess what has happened." Walesa has just announced, it was announced, it was a public thing, that Zacharski blah, blah. Washington went crazy, just went crazy. I mean the phones were ringing off the hook. What are they doing? Why are they going to make this guy? They still want to get into NATO? One of the big things against Poland getting into NATO was the sharing of secrets. People were arguing, particularly the conservative elements in the United States and the military people were all worried about divulging secrets to the former commies. This was a classic case. I had to go to Walesa and plead and say look this doesn't make any sense, etc. They understood they had a problem and they reversed it. It sure created a major kerfluffle in Washington when they did that.

Q: Well did you feel, did Walesa have people around him who were trying to embarrass or trying to do something, or was this just stupidity?

REY: Stupidity. Just pure simple stupidity. These were some pretty incompetent types who were his advisors who were telling him to do things like this, who never thought beyond their own noses I guess. No I never found there was anybody who was nefarious in trying to reverse a trend by giving bad advice to Walesa. They were just stupid. Okay, so that was one item, the Zacharski affair. The problem with it was the stink it created in Washington. We were able to take care of it by basically convincing them not to do anything about it now. The second thing was far more difficult, and that was the Oleksy affair. Oleksy was for two years the prime minister of Poland, Late '94, all of '95, and early '96 is when he was there. I had three prime ministers, by far the best, very competent, a very good prime minister because he knew how to compromise. He knew how to play the political game and get things done. In '95 after Walesa lost the election, he and his minister of the interior in the process of his departure started to float rumors that this guy Oleksy had been an agent of the Russian KGB in earlier years. They had the Polish secret service make an investigation and leaked it, etc., and it created a huge stink in Poland, a major problem. He ultimately lost his job. It obviously created a huge problem in Washington because people were saying the prime minister of Poland is being accused by the president of being a former agent of the KGB. It goes back to the same secrets problem, etc. But it turned out in hindsight that this was strictly a political game the Minister of the Interior and Walesa were playing. But that is an issue that I got, some day people will have a lot of fun reading the cable traffic, etc., on because it was really fun. I mean I kept having to pinch myself because I wasn't reading a dime novel, I was actually writing one.

Q: On things of this nature, how well did you feel that you were supported by A) your political section and B) your station?

REY: Great. Brilliantly by both separately and separate reasons. Unbelievable. I was so amazed with that. I have given you the very short version of it. Without going into detail, the longer version would talk about how we got all the information. We were aware that Oleksy was going to be accused several weeks before he was, largely as a result of the work of our political section corroborated by the work of the CIA there. It was an incredible thing. Someday all that will come out. Not that is going to be all that important, but still it was a classic example of extremely well functioning political section that knew the right people and got very good information out of the right people. This was corroborated by the CIA station that was able to confirm a lot of the things. All of that together made it possible for me to argue in the cable traffic in Washington that this was a political ruse. There was no real substance. It took me a while to get to that point, but when I did, I was basically able to look Washington straight in the eye and say this is not something which clearly damages the Polish desire to get into NATO. This is a political game, machination and not something else. It turned out to be that way. Now it also, Walesa strutted around feeling that he had screwed the commies here, it turned out to be a very serious political mistake for him. The reason was that Oleksy was an extremely competent minister and the president, Kwasniewski, the new president who won the election was coming in. The two of them were in the very early days of the new presidential term, the first month or so they were battling each other like crazy as to who was going to be in charge of what. They had this huge battle going on. I sort of sat in the middle of it and watched this tennis game going on. You know that the former communists, the right way to put it, was going to be seriously weakened by these two superstars banging on each other. Walesa walked in and cleaned one of them out, because obviously the man had to resign when he was accused of all this. He is still very much involved in Polish politics but at a significantly lower level than he was when he was prime minister, which left the field wide open for the new president to become the principal politician of Poland. He had done an extremely good job throughout as a politician. Walesa ended up greatly strengthening the power of the guy who just beat him in an election, which was not very smart. So ultimately that is where that ended up. But that was a Perils of Pauline issue which ultimately disappeared. Should I go on because there is a lot there. I would like to get to the democracy issue.

Q: Sure, okay.

REY: There is a lot on democracy. I go back to say the questions, we are still back on the Perry points, was Poland meeting the criteria and my efforts to insure that indeed they would meet the criteria set by Perry. We are still on the question of is it an open, straight and solid democracy. Again we have another set of things that arose here. This is the transition from Walesa to Kwasniewski. Up until now I have been describing the problems I had convincing Walesa and his team that they gotta be careful that they are viewed as democrats. They were doing all sorts of things which made that more and more

difficult as I have indicated up until now. That was my first two years. My second two years I had a different challenge. That was to work with the new president and his team to do what I could to help them to overcome the fact that they would be viewed as former commies. Because again that was going to be a big issue. We don't want these commies inside our tent, many conservatives in the U.S. would say. The second task, i.e., dealing with the new president and his people versus Walesa and his people was an infinitely easier task than the one of having to worry through the next crisis with Walesa. Kwasniewski was very, President Kwasniewski was very sensitive to this issue, and was obviously bending over backwards to ensure that he was being viewed as a true western democrat, the head of a social democratic party and not the head of a communist party. But we had a lot of things to go through. Particularly at the moment of the new government, the new president coming in, the early months of '96. WE had a real challenge because we wanted to try to do what we could to get the intellectuals from Solidarity, the Freedom Union Party as it was called, basically made up of the really competent intellectuals who had developed Solidarity, to work with the communist party so that the two together would be viewed as a powerful combination of people moving Poland forward as a democracy rather than still fighting with each other. President Kwasniewski in the early days understood immediately why we were pushing this and agreed 100%, and offered to establish a national security council of the presidency which would be headed by one of these old Solidarity intellectuals, so that the picture to the outside world is that Polish foreign policy is in the right hands, it is in good hands, etc. There were some pretty famous competent Solidarity intellectuals on the foreign policy side. I won't bore you with names but they were well known in the world. Now in working on this, basically I joined forces with Zbig Brzezinski. It is important for me to drop back for a second and talk about him. He was Carter's National Security Advisor, a major foreign policy intellectual source in the United States, with a tremendous involvement in Poland as a wise man. The Poles felt he was very important to them as an advisor, whatever, as time went on. He and I had a good relationship going back to our days together on the Polish American Fund. He was very instrumental in my becoming Ambassador. He was very helpful at this time.

Q: At this time he was back at Columbia?

REY: No, he is at CSIS here in Washington. In fact he was a professor at Johns Hopkins SAIS by then. He stayed in Washington after the Carter period. But he would come to Poland for various reasons at various times. He decided to come to Poland right about during this transition period. So he and I ended up spending a lot of time for about a week or week and a half, dealing with both the President Kwasniewski, who I was amazed, It shows you how important he felt this was. During the transition period as President of Poland, he came twice to my residence to meet with Zbig and me, once for lunch and once for breakfast during the course of a week, while we were trying to aid in the negotiation for the creation of this national security council headed by the Solidarity intellectual guys. It never worked out. It never worked out because the Solidarity types vehemently refused to get involved. It was bothersome obviously, but I mentioned it to indicate how much Kwasniewski wanted to do it right in terms of the imagery in the

world. For genuine reasons I am convinced, not because he was playing games. He felt this was the way he was going to establish Poland in the right way and himself in the history books in the right way. The very great difficulty which the Solidarity intellectual group had in cooperating and the circumstances was a real problem - which is not to say that they would be publicly critical. They wouldn't do that, but they certainly did not want to be seen to be in bed with the communists, which is the way they would put it I guess, in the crassest form.

Now in fact, going on with the new Kwasniewski the whole Kwasniewski approach, within a matter of days of his actually becoming president, taking office, he went to Germany and had meetings with the German leaders, Kohl and everybody, showing that he was very reasonable and would approach security issues and relations with Germany in a rational, good, reasonable way. He was very smart because he did that. He knew that Kohl and Clinton were buddies. He went through this whole process, and the result of it was he had a friend in court in Kohl. I don't know if he got Kohl to do it, but Kohl would mention to Clinton this guy is really good. He is not a commie with horns on him. The next thing he did which was very good was to choose a foreign minister whose name is Darius Rosati. It doesn't sound very Polish, but Polish mother, married an Italian, but he is very Polish, born in Poland, etc. Rosati turned out to be extremely articulate, spoke excellent English, was an economist, did a Fulbright at Princeton, an impressive fellow, very smooth and western, not your typical commie apparatchik turned foreign minister. I mean this guy was a world class type from every standpoint. He made a tremendous impression in the outside world particularly in Washington in his visits to here. He made a tremendous impression on Strobe Talbot. The two of them got to be real buddies. That was very important in the process, in the two way process. Number one, giving the Strobe Talbots of Washington a comfort level on what Poles would be like as allies in the NATO council, and two, giving Rosati an ability to go back to Poland and say this guy, Strobe Talbot, isn't such a bad guy. You know they are moving in the right direction, etc. So it helped both ways, very important. All of this built up to an unofficial visit to Washington in July of '96, six months after he had become president of Kwasniewski to Washington, DC. That was a fascinating trip for me. I obviously went along with them. It was very interesting. First of all to get the meeting was tough because there was a lot of concern in Washington, political concern since, I should drop back for a second. The Polish-American community in the United States was vehemently pro Solidarity for all the obvious reasons and very much against the communists. This guy, Kwasniewski becomes president of Poland and he is a former commie, and he is the devil incarnate as far as the Polish -American community is concerned. So there was concern in Washington about having this guy come, and having the president be seen with him. I can't say it was a strong concern, but it was enough of a concern that people were seeing if there wasn't a way of delaying the visit or not have the visit. In the spring of that year, Rosati and I came to Washington, and that is where Rosati snowed everybody and convinced people that they should be comfortable with having the president come, and it happened. So the President came in July, Kwasniewski here. There was a meeting in the oval office which was very effective. It was not a state visit; it was an unofficial working visit as it is called. He was not allowed to stay at the Blair House because BB of Israel, I can't think of his

last name now, Netanyahu, was staying at the Blair House. I have to tell you a funny story about that. The story is that Kwasniewski came here again this year in July to a full blown state visit to the White House of Bush's. I was invited to a reception he was at. Also at it was his assistant, his National Security Advisor, a guy I knew pretty well, Mr. Siwec. This reception was the day after Bush had taken President Kwasniewski to Detroit, the president of Poland to Detroit, something he would do because it is a politically smart, given all the Polish-Americans there.. So I took this guy, Siwec aside and I said, "How come you leftists are supporting a rightist president of the United States in our domestic political system? I don't think that is very fair." He said, "Well at least the rightist president lets us stay at Blair House." Which is more than we were able to do.

Q: Observing Clinton there, did he know his brief?

REY: Oh yes, he knew his brief extremely well. He was very, in fact going back to some of the things I talked about before in the process of convincing the Poles. Clinton had decided very early on he wanted to see NATO enlarged. He could have decided even in late '93 that that was something he wanted to have happen. He worked the process to move it forward. So he was very knowledgeable on the subject, knowledgeable about Poland. I would sense enormously relieved by this character who had become President of the Poles. Walesa and Clinton did not have a good relationship because back in the spring of '93 there was a big event in Washington for the opening of the Holocaust Museum. Walesa came to that and had a meeting in the oval office with Clinton and proceeded to bludgeon and lecture Clinton for some considerable period of time, wouldn't let Clinton say anything about NATO enlargement. The same kind of thing he did to me six months later. . Clinton was very nice to Walesa. I thought he handled him extremely well. But you could tell there wasn't an immediate love affair. Clinton is no different than everybody else. Everybody else had the same relationship with Walesa. Whereas Kwasniewski, the two of them just got along like that. They were the same age, same approach to life. They got along very well, and the oval office visit was quite spectacular. It was really super from that standpoint. But what happened was that Kwasniewski was smart enough to try to take on the Polish-American community and give speeches, and he presented himself very well during that visit, and I'd say went a long way toward removing the fact that he was a former commie as an issue as to whether the Poles should get into NATO. After that it never became a problem again.

The next to last democracy issue I should mention is the Kuklinski matter. This was another thing, and it contrasts heavily with the Zacharski matter. Colonel Kuklinski was according to my buddies in the CIA, one of the tree or four or five, maximum five, most important agents that the United States had during the cold war period who was on our side working the other side. He was an amazing man. Kuklinski as a colonel in the late '70s had become, then general Jaruzelski's, the president of Poland's, chief of staff and his main military aide de camp. So he was privy to every conceivable secret of the Polish military and more importantly the Soviet military systems and war plans and all of that. All the Warsaw Pact war plans were completely in his hands. For several years he passed all that stuff on to us. He even forewarned us if I have got it correctly on the imposition of

martial law in 1981. We got him out of Poland, or he got himself out of Poland. We took him on here in a sort of secret witness protection program, that kind of stuff. Quite an amazing character. We got him and his family out. But Zbig Brzezinski will tell you that he was absolutely vital to our understanding of what the issues, of that the Warsaw Pact military plans were, and made it a lot easier for us to figure out we didn't have to nuke Poland in the process if we had to defend against them, which was one of the war plans. When this became known in Poland in 1981 that he had been this spy and he had gotten out, he was tried for treason in absentia and had a death sentence on him in Poland. The wall comes down; all that stuff is all over. This guy was still in the United States, still a famous spy. The treason sentence was not dropped; it was still there. The death sentence was still there, treason accusation and death sentence was still there. This goes on and on. It is clearly a difficult issue because the group of conservatives in the United States who were against NATO enlargement were arguing in the press that Kuklinski was NATO's first Polish officer, and had done all these wonderful things for NATO. Yet he had a death sentence against him in Poland. He was considered treasonous in Poland. So, I went, others went to Walesa and we said, this was back before the change, before the election. "We should find some way to regulate the Kuklinski matter, remove it from the very public attention." He absolutely patently refused. He refused for the same reasons that we had the military civilian problem with him and that is the Polish military felt this guy had gone against his oath of office. The Polish military is the be all and end all among Polish institutions and you don't go against the oath of office no matter what happens. So the chief of staff, Wilecki and the whole Polish military establishment was against Kuklinski, so therefore Walesa refused to do anything about him. Kwasniewski comes in, and within the course of a year he begins to conclude that he has got to do something about Kuklinski. He and his minister of interior, currently prime minister of Poland, Miller, basically worked out a way to help change the sentence. They had, the Polish justice system went through a whole process, and the conclusion, legal process, prosecution process, was not an imposed thing. The prosecutors came up with it themselves. The conclusion was that Kuklinski had been motivated by a greater good than his oath of office to the military, and that greater good was to prevent Poland from being nuked in a war with the west. That was something which over rode the fact that he had to go against his oath of office as a military, and that was the way in which his sentence was dropped. He was sort of reinstated as a Pole, whatever have you. It made a huge difference. Now Kwasniewski doing that was doing something which was extremely difficult because he was number one, infuriating the military, and number two, and probably equally importantly, infuriating his core base of former communists who considered this guy a devil for doing all these terrible things. So he was going against two very major important constituencies. He still did it, which is why I have enormous respect for him. It took him a while to get there, but he did it, another reason why Poland was doing the right thing ultimately in moving towards democracy, and that issue dropped away.

Q: What happened? Did Kuklinski come back?

REY: He went back in '98 as a hero. He was invited back to become an honorary citizen

of Krakow. Good things happened to him, so it went very well. I had actually met him when I came back. I had a lunch with him at the White House in the White House mess. It was very interesting. A fascinating guy, I mean he is your classic perfect spy I guess. He is Mr. Milquetoast. He is a nice sweet gentleman, totally unassuming, quiet little guy. I mean you couldn't imagine a better outward image or outward look for a spy. This is incredible. Not in 1000 years would you think this guy was one of the five most important agents the U.S. ever had. Incredible, absolutely incredible. But at that point he desperately wanted to go back to Poland. He had been invited by the arch conservatives to come to Poland on the anniversary in December, December 13, 1997, which would have been the sixteenth anniversary, I guess, of the imposition of martial law. They were going to come in and make a big deal of it. Everybody was trying to tell him not to do it. I called him on the telephone and pleaded with him, and everybody else. I finally had to say to him that my impression is that if you were to go under these circumstances, his life could be in danger. Fortunately he decided not to go then, and he went later in the spring. It worked perfectly, and was not a problem. The issue was solved.

I spend five minutes on just the last democracy issue and I will stop. Although it is long, I won't give you anywhere near all of it. The other big problem I had on democracy issues again with Lech Walesa and not with Kwasniewski was the Polish-Jewish question. A big problem, huge historic issue in Poland where there is equal phobia on both sides. Not only is there some anti-Semitism in Poland but many in the Jewish American community are very anti-Polish. So it was a very contentious issue, and obviously what was in the back of our minds is that as time goes on and we are moving towards getting ratification in the Senate of Polish entry into NATO, we wanted to be sure we didn't have any major problems with the Jewish community. It could very easily have happened. Walesa was involved in two things which were very difficult. In January of 1995 was the 50th anniversary of the liberation of Auschwitz. There was a huge event set up including the presidents of all the countries that had been affected by Auschwitz, and obviously all the religious communities. For six months in the planning of this event, Walesa refused to allow Jews to make the prayer of the dead one of the key elements in the actual celebration. There were lots of priests that were going to do blessings and all this kind of stuff, but the Jews were not allowed to use the prayer for the dead. That created a six month horror show, as you can imagine. It was unbelievable. The Elie Weisels of the world went off the walls.

Q: Did he have any idea what he was doing?

REY: I put it down to obtuse. The only word for it is obtuse. He had an advisor who was worse than obtuse. He was just terrible, rest his soul because he just died. He was a disaster. Wouldn't do it; just refused. Elie Weisel was one of the heads of the official U.S. delegation to that ceremony. He came over. He and I negotiated with Walesa literally the night before the celebration. Walesa finally agreed sure you can do it. It was awful.

Q: Had this gotten into the public eye?

REY: Yes, oh it was a big deal. I mean it was in all of the Jewish press in the United States that this was going on. It was in all the speeches and everybody was making stinks, the Holocaust Museum was bent all out of shape. It was a disaster. We finally solved it at the eleventh hour; oh sure come do it. Anyway that was point one. Point two and then I will stop on this, was that June, Walesa's favorite priest, Father Jankowski, gave a very anti-Semitic sermon at a mass in which Walesa was present. That created a huge stink in the press obviously. It took Walesa 10 days to say something about it, and what he said was only partially apologetic. It created huge problems. Those two major public events were quite worrisome in the process. Now in comes Kwasniewski, and all of that changes overnight. Kwasniewski when he comes, in July of '96, to the U.S., one of the things he does is he goes to the Holocaust Museum to present for comment a new government plan as to how the Auschwitz Museum and the Auschwitz area would be regulated to work within the local community. I mean a major step in moving in the right direction. So again the issue of Polish-Jewish relations was removed as a problem with Kwasniewski.

Q: Well there had been, I mean I am not sure if it was in your time, but a problem around Auschwitz about crosses. I mean was the Catholic church did they understand the situation?

REY: Yes, the Catholic church is a topic for next time.

Q: Well we will pick this up, you want to sum up, but you do want to talk about the Catholic church and the Jewish issue, particularly centering around Auschwitz, but other things and your reading on the Catholic church. We still sort of move from Walesa to Kwasniewski. It is all good news, but do you want to make any note here of what you want to do?

REY: Well, what I want to do is talk about that and finish up on the last Perry point, the fifth one that I haven't discussed yet, military interoperability. I will have a few points to say on that. That is the capability of the Polish military to enter into NATO. Then after that maybe I could spend a little time talking about some of the other things I did which is on the economy.

Q: Great.

Today is November 18, 2002. Let's start talking about the Catholic Church and particularly the Jewish problem and your analysis of the Catholic church. Where did it stand politically?

REY: Let me do that in two pieces. First talk about the Jewish issue per se, and then move to the Catholic Church. There is no more important, bigger, more difficult problem that the U.S. ambassador in Warsaw faces than the Polish-Jewish-American issue. It is very strong. It appears all over the place. Basically there is obviously a long history of

anti-ism on both sides. It is very interesting. The Polish anti-Semitism is well known. It is a vestige of many years of history. It is now less than it used to be. It is certainly less than in the inter war period, but there still is some anti-Semitism. The reverse of the coin is that there is a visceral, I guess is the right way to put it, hatred by the general population of Jewish-Americans against Poland and Poles. I think that stems from the fact that many Jewish-American roots are in various parts of the current and older Polish territories, because Poland basically had up to 1939, about 3,000,000 Jews in it. It was a very significant piece of the population. Many of them or their descendants ended up emigrating to the United States. The general outlook, general view of the Jewish-Americans is that Poland is where it happened. It is where the Holocaust happened, and therefore there is a real concern or dislike for anything Polish. As we were moving toward NATO enlargement, which to repeat as I mentioned before, one of the key issues was Senate approval, ratification of any change in the treaty, the Washington treaty of 1949 that creates NATO. We were, therefore I was very concerned to be sure that Jewish-Americans were as well disposed as they could be to Poland, because we certainly didn't want them fighting very hard against Polish entry into NATO when the time came. That was sort of the crass political objective that I had. But whether it was me or anybody else; whether it was then or ten years before or ten years from now, it is clear that this is an issue, a problem which every incumbent of the ambassadorship in Warsaw did face and will continue to face. It is a real problem. But within the context of what we have been talking about and the objectives we had of moving forward to NATO enlargement, this became a very significant issue, though it never became a major problem. It became a significant issue because Lech Walesa and his people, I guess the best way to put it, were obtuse on the question. We had several issues that arose. I will just mention two of them. One of which, I think I have done this before.

Q: I think you have touched on it a little, but let's talk about it in this context. We can edit it later.

REY: Okay. 1995, January, was the 50th anniversary of the liberation of the Auschwitz camps. There had been arranged and planned for several years a major ceremony in which the heads of state and official delegations of all of the populations who had been affected, let's put it that way, in Auschwitz. At the invitation of President Walesa, there was a major ceremony, etc. The U.S. had an official delegation which was headed by Dick Holbrook who was then assistant secretary for Europe and Elie Weisel, the famous Jewish-American leader. There was a large group of Jewish-Americans who came to that official celebration. Now there were as I say presidents. Havel was there from the Czech Republic, and Kuchma from the Ukraine and even Lukashenko from Belarus was there. So all of the and I guess a major German as well as the Americans were there. The problem was that for six months prior to this celebration, this anniversary, Lech Walesa and his people refused to allow the Jewish prayer of the dead to be said at this anniversary ceremony. Now there were about a million if not a million and a half Jews that were murdered in Auschwitz. About 150,000 Poles. So it was overwhelmingly a Jewish ceremony. A Jewish cemetery rather. It certainly deserved that sort of prayer. Walesa just could not bring himself to do it. This created a huge stink among the Jewish-American

community that this was not going to be allowed to happen.

Q: This sounds more of a church thing.

REY: It had nothing to do with the church. It had to do with Lech Walesa and his views. He just didn't think it was important. It was literally only at the eleventh hour, the night before the ceremony that Elie Weisel and I went in to see him in his hotel in Krakow, and Elie and Lech Walesa worked it out that indeed the prayer would be said. But he just damaged the relationship for months for no reason at all.

Q: It seems in a way like such a trivial matter. How about on the Catholic church side? Did they have any problems with this?

REY: NO they didn't have to, but they just lay low on the subject. So that was one item, one issue that occurred which certainly rubbed the scab in the relationship between Poland and Jewish Americans, and it was quite well known by the Jewish-American community particularly the leadership that this was going on. That is in January of '95. Then in June, in fact the date is indelibly impressed in my mind, Sunday, the 17th of June of 1995 we had a real problem emerge. That was that Father Jankowski, known for short by everybody as Father J, who was the parish priest in the parish in which the Gdansk shipyard falls, right outside the shipyard is the Catholic church. Jankowski was the priest in the church. Jankowski on the 17th of June in 1995 gave a sermon with Lech Walesa and his wife, Danuta, in the audience so to say among the parishioners, which was clearly anti-Semitic. He compared the Nazi swastika to the Star of David and said all sorts of things. They were really outrageous quite frankly. This was picked up right away by the press that Lech Walesa had been in the Church, the famous St. Bridgit's, that is the church. It created a major stink in the international press that this occurred. Lech Walesa for 10 days was pleaded with by various people, not by me, I wasn't involved at the time, to say something about it and try to overcome the fact that this occurred. He refused. Finally after 10 days he said something like the acoustics are bad in the place and I think I may have fallen asleep. That is a paraphrase, but it was just about as flip as that is. So another example of his obtuseness on the issue. Jankowski denied that he had said anything terrible, etc. Well, I heard this, heard of this and became very concerned. I got a tape of a press interview, TV talk show that he had done a day or two later in which he was asked about, this was Jankowski, a day or two later in which he was asked about this thing. Basically he repeated the same things. I listened to it two or three times. The more I heard it, the more enraged I became. I had, embassy Warsaw had a significant problem on our hands because, we are talking June 17. In late May normally the embassy sends out invitations to the ambassador's Fourth of July party which is a big deal in Poland just as it is in every country in the world, the national day party of the United States, Fourth of July party at the ambassador's residence which is a big deal. All local dignitaries are invited, people from the American community. It is a major event in the diplomatic calendar of a country, and particularly a country like Poland which feels very close to the United States. So invitations had gone out. Father Jankowski for ten years or twelve years had always been invited to these things because he was a real hero to Solidarity, since he had this

church right across from the Gdansk shipyard. In fact he was the person who took care of several of generations, a generation being two or three years long, of junior officers in embassy Warsaw, junior foreign service officer. Because in the bad old days, in the days of martial law in Poland in the 1980s, if you wanted to have contact with Walesa, none of the top people in the embassy could go and visit him, because the chances were they would be declared persona non grata. You didn't want the DCM or the political officer or the ambassador, people like that, declared persona non grata. Therefore basically the junior foreign service officers who were assigned in Warsaw acted as couriers for the process. They would go take the train, do whatever they needed to do up there to contact Walesa or some of his people, etc., find out what is going on. They would be housed and fed in the parish house. So Jankowski was truly a hero of Solidarity to several generations of foreign service officers including for example, my political counselor. The guy who was the head of the political section, Steve Mull, who in the early '80s been a junior officer and acted in the courier service, and had a young man's love affair with an older, I don't mean love affair, whatever have you, huge respect for this man who had basically organized all these clandestine Polish soups when he went up there. So Jankowski had always been invited to this party and his invitation had gone out. So I sat there and said the last thing in the world I need now is to be seen by the American press, particularly the Jewish-American press as hosting Father Jankowski at the Fourth of July party. That was just not going to happen. So I sort of mustered up my courage and sat down and with my political counselor, Steve Mull, and we worked up a letter and faxed it to him, which letter basically said, I would like to quote from it. I have got it in here somewhere. The quote is relatively short. This is a letter dated June 29, so four days before the Fourth of July. "Dear Father Jankowski, I understand that my office has in the past years sent you an invitation to the celebration of the anniversary of the independence of the United States to be held at my residence," blah, blah, blah. "This invitation was sent prior to your public expression of clearly anti-Semitic views. It is with regret that I must now inform you that it would be inappropriate for you to attend the celebration of our national holiday. Your presence can be viewed as an endorsement by the United States Government and by me personally of sentiments which are so contrary to the fundamental principles on which the United States was founded. My decision to ask you to come is very painful because I am fully aware of the years of your assistance and friendship to the American embassy, especially in the dark days. I would be pleased to have the opportunity to sit down privately and discuss your views and my decision." I sent that, and he did not come, thank God. It was a couple of months later I got sort of a diatribe letter which continued to show that he had absolutely no idea of what he had done and why it was such a problem. Back from him I got a letter. Anyway, I don't mean to emphasize that. It was a tough thing to do.

Q: The ethics of anything runs through Polish-American relations and the fact that it is still there, you know, it is disturbing.

REY: It is. It is disturbing and it is hard to know what to do. But as I say, the problem is if you are the American ambassador, you are caught in the middle of two very immovable objects because anti-Semitism and anti-Polishness is about as strong equally emotionally

on both sides. Anyway, that was taken care of, not taken care of but at least it was not further exacerbated by him appearing at our independence day celebration. Subsequently there were other events, but I want to repeat what I think I mentioned before. That is there was a huge difference between these kinds of things which Walesa seemed to be at the center of, not because he was perpetrating them, but because he was president and they were going on, and he let them happen and was not sensitive to the importance of the issue. The minute he was replaced by Kwasniewski, that situation changed. Kwasniewski came in to office without any suggestion from anybody but on his own, wanting to bend over backwards to make the Jewish-American community, not just Jewish-American but Jews in general, much more favorably disposed to Poland. He did a series of things including when he first came to the United States with me on a trip which I have described before in July of '96, brought a plan that his staff and others had put together to try to work out all of the issues which existed in the Auschwitz area and museum . I think it was called the Auschwitz plan or something like that. He brought it to the Holocaust Museum, made a big presentation and asked for the input of Jewish-American community to work that out. So that was a major gesture in the right direction, and he continued to do things and has subsequently done a number of things to reduce the potential sharpness of that issue. The most recent thing he has done which happened last year, was there was this horror case that emerged of the little town called Jedwabne, which means "silk" in Polish. It was a little town that was heavily Jewish, and in July of 1940 there was a thousand, they say, 1600 or 1000, anyway a large number of local people, Jews, that were killed and/or burned in a barn. And for years and years it was assumed that the Nazis did this, and in fact it turned out that the Poles had done it. This became a major issue. There was a history done on it and it became pretty clear that in fact the Poles had done it, although maybe 2 or 300 local Jews were murdered. The discovery was a major event, and it happened last year. But the minute it came out and became clear that in fact the Poles had done it, President Kwasniewski stood up and apologized to the world for this on behalf of himself obviously, and the Polish people. Again that was a very important gesture to the world Jewish community. Anyway, the Jewish problem, as we expected, never emerged. In fact the Jewish-American community was quite supportive of the ratification of Poland's entry into NATO when the time came in 1998. End of that subject.

Let me move to the Catholic Church. That was probably to me personally, the unhappiest thing that I observed in Poland. That is, I should stop, step back a little bit, give you a little background. Poland has obviously historically been very Catholic. Probably as Catholic as Ireland in terms of attitude and approach. It became Christian, Catholic Christian in 966 when the country was founded. Today the country is 98% Polish and probably 95% Catholic, at least in terms of affiliation. The Catholic Church was vitally important in the process during the whole communist era, it was an island of freedom and rationality and morality, etc., throughout the whole 50 years of communism. It played an extremely important role in the removal of communism because it provided a menu and a whole approach to quietly removing in a velvet as compared to a violent way, the communist system. Of course one key element of this was Cardinal Wojtyla of Krakow becoming Pope in 1978. That was a key element, and he obviously orchestrated, led the process of what the Catholic Church did in Poland during the period of martial law. Did it

very well. It was fascinating what a contrast it was to this very active role during the process of removing the communist system. However, having done that, it did not play that role anymore and did not know how to play that role in fostering democracy. So my biggest problem with the Catholic Church was it was not very good at and in fact was quite damaging to the process of fostering democracy in Poland. It took a very conservative point of view. Obviously having fought the communists you would expect that. Once we had free elections and freedom in Poland after 1990 it is very difficult. Not only that, it played no role while I was there in the process of amelioration of social issues, social problems in Poland. We as Americans, I happen to be a very strong Catholic so I am saying this with a certain bias I guess, but we think of any church, synagogue, church what have you, actively involved in the social problems of our local communities and in the national sense.

Q: Often representing the poor.

REY: Representing the poor, etc. You know whether you are talking about Presbyterians or Baptists or Catholics, it is just ingrained in the American system. They did none of that in Poland, very little. In fact my first courtesy call on the Primate of Poland, Cardinal Glemp. I chatted with him and one of the things I asked him is what is the church doing on social problems, poverty, etc. His only answer was, "Well, we have poor boxes and we run orphanages." That's it. Instead of launching into this huge thing, we are trying to do this and this. The government isn't helping us, and we have got all these problems blah, blah. None of that whatsoever. Totally off the screen. Now that is what it is. I guess because I am bringing my own American view of religious activism into a country where there hasn't been a history of that, so I can understand I may be wrong on that issue.

Q: Was there any tie between the American Catholic Polish church, I mean the Poles who were Catholic because there was so much these ties were back and forth.

REY: That is a good question. Not really. There were some but not much. The biggest tie was that for awhile there, the Polish Catholic church basically exported a lot of priests to the Polish Catholic parishes in the United States. There was a problem of getting priests in the United States, and this is a way to add to it. Beyond that there was no strong influence back and forth that one would expect, the logic part of your question. So at the social level, there was not the kind of participation, active participation that one would have hoped.

At the political level in Poland unfortunately, it was really bad. The hierarchy of the, Catholic Church, The Polish hierarchy, the group of bishops, etc., who ran the church, basically were frozen politically. They didn't want to get involved in politics because they knew in a democracy they couldn't get actively involved in politics. But on the other hand they didn't provide any leadership either. What grew up was a real horror and continues to be. That is a group of very conservative, almost arch narrow-minded, Bible belt type Roman Catholics feeding on the very conservative view of local village priests throughout the country. They as a group created a radio network which is called Radio

Marya, which along with the religious programs and rosaries and things like that every day feeds a diatribe of truly the most rightist, nationalist politics you can imagine to about 5,000,000 Poles. Its listeners throughout the country run about 5,000,000. It is run by a priest whose name is Father Ridzik who was there obviously while I was there, was quite famous. I kept asking why isn't somebody sitting on Ridzik and telling him what to do. It turns out that he is, I can't remember what order, but he is in an order which does not report directly to the Polish Catholic hierarchy. So he is not in the parish priest system; he is in some order outside of the parish priest system. He reports to somebody in Rome who is not around. This thing grows and grows and gets worse and worse, and now it and some other very conservative groups are basically creating a coalition which is basically trying to hold Poland back from any modernization. Really not a good thing. But the church never stood up to him. It has tried recently I gather. I am talking five years since I was there. Certainly it wasn't doing a lot while I was there, and not having much effect but trying to pull back from some of the things he was doing and saying. So unfortunately the church was a huge frustration because they were not doing anything socially, and they allowed this very bad politics to occur. I used to call the Church the cross I had to bare.

Q: I would think that the Polish educated intellectual class and all would be turned off by the church, and you would begin to have the tie between the church and what essentially ends up as the leadership would get less and less.

REY: That is correct. That is exactly what is happening. Basically Poland is becoming a normal country. Poles are becoming western and normal and subject to the same things that everybody else is in the world subject to. They are slowly but surely moving away from the church. Not moving to anything, not moving to alternate religions, the church becomes a piece of life for baptisms, Christmas and Easter and stuff like that but not a major daily factor in life. As a result if you now go to a Catholic church in Poland of which there are many, they have masses like crazy, and there are lots of priests, etc., you get the sense the population is becoming more and more like it is in the United States or not in the United States so much as in other parts of Europe in Catholic churches where the people in the church tend to be older and many retired people and many women. The men stay away. The normal Polish Catholic, the day to day Polish Catholic is becoming more and more like the Italian Catholic or the French Catholic than the one I remember in the first days when I went to Poland in the early '90s. You would go to mass and the churches were packed with young people. Nowadays you don't see that. It is sort of become less relevant to people's lives than it used to be, particularly for those who have any questions about contraception or abortion and things like that. Not so much abortion as choice, things like that, which a lot of young people feel very strongly about, and the Catholic Church is antediluvian in Poland even worse than any place else on issues like that. In fact they had the law immediately changed. Abortion was free and expected and open, etc., in the communist era. When the wall came down that is one of the first things that got changed. That law got completely reversed. So the church is not good news for Poland.

Q: Did you see, was there a movement of sort of young Catholics or young priests or

something who were sort of on the other side trying to do something?

REY: Yes there is. There are one or two bishops that were very forward, much more forward thinking than the sort of either antediluvian idiots as I put it, or the arch conservatives, or the hierarchy which was just frozen and unwilling to do anything completely. I mean they were just frozen by the issue. They didn't know where to turn. There is a small group, it is not big enough yet, of forward thinking people in the hierarchy that is trying to change all that. But interestingly, and I just want to give a little personal thing to add to all this. In February of 1996, I had an opportunity to actually visit with the Pope on this question. It was a fascinating personal moment in my life as you can imagine. Zbig Brzezinski who was one of the reasons why I was where I was, stayed in very close touch, did a lot of things together when I was ambassador in Poland, suggested to me one day, if I would like to visit the Pope. He could arrange that, because he had developed a very good relationship from back in the Carter days when the Pope was elected. He got very much involved, so he had a good relationship. So he, in fact, arranged to have not an audience so much as a meeting. My wife and I went in and had a direct meeting, about as far away as you and I are, talking about Poland. In February of 1996, It was quite an interesting thing for me, and I didn't know quite how to play it. I have to bring in various things that happened that may be of interest to those who follow the State Department, etc. An American ambassador to one country cannot go to another country without telling the host country American ambassador that he is going. You can't do it. So I called, I am afraid I lied and cheated. I called Reg Bartholomew who was our ambassador to Italy. I called him and I said, "My wife and I are coming down to Rome for Presidents Day holiday. I just want you to know I am in town." "That is great, wonderful. Come on ahead," etc. In fact he said to not only come ahead but join us because I am hosting a group of what he called "the self important ambassadors" American ambassadors for the weekend, since it is President's Day weekend. I said, "Oh?" He said, "Yes, Harriman is coming," and Chuck Redman the guy who was in Germany and Dick Gardner from Spain and Mark Grossman from Turkey and some other people. Unfortunately Admiral Crowe who was in London was unable to come. "But I am hosting them for the weekend, why don't you join us," which was a fascinating sight. So, I said, "Great, terrific." I came, and my wife, and we did various events over the weekend including, Stu Eisenstadt who was our Ambassador to EU was also in the thing. The most memorable moment of that meeting all those guys and dealing with them was going, we got a private tour of the Sistine Chapel, a private tour which was just eight of us chickens or whatever it was, and a glorious English speaking guide to take us through the Sistine Chapel, which we did. It was the only time I met Pamela Harriman, but she was wonderful in those circumstances. This was less than a year before she died. You could tell she was a very tired woman, had a tough time walking through the Sistine Chapel, but she did. That is just a side thing. Meanwhile the whole time I was having pangs of conscience because I never said to anybody why I was in Rome, except to take President's Day weekend off and go to Rome. What you haven't heard me say is I didn't know what to do about our ambassador to the Vatican, Flynn, who was a former mayor of Boston, who was a typical Boston pol. The last thing I wanted was for him to insist that he had to go to this meeting between me and the Pope. What I rationalized in my head was this

meeting had to do with me as a Pole, which is really what I was in these circumstances because of my ancestry, etc., and an American going and basically having an informal chat, briefing the Pope on what I thought was going on in Poland. That was the end of the subject. I wasn't there to do anything else. So I decided not to tell Flynn and I went ahead and did it. I never told anybody. It was a fascinating meeting. I guess I sinned in the bureaucratic sense of the word, but I think I made the right decisions because I kept it clean. We had quite a good meeting. It was quite an interesting meeting. It was interesting because first of all I had a long talk with the Pope's right hand man, his aide de camp who was then Monsignor Dziwisz, is now Bishop Dziwisz, was Polish, goes way back with Cardinal Wojtyla, and is his aide de camp. Every picture you see of the Pope, you see Dziwisz near him taking care of one thing or another. So Dziwisz and I and my wife met on the Sunday evening of that weekend for about an hour. I went through my little story about, really part of my objective frankly, was to make it clear to them that I thought these commies that were running the government were doing a pretty good job. They were not anti- western at all in their approach, and were not a threat to the Church and those things. So that was my main message.

So in that meeting with Dziwisz described at some length some of these things. He was not ready to buy them. There was no doubt that they were concerned these guys are a bunch of commies, but he didn't fight too hard. He sort of accepted it. The next morning when we met with the Pope, that is obviously an awesome experience in itself, but I went through bits and pieces of the same story, basically just leave that message these guys didn't wear horns and they were not devils. They were running the government in a reasonable way. They were quite democratic in their approach, and that if there were problems it was in the PSL, which was the peasant party which was part of this coalition because they were not flexible enough and didn't understand democracy well enough, blah, blah, blah. The Pope heard me out, did not argue with me at all. Of course it is not a place for anybody to argue. I sensed that he understood it. I also sensed that that was maybe because I am sticking my own views into things. But I also sensed that he understood he had a real problem with the hierarchy in Poland, that they were not showing the flexibility they ought to be and not moving in the directions he wanted them to move, particularly with the right. But that was only a sense I got. He didn't say it. Obviously it is not the kind of thing you say. All in all I thought it was a good meeting because it was really just a way to give him a new input, a different input from a different perspective on what was going on in Poland. That was basically what I did.

Q: Did you feel the hand of Poland, I mean here you have a church that you feel is getting out of touch socially and politically. Did you get a feeling that the hierarchy in Rome was aware of this?

REY: Well, as I mentioned to you, I think the Pope understood it, understood that he had a problem there exactly along those lines/ I guess there have been one or two times subsequently that I got the sense that he has indeed stepped in when something got pretty egregious and made some suggestions and changes, particularly when it had to do with a pedophile Bishop in the town of Poznan last year, the Polish version of the priest

problems we had in the United States last year. They did a pretty rapid job of clearing the man out of the position. So again that was the one sort of not so happy spot in the process of moving, of Poland moving to become a normal democracy. The church was not the champion of democracy the way I had hoped it would be.

Q: Was the Church, we have had in Europe in Germany and Italy a Christian Democratic Union type of thing or something that would have a church tie?

REY: Unfortunately no. That is a subject we should deal with as a subsequent matter to finishing up here on interoperability, finish up on NATO and that is the political scene in Poland. The right in Poland unlike the Christian Democrats in other parts of the world such as Germany, etc., is very un-unified. It is basically a continually shifting bunch of parties that revolve around strong personalities rather than being broadly based. That is a real problem in Poland. We can talk about that later. Well that is all I really wanted to say about the Jewish-American, the Jewish-Polish problem as well as the Catholic Church. Those were two issues which I considered as part of the process of democracy and part of the process of what was important to insure that Poland had a good solid stable democracy before it went into NATO. Now I am going to drop back and spend a little more time on NATO and that was to go back to the famous Perry points, issues that Poland and the other countries, that we had to be satisfied on before they could join NATO.

The last of the Perry points was military interoperability. That is the ability of the Polish military to function within NATO. Was it practically able to function in NATO. Embassy Warsaw spent a lot of time on that issue as you can imagine, throughout the period I was there. The Poles had all sorts of grandiose ideas, but they had a military which required substantial change. They had no money, and they were spending huge amounts of money on a 400,000 man military which made no sense at all. Slowly but surely they developed a plan which reduced that down. Now I think they are talking about 150,000 from 400,000. When I was there they were talking about reducing it rapidly to about 180,000, and making it as interoperable, and the Poles thought interoperable was flying airplanes and do all that kind of stuff. I will never forget in my early days, George Joulwan, who was SACEUR, who was the head of NATO and the head of American forces in Europe. He visited Poland and said to me and everybody else he could see, "Look, you have got to learn how to walk before you run. The main thing to do is to get a number of your units in good shape so they can work clearly with us." A couple of things emerged in the year. One is one of the funniest things I saw. I don't know that I have described this yet. We had an exercise about the sharpshooter drill team.

Q: You may have, but go ahead.

REY: What happened was in September of '94 we had our first partnership for peace exercise hosted by Poland in which units from seven or eight countries as well as the U.S. did a peacekeeping exercise on a training ground in Poland. At the end of the exercise there was a ceremony, a final ceremony in which sharpshooters from these

various country units, like 10 or 15 sharpshooters, the ones that had won prizes, were lined up as one group by an American sergeant and were marched on to the parade ground and were given their prizes for sharpshooting, their certificates or whatever. Then it was the sergeant's job in front of all these August people including ambassadors and everybody else at the parade ground. The American sergeant was asked to march them off. So he gave the order to about face and march and every one of them went in a different direction. It was the funniest thing I had ever seen. It was sort of symbolic of Joulwan's approach walk before you run., and symbolic of the job required. That was September of '94. In September of '97 as I was leaving we had another partnership for peace exercise combining the air forces of the U.S. and Poland. At that point the two the air forces did exercises together you know flying F-16s and MIGs near each other, doing all these kinds of things was extremely well organized. So by then something had been learned. Those are my two symbolic events of interoperability. So what Embassy Warsaw spent a lot of effort doing is helping to develop English speaking programs, work with them to, one of the things the Soviet system had lots of officers but very few non commissioned officers. The Soviet army did not use non-commissioned officers. So we had to help them and spent a lot of time working with them to develop a corps of sergeants.

Q: As somebody who has been in the military, I know the sergeants essentially run the thing. Admiral Crowe mentioned to me when I interviewed him in talking... He was with Krukshov. I think was the head of the Soviet military and they had a joint thing. He mentioned that the core of the American military might was essentially its non-commissioned officers.

REY: Absolutely, completely. It is what runs it. It is what gives it its continuity, etc. So that is something the Poles had to develop, and they are still obviously in the process of developing.

Q: What about a draft? Did they have a draft?

REY: They did have a draft. The army was I think 400,000 largely draftees.

Q: So what was the, were we pushing for more professionals over there?

REY: Yes. Clearly. Clearly pushing for more professionals. They did that by targeting units that they worked on very carefully to be sure that they were much more western in their approach. But they had some real problems, the first of which that hit me, they had lots of them, but the first of which hit me at least was at that same exercise back in September of '94, I went to the one of the American majors who was there and said, "How are you finding the Poles? How are they doing?" He said, "You know, they are very good. They are very intelligent, capable," blah, blah, blah. "They are very good soldiers. The communications system is a disaster though. In a unit that may have 10 people in it, there are like six radios in the unite, but there is only one radio that talks as well as listens. All the others just listen." So the leader would tell them what to do, but there was

no feedback, which meant that the whole process in the U.S. of the American military having soldiers act disciplined but using their own initiative and their own approaches is totally gone, totally missing. All of those things had to be changed. Those are things that don't cost a lot of money which is good. So they did all right and moved along fairly well.

Q: What about the officer corps thought? The Soviets or the Russians now have this problem. What your are talking about is making tremendous inroads into a group that has been considered an elite for a long time and has clout all over the country.

REY: It is very difficult. We talked about this anyway. You and I have talked about this in various forms about the importance of the military both in the political situation in Poland, etc. What I found is that by and large, most of the Polish military officers that we dealt with, the generals, between the lieutenants and the generals, were quite intelligent, quite willing to change because they saw the handwriting on the wall, and were basically moving in the right direction. I didn't have any problem with this. Except their leaders like this famous guy I kept talking about before, whose name escapes me right now, who was the chief of staff, who was clearly imbued with the old systems. He was an exception. I would say generally speaking, officers were fully aware of the fact that they had a heck of a lot to learn to become part of a western military, and were willing to do it. So I never felt that was a real problem. I felt slowly but surely they would figure it out and move in the right direction.

Q: Was it an accepted article of faith that the whole idea, I mean not the whole idea, the basic idea of getting Poland quickly into NATO is to keep the Russians from doing something, or had that spirit died?

REY: Where, in Poland?

Q: In Poland.

REY: Oh, very definitely. They were very worried that the Russians would try to figure out some way of becoming imperialistic once again. They had problems now, but sooner or later they would solve those problems, the Russians, and when they solved those problems, they would right away go back to their imperialistic approach to life, and the Poles wanted to be sure that they were firmly cemented in the west when that ever happened. That was their main motivation for proceeding.

Q: Was there a thought at the time to do specializations, in other words have specialized corps which would fit into NATO, you know having troops coming from Austria or something like that?

REY: Right. That has emerged in the last five years. When I was there it was a little too early in the game. That thought had not arisen. It obviously is a very logical extension of the fact that these people do not have the money to have vast armies. They don't need to have vast armies. They were moving in that direction in the sense that the Poles had

chosen two or three battalions of troops which they wanted to make totally interoperable with lots of English speaking officers, able to perform whatever functions were required of NATO as a first stage. That is the way it started. Now it has become that is the only stage, the only thing they need. That is why they don't need 400,000 troops anymore. 250,000 troops, you know 150 is probably more than you need, but that is fine as long as you get three or four battalions that meet specific needs. You have an air defense system that jibes into the NATO system so you can figure out who is friend or foe as you are flying through the territory and those kinds of things. Now on that one other topic I would like to mention within the interoperability framework. It is a bureaucratic issue which may or may not be of interest to people, as to what you do to keep an embassy looking good vis a vis Washington. This whole issue of interoperability and the chariness, I guess is the right way to put it, of the Pentagon about adding these countries to NATO when they really weren't ready yet, led the Pentagon to spend a lot of time and effort in helping these countries to become interoperable. We in the embassy, particularly my DCM, Jim Hooper, and my political counselor, Steve Mull, came up with a wonderful plan to help do that. Basically we suggested that we set up a Polish-U.S. action committee which would be continually operable. The American's part of the team would be run by the DCM, and the Polish part would be run by the deputy minister of defense. They would meet, not continuously, but once every two or three weeks as a group with the ministry of foreign affairs and the ministry of defense and the army with our embassy top staffers who were involved in this, the military attaches and the Political section, etc., to work out all the issues of interoperability that arose, that we were telling them to do and they needed our help on and one thing or another. This became, it was the first time that an embassy had done something like this. Usually they had all these guys from Washington to come do it, and they would come once a quarter. We said we are going to do this on a continuous basis. The Pentagon loved this. The State Department loved this because it was a way for them to focus on other issues and have us deal with the daily nitty gritty. This was one of the things that made our embassy look pretty good, because I noted soon thereafter both the embassy in Prague and the embassy in Budapest were asked to do the same thing by Washington. So it was one of the things that helped very much to improve the image so to say of the embassy in Warsaw. End of that subject. What shall we do next?

Q: Okay, we'll talk about your view of the domestic.

REY: Right. Well I should preface by saying that I am increasingly and continually convinced that Poland indeed is a solid democracy notwithstanding its 50 years of being a communist state. But like every democracy it has got its problems, political problems. The problems in terms of political party structure and those kinds of things in Poland which are most obvious and most prevalent and most difficult, it is something which goes way back in Polish history, is the difficulty to create broad based parties like we think of in the United States, like the Republicans and the Democrats, particularly on the right. We spend most of our time focusing on the right and on the center here rather than on the left, because the left had the advantage of having the old communist party framework and system, and those people still existed, were basically anti-Soviet to begin with, but they

had an organization and were used to working broadly throughout the country and dealing with issues of every size, shape and form. So the left is well organized in Poland; that is a fact. The right, of course, for 50 years had no ability to organize because they weren't allowed to organize in the communist system. But what happened was when the wall came down, the right, if that is the way to put it, the non-communist or anti-communist elements of Poland basically consisted of the labor movement, the Solidarity people, and a group of coffee house intellectuals that provided the intellectual steam and thought for the Solidarity people. Those were the two elements around which a non communist right, center to further support of the right, could create some sort of a party system. Various parties were tried, and they have all died off for one reason or another. It is all very confusing. The problem is that there was a long history in Poland of having parties that revolved around not so much broad consensus, working together to work on issues. They rather formed around given strong personalities who wanted to lead groups of people, who maybe had some ideological views but the main thing was people were banding around this person in the party. Now as a result, very little ability to compromise between these parties and lots of different ones. So the right even today, even now after 12-13 years is still very poorly organized. They have run the government now three times, twice, I am sorry, twice for four years, and each time they fell apart by the end of the process because the coalitions just have not been able to work together. So without spending a lot more time on it because there is not that much more to say except that the Achilles heel of Polish democracy is the right, which is unable to organize itself in an ongoing long term fashion. This is a great frustration to me as an outside observer and as ambassador, to try to work with the right and develop strong relationships because they kept changing. Anyway, end of that. As I say at least while I was ambassador, the government was in reasonably competent hands on the left.

Q: Was there any problem with Washington about having a government that was associated with the former communist regime?

REY: There was indeed. I have talked about that before. That is why I said one of my main objectives while I was over there was to convince that these communists didn't wear horns. They were reasonable people and running a decent thing. It never became a major issue. There were some people on the right in the United States who felt very strongly about this, but we were always able to deal with the issues they threw up, particularly the Kuklinski matter which I talked about, was dealt with in a way which made people understand that the communist leadership was basically, former communists who were now running the country were really professionals, and were not ideologically based in the old communist system anymore.

Q: Okay, let's see, we want to talk about the economy.

REY: Yes. What would be the best thing to do about that? Do you remember how much I have talked about that? I am losing my train here.

Q: Well, I think both of us have. Why don't we just talk about the economy when you got

there. Essentially you had gotten involved with Poland, I mean the economy was sort of your thing wasn't it?

REY: Right. I have done this before. It is already in the tape. I don't know where to start. A lot of it is already on the tape.

Q: Well, what we can do is when you get the transcript...

REY: Let's do that, and let's have a session after we have had a chance to look at the transcript. It has been such a long period of time and it is getting kind of late for me anyway that I am sure there are things I can fill in. I am sure I have got a good hour's worth left with you.

Q: Okay.

REY: Let's see what I have done so far, and I can put in the things that really matter.

Q: Good.

Upon reviewing these interviews, I concluded that two topics were missing from them. The first was a discussion of the Polish economy, foreign investment and other business related topics which took up such an important part of my time and efforts as Ambassador. The second was my views and experiences managing an embassy. As a result, I have appended to this interview two sections of the letter I wrote in 2000 to my children (for the family archives) about my experiences as Ambassador.

The Polish Economy

Poland's economic transformation in the first ten years after the fall of Communism was one of the most exceptional economic events of recent history. I witnessed four years of rapid economic growth and consolidation of Poland's new free enterprise economic system. Real growth of GDP ranged from 5 to 7 percent per year. Inflation declined from the high forties to the teens. Industrial production and personal income grew significantly each year. International reserves jumped and foreign debt was renegotiated. By 1998, Poland's GDP was 118% of its level in 1989. The next closest former Soviet Bloc country was the Czech Republic, which only achieved 97% of the 1989 level.

In my NATO Enlargement talks around the United States, I tried to give my audiences some sense of this economic phenomenon. I would describe my wife's and my walks in Warsaw when we first arrived in 1993. On every street corner we would find wooden kiosks with budding entrepreneurs selling everything from boom boxes, to bras to bananas. When we left less than four years later at the end of 1997, there was a few minutes from our Residence one of five huge supermarkets (Geant) which ringed

Warsaw. Our supermarket had 65 checkout counters. It was so big that the stock clerks used in-line skates to move stock around the store. My point was that not only did Poland have large supermarkets but that in four years it had developed the vast and deep modern economic infrastructure and distribution system required to stock these stores. These stores fostered malls with parking lots full of cars on Saturday mornings. It looked just like America, but I defied my audiences to name a U.S. supermarket with 65 checkout counters.

I believe there are two fundamental factors that led to this phenomenal transformation. The first was that when the Communist “Wall” came down it freed up an entrepreneurial spirit that seems to be engrained in Poles. By the time we arrived in Poland some four years into the transformation, Poland’s GDP was already 67% in private hands. This was not because of the privatization of significant state enterprises. Indeed, as I write this (2000) most such state owned firms have not yet been privatized. Rather, Poland experienced a vast privatization from the bottom up, with people starting their own firms and operations from scratch or buying up pieces of state enterprises.

The proverbial steam fitter from the Gdansk shipyard would come home one evening and tell his wife, “I know all about pipes, I think I’ll go into business as a plumber.” This happened over and over again throughout Poland. One of the biggest surprises in the early days of transition was the amount of savings among individuals available for it. My own guess is that there was some 5 to 10 billion dollars of savings tucked away in Polish mattresses, money which had mostly come from Polish relatives abroad. For forty years my own parents used to send each month significant amounts of money and tradable goods to cousins, friends etc.

One other proof of this bottom up privatization was the strong growth of the Polish American Enterprise Fund’s small loan window, which rapidly became active throughout Poland with a very low loan loss record. Most of the loans went to new business and service startups such as garages, laundries, and stores.

The second major factor in this phenomenal transformation was a steady, very intelligent macro economic policy that has lasted through 8 Prime Ministers and at least 10 Finance Ministers, who represent all parts of the political spectrum, from far-rightists to communists and even to agrarians. In other words, there has been a national consensus on basic economic policy. It started with Balcerowicz’s shock therapy in 1989-90, lasted through the economic decline caused by that policy and continued between 1993 and 1997 when Poland grew rapidly and when the government was in the hands of the former communists (SLD) and the agrarians (PSL). With obvious variations because of changed circumstances, the same tough monetary and fiscal policies have continued with the return of the Solidarity-based government since the end of 1997. This is a record which is unique among countries in transition, even such Western oriented neighbors as the Czech Republic and Hungary, both of which in the early ‘90s were expected by everyone to transform themselves significantly better and more quickly than Poland. It is a record which is only matched by such large and experienced democracies as the U.S., Japan and

Germany.

It never ceases to amaze me that a Soviet Communist country could have produced so many world-class economists/economic policy managers so well schooled in Western economic thought. Most went to the Warsaw School of Economics (SGPIS in the Communist era, now once again SGH). These are all people in their 40s and 50s. Several told me that at SGPIS they had a (several?) professor who permitted them to read and discuss Western economic literature. Some were even permitted to study in the West under Fulbrights. This little known fact had an enormous impact on Poland's transformation.

In addition to a series of first class finance ministers, Poland was also fortunate to have Hanna Gronkiewicz-Walz as central bank president. Trained as a lawyer, she has ruled Polish monetary policy with a very strong and steady hand, frequently gaining recognition as "Central Banker of the Year" by various Western publications. I feel very close to her because in May 1995 she, my wife, Lisa, and I were at a dinner party at the World Bank representative's house when I had stroke-like incident. She immediately jumped on the phone and got me an EMS team in minutes. She is also unique among central bankers in the World because she ran for President of the country in 1995. Many of us were shocked and concerned that she would politicize the Central Bank in this way. She ran on a very conservative, Church oriented ticket in the first round of the election and barely got something like 4 %. I had her to lunch one day before the election and asked her why she was doing it. She looked me straight in the eye, and without any hesitation said, "The Pope asked me to." I have to admit that this really scared the daylights out of me. Not only was she politicizing the Central Bank but she was also mixing politics and religion. Fortunately, the Polish electorate was not impressed.

Foreign investment and Business Issues

Poland's spectacular economic transformation was due not only to the reemergence of entrepreneurs and sound macro-economic policies but also to accelerating foreign investment, which of course was in part stimulated by the first two factors. During the time we were in Poland, the value of outstanding direct foreign investment grew ten-fold from \$2 billion to \$20 billion. U.S. investment was a very significant part of this. We ranked number two after the Germans.

I guesstimate that I spent about 40% of my time as Ambassador working on business related matters, in briefing and advising new and existing investors as well as in advocacy work with the government on behalf of American investors. Among the more well known American companies with which I worked were: Ameritech, U.S. West, AirTouch, Enron, General Motors, Ford, Chrysler, Timken, Lockheed, Boeing, Goodyear, Caterpillar, Signal, Pepsi, Coke, Texaco, Amoco, Proctor and Gamble, Gillette, Motorola, Bechtel, Office Depot, Flour Daniel, Avon, B of A, Citibank, GE, Marriott, Sheraton, International Paper, Cargill, McDonnell Douglas and Compaq.

As American Ambassador, I was automatically Honorary Chairman of the American Chamber of Commerce in Warsaw, which had grown from 7 members in 1990 to over 200. The Chamber was very active and I tried to stay heavily involved. They held monthly breakfasts, attended by between 100 and 200 people. I frequently gave briefings at the breakfasts or introduced high level speakers from the Government. Lisa and I occasional dropped in on the Chamber's monthly evening mixers as a means of staying in touch with the American Community. The Chamber was effective as a lobbying force for change in government policy. For example, the Embassy and I worked with the Chamber on getting Poland's new energy law changed in 1996. We were all very proud of our combined efforts on energy because we got several amendments through that greatly improved the law.

My first big effort in the business area was the creation of an Ombudsman for Foreign Investment in the Prime Minister's Office. The U.S./Polish Investment Treaty was just coming into effect in the spring/summer of 1994. It called for an Ombudsman for Foreign Investment which was to be lodged in the Foreign Investment Agency that was now nothing more than a PR and information gathering office of the government. At the time the Treaty was negotiated in 1989-90 the Agency had real teeth because it had to approve all foreign investments. By 1994, all its real powers had been taken away as Poland liberalized its investment laws. I was very concerned that the Ombudsman would be toothless and useless stuck in the agency. So, I pressed Prime Minister Pawlak, as well as the Finance and Foreign Ministers very hard to put the Ombudsman in the Prime Minister's Chancellery. I even got several of my key ambassadorial colleagues to support me (German, British, UK, Japan, Dutch and Italian). Prime Minister Pawlak agreed and I thought I had scored a real coup for American and all foreign business in Poland. Little did I know that Pawlak would appoint Andrzej Wiczorkiewicz, his economic advisor to the post. Wiczorkiewicz stayed in this position under the next two Prime Ministers and he was an unmitigated disaster. He came from the agrarian PSL party and was a confirmed socialist. He mistrusted foreign investors and was convinced they were all out to screw the good people of Poland. Wow, talk about putting the fox in the hen house. I actually had to go around him directly to the Prime Minister when I had an investment problem. I had created a nightmare for myself and my colleagues from other countries. The lesson was all too obvious: it's the man not the position that counts.

The Ameritech Agreement

The most difficult, frustrating and educational business issue I faced was the Ameritech/Centertel agreement matter. In the early 1990s a previous government had opened up the wireless phone market by awarding a competitive contract for an analog system to Centertel which was owned by TPSA (the Polish state phone company), France Telecom and Ameritech. The analog system was to last only a very few years because a new digital system would be permitted as soon as the Military would free up the frequencies. Ameritech and Centertel had a letter signed by the previous government's Minister of Telecommunications promising that they would be given a GSM (digital) license when they became available. On this basis, they paid for the Analog license and

made investments of over \$100 million in the system, knowing that this system would be short-lived.

Early in 1995, it became increasingly clear that the new government would issue two GSM licenses competitively on the expectation of significant new payments for the licenses. Ameritech was told that it would have to compete and pay for the GSM license. It approached me and I became outraged (first mistake). I was furious that the government would renege on a letter agreement with such a major investor as Ameritech. I believed it would be a disaster for Poland's image in the investment/business world. I immediately fired off a very strident, somewhat threatening letter (second mistake) to the Minister of Telecommunications which I copied to the Prime Minister, other top Government officials and key people in Parliament (third mistake). The letter was immediately leaked to the press and the left wing nationalist elements had a field day with me. Jerzy Urban's NIE called me GOVERNOR REY, Poland's New Big Brother. The Russian Czar's representative in Warsaw was called Governor. I say this matter was an education because I learned that being too strident just stimulated a nationalistic reaction and initially, at least, forced the Minister to freeze his position. Over time the Minister let it be known to me that they would work something out for Ameritech in some of the new licenses that would be issued, though not for GSM. At the end of the day Ameritech decided to back out of Poland and sold its share of Centertel to the French. Ameritech was very appreciative of my efforts and never really pressed Washington for assistance, given its Chicago base with Polish Americans. This may have helped me in Washington because the company had made a huge stink and lobbying effort in Washington when they had initially lost the old analog contract in the early '90s.

In hind sight the other issue I soon faced in this situation was that I could have been accused of favoring one American company over two others, AirTouch and USWest who were vying for the GSM licenses. Rumors were rampant that they and others were whispering along these lines. There is nothing more anathema in business diplomacy than not treating all home country competitors equally. I made it very clear to everybody that I was working the Ameritech case because there was an even greater principle that I had to uphold. That was the sanctity of a contract or a business agreement on the basis of which an American company had invested many millions of dollars. It seems that most people agreed with me because the issue never came back to haunt me.

Goodyear Acquisition

My pleasantest experience dealing with American business was shepherding Goodyear's entry into tire manufacturing in Poland. They first approached me in late 1994 and I then spent almost three years advising them each step of the way. In 1995, I arranged a lunch at the residence for Stanley Gault, Goodyear's CEO, with Prime Minister Oleksy so that Gault could ask for the prime Minister's support in the Company's plan to purchase one of the big state owned tire companies. Goodyear was competing with Michelin. There was considerable support in the Government to try to keep the tire industry in Polish hands. The Poles needed to understand that a small Polish tire company could not survive

in the global tire market. Survival meant huge investment, world marketing, etc. Ten minutes before my two guests were to arrive, Oleksy called to say he would not be able to come because he was in the midst of a budget negotiation with Parliament. I begged him to let Mr. Gault and me come visit him in his office in 15 minutes. He agreed and as soon as Mr. Gault arrived I literally shoved him into my car and we whipped down to the Prime Minister's office. They had an excellent meeting and Oleksy must have greased whatever skids were necessary because the next stage in the Government's decision process went smoothly. He made me a hero in front of one of the great American businessmen of the late 20th Century. Ultimately, Goodyear purchased Debica, the best of Poland's two tire companies. Two years later, Gault and others at Goodyear told me they were extremely pleased with the investment. The plant became one of their best operations in the world. Not only were they manufacturing tires for Poland and for export but they also had transferred all their tube making operations in Europe and the Middle East to the Debica plant, which was run by Polish personnel. There were no expatriates from Goodyear.

Polish Business Capabilities

Many other companies matched Goodyear's experience in Poland. Originally, I had assumed that it would take two or three generations of expats before a foreign owned operation would be turned over to the Poles. I was wrong. It usually took one or less. My mistake was potentially costly. I had assumed the exponential growth would continue in the student body at the Warsaw American School run by the Embassy. It in fact has not. The school population grew from around 400 in 1993 to about 750 in 1997 (kindergarten through high school). The school was growing way beyond its existing buildings. On the theory that a key element in the expansion of future foreign investment in Poland was a good international/American school, I insisted that the school plan on growth to 1200 students. It turned out that in 1999 the student body was around 700. Nevertheless foreign direct investment has continued to grow from \$20 billion in 1997 to some \$38 billion today (2000). It turns out the Poles are pretty good administrators and managers in addition to proving themselves as individual entrepreneurs. Expatriates managers are not needed the way they were in the early days.

Not only was I wrong on their management capability, but I also thought Poles would be lousy at marketing because that was a field which did not exist under Communism. My thought was they would be superb production managers because they had to keep those old state owned behemoth plants going with chewing gum and bailing wire for 50 years in the capital strapped Soviet Empire. In the early days I would go around Poland giving a speech in which I said all of this and asked businessmen to focus on marketing. I would use as an example the fact that Poland's largest Tire Manufacturer was called "Stomil," which translated directly means "100 miles." I would say that's terrible advertising for a tire company. One day a man raised his hand in the back of the room and said, "Mr. Ambassador that's not per mile. That's per hour." Right there and then I knew the Poles would pick up the marketing game very quickly.

All of this is why I find that most American businessmen with Polish operations rave about their experiences.

Poland, the Economic Powerhouse of Europe

Notwithstanding all the increasingly positive economic developments, I became more and more aware that the Poles themselves were deeply pessimistic about the present and future. I thought the atmosphere was getting increasingly ridiculous by the latter part of 1995. So, I put together a speech that I gave all over Poland to every group I could get my hands on. I became a broken record, trying to get Poles to understand that they had accomplished a great deal and that they had a uniquely spectacular future ahead. I called the speech, "Poland, the Powerhouse of Europe." I would begin each talk by holding up a water glass, which I had filled half way with water. I would ask if the glass was half full or half empty. The answer almost invariably was half-empty. I would then launch into a discussion of the differences between the optimistic Americans and the pessimistic Poles. Given Poland's history, they had a right to be pessimistic but they were missing all the signs around them. The talk listed Poland's assets that would make it possible for Poland to become a real economic power. It turned out to be a very useful vehicle for maintaining good Polish/American relations throughout Poland. Here was the U.S. Ambassador coming to their town, group, area with nothing but compliments about Poland and its future. Poland's economic performance since I first started giving the speech has increasingly proven me to be right. In the last year or so public opinion polls indicate that a majority of Poles feel their future will be better. I really enjoyed giving a dinner talk in Warsaw in September of 1999 to a Morgan Stanley group that I entitled, "I told you so."

The Huzar

The longest running and most time consuming business advocacy matter I had was the Huzar. In 1995 the Polish military and Government decided to develop the Sokol helicopter into an attack platform by equipping it with an air to surface missile, to be called the Huzar. This was before the enactment of the Law on Government Procurement, which required transparency etc. and met all the OECD criteria. The Ministry of Defense issued two requests for bids, for the missiles themselves and for outfitting the helicopters to take the missiles. The total value of the combined contracts was estimated to be in the range of \$600 to \$800 million.

It took the U.S. Government many months to permit U.S. companies to make offers, as this was the first time highly sensitive military material would be offered to a former Soviet Bloc country. As a result, North American Rockwell, the only American bidder, placed its offer at the very last second when bids were due. Rockwell offered its Hellfire missile and the outfitting of the helicopters. Meanwhile, consortiums of Israeli companies put in offers for both contracts well in advance. After several months of deliberation, the Ministry told us that the Rockwell bid had arrived too late and that the Israelis would be given both contracts. Rockwell and its agents told me and George Kuk, the colonel in the Embassy responsible for military sales, that they had not been late and that the Israeli

missile was in the unproven development stage, as compared to their Hellfire which was in the U.S. and many other national arsenals and had been well proven in Desert Storm.

Thus began a period of demarches by Col. Kuk and me to everyone and his brother in the Government. It became very clear to me after a while that the Poles desperately wanted to satisfy the Israelis. Initially, I thought they were merely motivated by a desire to ensure good relations with Israel, in the wake of all the difficulties that existed in Polish/Jewish relations. Later I began to wonder if there were other reasons.

Rockwell concluded that a compromise would make sense. So, it dropped its bid for the Hellfire missile and focused solely on the bid to outfit the helicopters. While there were no other American or European countries competing, Rockwell headed a consortium that included GEC from England and the Swedish company, Gripen. Thus, in my lobbying efforts I worked closely with the British and Swedish Ambassadors, notwithstanding the fact that we were competing tooth and nail over the potential huge fighter contract (F-16 and F-18 versus the GEC equipped Gripen).

We then spent most of 1996 through August of 1997 pressing this new approach. Meanwhile, it became increasingly obvious that the Israeli missile was unproven, was not tested at night and might not work in cold climates. During this time the new Law on Government Procurement was enacted, but we were told that the Huzar was grandfathered under the old non-system, where transparency was not required.

In September 1997, I was called in to Prime Minister Cimoszewicz's office and assured by him and Defense Minister Dobrzanski that the Poles would split the two contracts giving the outfitting to Boeing (which had acquired Rockwell) and the missile to the Israelis. I thanked them profusely, dutifully reported this to Washington and Boeing, and in several days was shocked to learn that Minister Kaczmarek, formerly head of privatization and now working in the Treasury Ministry, had officially signed both contracts with the Israeli companies. I cannot believe that both the Prime Minister and the Defense Minister were actually lying to me. I think they had no idea what Kaczmarek was about to do. Anyway, the Government refused to undo the deed and all hell broke loose. This was right at parliamentary election time and the AWS opposition promised to reverse the decision and carry out a full investigation. The press was all over me on what had happened and why as well as what the outcome would be. My answer was always the same; "The U.S. interest was to ensure that such an important procurement process would be open, transparent and fair," the implication being that this was necessary to meet NATO entry standards.

It is clear that my approach to the Huzar matter had rubbed some very sensitive scabs because I was subjected to a series of very negative articles in the Leftist press. I especially enjoyed being accused by Przegląd Tygodniowy of being an unsophisticated, swaggering cowboy (complete with a picture of me in my dirty olive green windbreaker), by contrast to the British Ambassador who was an effective diplomat and wore white gloves. I was put in the same category as some American Ambassador in Asia who

allegedly had attended diplomatic receptions in Bermuda shorts. I was amused by the fact that both President Kwasniewski and Leszek Miller(head of the SLD)were sufficiently embarrassed by the articles that they forced the publisher of Przeгляд to visit my office and apologize as well as kill the third article in the series.

Interestingly, the new AWS/UW Government, after a good deal of initial noise actually kept the contracts open with the Israelis for eighteen months or so until it became completely clear that the missiles would not work and that the Polish military needed to spend the money on other priorities. So, the Huzar project was canceled in 1999.

Managing the American Presence in Poland

I enjoyed the managerial/bureaucratic aspects of being ambassador enormously. It is like being CEO of a major company.

As the representative of the President of the United States, one truly is the czar of one's domain. This means that, except for personnel reporting to a Theater Military Commander ("CINC"), all U.S. government personnel in Poland, whether permanently assigned or just passing through, were under my command.

One of the most effective ways of exercising Ambassadorial control over USG policy and activities in one's country is through the country clearance process. As Ambassador I had the right to clear the entry of all USG personnel into Poland and remove that clearance once they were in country. I used the threat of denying country clearance several times as a means of making it absolutely clear what the USG should or should not do in Poland. Once I actually called the Pentagon to indicate that a certain General would not be cleared to enter Poland on Strobe Talbott's delegation. The man was well known to me, the Embassy and the Poles as being impossible to deal with. I firmly believed that he would be a detriment to Talbott's mission. Within a few hours a different and superb General of much higher status, with great diplomatic skills was assigned to go. The first general ended up running the AIR Force Weather Service in the basement of the Pentagon. A second time, I threw a delegation from the Foreign Buildings Office of the State Department ("FBO") literally out of my office and figuratively out of Poland. They recommended that we close the Embassy building for 10 months while they put in a new heating/air-conditioning system, just as Poland was getting into NATO and everybody and his bother would be making visits from Washington. I suggested they go back home, regroup and come up with a better idea, which they did.

Every Embassy structurally has what is called the Country Team that meets regularly with the Ambassador and DCM. In the case of Warsaw we met at 9AM on Mondays, Wednesdays and Fridays. The Country Team consists of the heads of the Counselor, Political, Economic and Administrative Sections and all the other agency heads, which in the case of Warsaw included AID, USIS, Commercial Service, Military Attaches (DAO), Military Assistance (SAO), FBI and Peace Corps. Like staff meetings in any organization, they were useful for passing information and coordination. I made every effort to keep

them short and light so that that they were effective and there was good feeling within the staff and among the different agencies. I continued my predecessor's practice of inviting junior officers on a rotating basis to the meetings and the Friday meeting was for deputies and not heads.

As can be seen from the laundry list of agencies above, an Embassy is a mini U.S. Government. All the potential problems of turf and coordination can emerge. Because he represents the President, the Ambassador is normally in a position to resolve these issues. Fortunately, we never had a matter that could not be handled within the Embassy family.

I used to enjoy tweaking my State Department colleagues in the embassy when they came to me with their bureaucratic frustrations. I would love to tell them: "You ain't seen nothin yet. If you want to experience bureaucracy, you should try working for Merrill Lynch, the symbol of free entrepreneurial enterprise, with 37,000 employees." State had only 23,000 employees then.

The point is: it's about devising the most efficient means of organizing human endeavor, not about government vs. business. Merrill Lynch could learn a lot from State on career paths and well-planned, transparent up-or-out retirement systems. State could learn a great deal about more efficient management of "branch offices," i.e. embassies, from Merrill Lynch.

My four years as Ambassador were absolutely fascinating. I was given a front row seat at one of history's great transformations, as Poland moved from a communist basket case to a solid democracy with a vibrant free enterprise economy. I also had an opportunity to head a growing, dozen-agency, and 650-person embassy that played an active role in Poland's political, economic and security developments.

The Warsaw embassy was somewhat unique during my tenure, because it combined the activities, such as AID and Peace Corps, normally found in third world posts with those of the typical Western European post with a focus on political/military matters. Not only were we extremely active on a day-to-day basis during my time, but the embassy also hosted President Clinton and the First Lady twice, former President and Mrs. Bush twice, the Vice President once, and many cabinet secretaries, agency heads, generals, congressmen and senators, not to speak of legions of Polish Americans and Jewish Americans as well as waves of trade delegations.

My main conclusion from this experience is that the system works. However, because of a lack of funding and slow, long distance bureaucratic reaction times, it often works only through chewing gum and bailing wire methods.

The best examples of these methods occurred in the computer and communications area. I was struck when I first arrived that the only name I would hear in connection with computers was Wang, not Gates. Seems to me that Wang made his fortune in computers in the '60s and '70s. The State hardware was not just a generation or two out of date. It

was definitely 12th Century. If I wanted to check out the latest in state-of-the-art equipment, I only needed to visit my USIS or AID colleagues, not to speak of other groups, whose secure phones and faxes I would use when we had very important classified communications with Washington.

There was real progress in some areas, however. For example, about half way through my tour I was able to wangle a secure phone for my desk, which, unfortunately, I had to use all too frequently because the cable system was much too slow to get urgent messages to Washington on, say, rapidly developing negotiations.

Another case in point: during my tenure, I was never able to sit at the “Wang” on my desk, type out a classified message, and tap a button to transmit it instantaneously to Washington. At least one person would have to be in the cable room on the floor below to retransmit a message outside the embassy. Given time differences, this basically meant paying very frequent overtime. After my time, Embassy Warsaw’s communications vastly improved with the introduction of e-mail.

I am not just talking about the need for new equipment and software. Equally as important are the personnel required to install, operate and maintain it. We had a looming disaster at Embassy Warsaw just as I was leaving, when it was decided by others to move our SeaBee to Frankfurt and regionalize the position. He maintained our security equipment.

There is one very important area of embassy administration where I saw enormous and vitally important progress. This was ICASS.

I will never forget my shock when, in my first week on the job, I asked our budget officer how much it cost to run the embassy. His response after some research was about \$2.5 million. You can imagine my reaction, given the size of my domain of 650 people, significant real estate, communications systems, 12 agencies, etc.,etc. He responded that of course the actual costs were far higher, but he had no idea what they were, because they were all being paid by State or other agencies in Washington. For example, his number did not include the salaries of any American employee of State working in the embassy. My own guesstimate is that the real total number had to be a lot closer to \$25 or \$30 million. Nevertheless the only budget he and I controlled was the \$2.5 million. This was patently ridiculous, because it meant that I had no way of realistically keeping costs down and setting priorities based on Warsaw’s needs. We were forced to live off the whims of “faceless bureaucrats in Washington” who, no matter how well meaning, were not in a position to judge these matters from afar. What’s worse is that we in Warsaw were not accountable for our expenditures since we had no control over them. An entity works best when those in charge on the spot are in control and are, therefore, accountable for the results.

It turned out, for example, that the State Department was paying for all the maintenance of the living quarters of other agency employees working in the embassy. We had many

FSNs (25 to 30) working on this. A large number of our 200 guards were providing security to these homes. We received no reimbursement, because this was not a cost taken into account in the Washington based agency reimbursement system.

In FY 1997 Warsaw was chosen as one of the test embassies for ICASS. This was a revolutionary but, at the same time, very realistic system for allocating costs among agencies on the ground in each embassy. I cheered because, for the first time, we had the beginnings of a system that put the cost decision where the action is. Embassies now have the ability not only to allocate costs but also to control them- - to the benefit of the American taxpayer.

Having local budgetary control makes it possible to act imaginatively when the circumstances warrant. For example, I always was troubled that the embassy was one of Poland's largest employers of guards. I felt that in a country like Poland perhaps this is a service which could be contracted out much more cheaply.

Fortunately, while I was Ambassador in Warsaw security was not a significant issue, largely because Poland was outside of the terrorist sphere of activity and because of the capabilities of the Polish services.

Closing the Poznan Consulate

My single most difficult managerial challenge was the closing of the Consulate in Poznan. In January 1995, I began picking up rumors in the State Department that there were some thoughts about potentially closing the consulate as part of a worldwide budget reduction exercise. I also heard that Janet Weber, the very capable Poznan Consul General, was hearing these rumors as well. I became very concerned about her morale and that of the other employees. The Consulate had been opened in 1953, after the Poznan riots, basically as a listening post in Western Poland. In 1993 the Department had taken away its counselor activities and returned them to Warsaw as an efficiency move. The consulate had four American employees and 23 Poles. It cost the USG just under \$1 million per year. Its main functions were representation in, and reporting on, the local communities of Western Poland, where there was precious little going on that was in the U.S. national interest. It was also very clear that the budgetary constraints on State would ultimately cause the Department to close the consulate.

So within a few days, I decided to take the bull by the horns and announce to Washington, Janet and the other employees that I had decided to close the consulate, and that I wanted it done in an orderly manner so that all Polish and American employees could plan their lives and seek other jobs. The stink from Washington was so enormous that it became funny. Who did that Ambassador think he was making a decision without the approval of the Department's administrative system and horror of horrors before getting key Congressmen to approve? What would the Polish American community say? My first call after making the decision was to the Polish American Congress to inform them. I never got back a reaction.

It took 8 months until September for the Washington bureaucrats to formally approve. I would insist weekly that the mechanical process continue even without formal approval. This was my most difficult managerial problem because I was caught swinging in the breeze between the do nothing DC people and the need to ensure the consulate employees were being appropriately cared for during the transition. I had wonderful help and support from my DCM, Jim Hooper and Doug Frank, the Admin officer. But the superstar of the operation was poor Janet Weber, who, while working on the demise of her high position, handled the blankety blanks in Washington with great diplomacy and was enormously helpful to her employees in retraining and outplacement. Under the circumstances she kept morale very high. The consulate was officially closed in December 1995. Since then one of the former USIS Polish employees has been counselor agent and has performed all of the key functions formerly carried out by the consulate with almost 30 employees

Foreign Commercial Service

I very much enjoyed becoming involved with the day to day activities of several of the other agencies, including Peace Corps, AID and DAO, not to speak of the Foreign Commercial Service.

Because of my special focus on U.S. business activities in Poland, I spent a great deal of time trying to support FCS' activities. I made myself available to them and their clients in advocacy work. For example, I spent a lot of time trying to convince the Poles that their separate and unique safety standards were ridiculous and would be highly detrimental to such world class American producers as Caterpillar, when the Poles could just go directly to internationally recognized standards such as those of the U.S. or EU.

At FCS' request, I often briefed U.S. companies on the Polish investment climate and opportunities.

During my term, two women headed FCS. Both were excellent. The main work of the office was carried out by a group of Polish women who analyzed developments in all key industries and provided very useful information. They were just one example of the very high competence of the Embassy's professional FSNs (Foreign Service Nationals or local employees).

One of the main tenets of the Clinton/Gore foreign policy was to support U.S. business abroad. I was very pleased with the compliments I got from visiting businessmen on the level of our service in Warsaw, often by contrast to the previous experience of these people with the USG abroad. It was a real kick as a Democrat to surprise these people with a level of service and understanding which contrasted so favorably with the Reagan/Bush Administrations.

The Peace Corps

Lisa and I were very impressed with the Peace Corps and greatly enjoyed being supportive of their activities. While we were there, Poland had one of the largest Peace Corps programs in the World, with a peak of around 220 volunteers down to about 165 near the end. They were largely English teachers in the boondocks but there were also some environmental and business experts. While there were some bright eyed, bushy tailed 20 somethings, the average age was around 40, with many retirees, some as old as 70.

I called the volunteers the “Shock Troops of Democracy.” They were extremely important in helping us to meet our local democracy assistance objectives. It was not their teaching English in local high schools that was so important, but rather the “secondary task” they performed. Each volunteer must do a second activity in her/his assignment. They would very often organize local NGOs, such as PTAs. Through these efforts they were basically teaching the Poles about local volunteerism and the need to take responsibility at the local level for community needs. This, of course, was unheard of for 50 years of Communism, when all decisions were made (or usually not) in Warsaw and were handed down through myriad levels of bureaucracy to individual communities.

One of the best examples of these extracurricular activities was the development of a model UN by one young man. He turned it into a nation-wide activity for high schoolers and he even broadened it to competitions in Western Europe. Lisa and I went to a national finals in Wroclaw with hundreds of participants and I gave a welcoming speech.

We also hosted new volunteers at receptions in the Residence and we went to as many training “graduations” as possible, when I would swear in the new groups of volunteers. In addition, Lisa supported the “Women In Development” (WID) group of volunteers.

The Peace Corps also provided Lisa and me a bit part in a Sunday-Night-TV- Drama real life event. In the late summer of 1996, a friend who was a cousin of Peace Corps staffer, Chris Mrosowski, approached Lisa at a reception. Chris, who is a U.S. citizen, and his Polish girl friend, Magdalena Glowacka, had gone mountain climbing in Western Turkey. Kurdish Rebels had captured them. During their several day captivity they had provided medical assistance to their captors. Upon release, they were arrested by the Turks, accused of aiding the Kurds, and were in jail awaiting trial in a small town in Western Turkey. I called and sent a Diplomatic Note to my friend the Turkish Ambassador asking him to intervene. I also cabled, Marc Grossman, our Ambassador in Ankara. The Polish Government and Washington made various official demarches to the Turks. Chris and Magdalena were released.

Agency for International Development (AID)

AID had an extensive operation in Poland when we arrived. Starting just after the Wall came down, Poland was a significant focus of the U.S. assistance program’s efforts to bring the former Soviet Bloc countries into the fold of Western free enterprise democracies. When I arrived, AID was spending more than \$100 million per year in

Poland. The program consisted of a very broad range of activities from advice on Privatization, through individual enterprise advice, law reform, NGO assistance to who knows what. In the early days of reform in Poland such a wide ranging program made sense because so much needed change.

However, by the time I arrived, Poland was already well on its way to being a success story of reform. After reviewing the AID operation I concluded three improvements in the program were important. The first was to ensure better coordination in Poland with the other international assistance programs. Within the first weeks I invited the World Bank, IFC and EU reps to lunch with the AID Country Director, Don Pressley and his top team. Out of this there started an ongoing dialogue in Poland, as compared to Washington where a lot of lip service was given to cooperation with the Assistance community with little impact on specific programs. I know of two instances where this on the ground coordination saved the U.S. taxpayer lots of money. The first was in the Coal mining sector where AID was planning a very large assistance package. After talking to the World Bank we learned that they were already setting up a large loan program and we needed only spend a small amount of money for limited advice on job retraining. Also, as part of a presidential initiative after the July 1994 visit, AID was planning to spend several million dollars advising the ZUS, Poland Social Security Office, on the administration of benefits. Fortunately, just before announcing the program we had another donor coordination meeting and discovered that PHARE, the EU program, had been providing just such assistance for a year or more and had given up because all their advice had fallen on deaf ears. We killed our program even before the meeting ended.

The second change that I believed was warranted was to move as much of the decision making power on the Poland program to Warsaw and out of Washington. It seemed ridiculous to me that faceless bureaucrats five thousand miles away would be making specific program decisions without on the spot knowledge. This also meant that nobody, either in Washington or in Warsaw was accountable for the activity. So I insisted on this switch, and Don Presley agreed with me. Ultimately, he, with my strong backing, prevailed. We were even able to get the contracting officer moved to Warsaw, which meant final decisions on specific activities could be made expeditiously in Warsaw.

The lack of direct accountability was the principal reason for the biggest and most embarrassing failure the United States had in Poland in the 1990s: the Skawena desulfurization project. This was a power plant for which President Bush back in 1992 had promised American air-cleaning technology. By 1995 we in the Embassy had concluded that it was increasingly likely that the U.S. technology was either too expensive or would not work. Control of the program was in Washington first at AID and then it was abdicated to the Energy Department, which sent over a series of idiots who could not bring themselves to see reality and cut bait. In January 2000 I was told by friends in the Embassy that negotiations still were going on to extricate us from the project. I feel very bad about this because I could have taken the bull by the horns and just closed the project down in 1995 or 1996. I was not really accountable but as Ambassador, I could have done it and saved a lot of money and ongoing embarrassment for the USG.

The third change on which I insisted was that AID should no longer provide advice directly to individual enterprises now that the Polish private sector was increasingly capable of providing such services. It seemed to me we were just competing for free against foreign and domestic advisors. We could however provide useful, noncompetitive advice on such broad topics as changes in the law, the development of rating agencies, a municipal debt market and an over-the-counter securities market as well as a mortgage market. These were all activities and initiative that AID successfully supported during my term. I will never forget how ballistic I went when I learned that a year after I established this principal an AID contractor still was advising a bank and was about to provide advice to Poland's main Internet provider on how to go public. Fortunately a weekend of calming reflection prevented me from sending a "loss of confidence" cable to AID in Washington on the two individuals responsible.

I was especially proud of one piece of assistance I organized. Poland had 49 tax districts that interpreted the laws and regulations independently. There was no central authority promulgating and adjudicating rules and regulations. Several American companies with Polish operations approached me on the horrors of this system. For example, PEPSI owed some \$15 million in taxes and penalties because various districts in which it had plants applied the Value Added Tax differently on return bottles. I was concerned because respect for and faith in the tax system is a key element in a smoothly functioning democracy. The revenue service is one of the few points where people get to deal with their government directly. So, I asked the Internal Revenue service to advise the Polish Ministry of Finance on the organization of Tax Administration. I believe the contract lasted about 3 years and was of some help. The very fact that the infamously screwed up IRS could be helpful tells you how bad Polish Tax Administration was.

By the end of 1996 Washington and we both concluded that the time was fast approaching to "graduate" Poland from our assistance program as Poland was moving well beyond the need for development assistance. The Poles themselves agreed and never questioned me when I made the rounds to announce that AID would end in FY1999. I was especially proud of the last significant program we devised during my watch. This was a \$30 million program for providing advice to local governments and NGO's in developing the capabilities of counties, towns and villages in taking responsibility for their own fates. Advice was provided in such areas as budgeting, treasurer's offices improvements, privatizing local water and other services, procurement, etc. We were providing advice on what the U.S. knows best: making local democracy work.

U.S. Information Agency (USIS)

So-called public diplomacy is a key element of an Ambassador and Embassy's job. I was lucky because my Polish ancestry gave me instant recognition in every Polish home. I tried to make every effort to use my "Bully Pulpit" whenever I could - even to the extent of appearing twice on Poland's Today Show, called Coffee or Tea. My first theme was to repeat over and over again the fact that Poland's security was in the U.S. national interest.

Then my mantra became my optimism about Poland's future, using my "glass half full" theme. With the foreign and especially the U.S. press my theme was Poland's capability of being a staunch ally and NATO member.

I had two very capable public information officers (PIOs). We courted both the Polish and foreign press by granting interviews as often as possible and entertaining them at the Residence. I regularly had the press corps over for receptions, lunches and breakfasts. Generally, we would have separate events for the Poles and the foreigners, because the subjects of interest were different.

The PIOs saved me from myself on many occasions. It turns out I had a rather risky sense of humor and I was warned it could get me into deep you know what. For example, I gave an interview one day to Elizabeth Pond, a highly respected American free lancer who was expert in European security. When ticking off the reasons why Poland would add to NATO, I mentioned that Polish troops would provide a significant amount of canon fodder to NATO. My PIO came to me later and asked whether I really wanted the headline to read "American Ambassador says Poland would add Canon Fodder to NATO." We then spent the next 6 hours trying to reach Elizabeth in Germany. I finally caught her at 11PM and got her to write that Poland's comparative advantage would be capable troops. PHEW! Also, my attempt to show I was a Big Time Capitalist on National TV went over like a lead balloon when I tried to use a cigar to light the New One Hundred Dollar Bill I was introducing to the nation. In addition, I was not very smart to mention at one of my receptions for the Polish press that I thought the new head of Polish Television was an idiot - even though they all agreed with me. Notwithstanding these boners, I greatly enjoyed the public diplomacy aspects of the job.

Speaking of the media, we at the Embassy were very concerned about the machinations over political control of national television that was government owned. Some real freedom of the press issues emerged as various news producers and directors were fired and replaced by seeming non-pros, and there were continued pitched battles between the SLD and PSL parties over members of the National Television Board. I made many demarches to the President's Chancellery and the Council of Ministers to no avail. Some World-Watch NGO even got former President Carter to send a letter to President Kwasniewski. The battles continued and I concluded that the only way to really solve the problem was through competition from private stations and networks. Near the end of my term, the Government began selling off frequencies to the private sector and at least one new private network was started.

The same issues did not arise in radio or the print media because there were many newspapers and magazines as well as radio stations, with heavy private sector involvement and with horrendous competition. So there was never a question of press freedom in these media. I was particularly impressed with several of the newspapers, which were quite capable of independent muck raking. These included Gazeta Wyborcza and Zycie.

Thanks to the head of the USIS team, Dick Virden, I hosted a 50th anniversary dinner for Jerzy Turowicz who for those 50 years had been the publisher of the Catholic weekly, Tygodnik Powszechny. Tygodnik was heavily censored but never closed by the Communist Governments. It was the heart and soul of Polish resistance and Turowicz was the father/mentor of the movement. Among the attendees were Mazowiecki, Kuron, Michnik, Bugay, Geremek, and Buyak. I had to pinch myself to make myself believe that most of the Founding Fathers of the new Poland were breaking bread in my house. I felt like someone must have felt hosting a dinner for a certain group of gentlemen in downtown Philadelphia in June 1787.

In stark contrast to this historic event, the other interesting media-related happening at the Residence was a private luncheon I hosted along with Steve Mull for Jerzy Urban. Urban was the spokesman for the last Communist Government whose claim to fame was gathering blankets in Poland to send to the homeless in New York at a time when the U.S. was very critical of the Polish Government. After the Wall came down he made a fortune as Publisher of NIE a satirical weekly, which uses eroticism and anything else to lampoon the Church, Walesa, the Right and such representatives of Democratic Nations as the American Ambassador who he labeled the new Big Brother. As far as I could tell, his principal leisure activity is to sit around with his pointy bald head and big ears in the buff in his indoor swimming pool at his suburban villa, judging by the most frequently seen photo of him. Steve and I amused ourselves by tweaking him on one subject or another and pressing him to treat the new President and the SLD leadership the same way he dealt with the Church and the Right. In all fairness we asked him to muck rake the Left as well as the Right. His answer: "I can't do that. These guys are my friends." Nevertheless, as time went on, we noted some effort to skewer the President and the Left. He was very polite and pleasant at lunch, not at all the ogre he acts like in his public persona. He even gave me the framed original of my caricature as a 16th Century poet which had appeared in NIE in the article in which they tried to show that I was not really Mikolaj Rej's descendent.

USIS also dealt with cultural matters. In the past, during the Cold War, USIS had plenty of money to arrange American Exhibitions and Concerts in places like Poland. Nolonger. But we still faced the battle to show that the U.S. did have real culture, not only flashy movies and shallow TV sit-coms which were all over the air waves. Our trick, thanks to a very competent Cultural Attaché, John Walsh, was to have the Embassy or Lisa and me appropriate any American artists who happened to be in town. For example we hosted events for Winton Marsalis, the Jazz trumpeter, the San Francisco Orchestra, Garrick Ohlsen, the pianist, and Serra, the sculptor.

Speaking of culture battles, we expended a lot of effort to stop the Parliament from passing a screen quota law, for which my French colleague had pressed. This law would have limited the screening of American films in theaters all over the country. The letter I sent to the head of the parliamentary committee was leaked and I was excoriated and accused of acting like Big Brother by NIE and Tribuna, the leftist daily.

USIS' greatest contribution to U.S. foreign policy and, indeed, the greatest thing the United States does abroad for others and itself are the various foreign visitor programs, especially including Fulbright Scholarships. Thanks to USIS, we have won more powerful friends with a realistic understanding of the U.S. through these programs than anything else we have ever done or could do. They are a superb use of taxpayer dollars. Poland provides spectacular proof. I will never forget sitting at the head table of a dinner hosted by Prime Minister Cimoszewicz for Javier Solana, the Secretary General of NATO. At the table were the Foreign Minister, Rosati, the Finance Minister, Kolodko, and the Mayor of Warsaw, Swiecicki as well as the Prime Minister. I looked around the table, turned to Solana, and asked, "Are you per chance also a Fulbrighter?" He said, "Not by chance, Mr. Ambassador. I had to work like hell for it." Every one at that table except me had been to the U.S. on Fulbrights. Their English was superb and their comfort level with the U.S. was very high. The Poles at the table all came out of the Communist system. What an investment we had made in the future by granting them scholarships in the bad old days. Notwithstanding their Communist roots, two of them, Kolodko and Rosati, are superb economists, the equal of anyone in the West. I can't remember about Kolodko, but Rosati was trained at Princeton. I used to call the Fulbright Program America's Fifth Column. There is a Fulbright Alumni Society in Poland with over one thousand members.

But more important than Fulbright, because it covers far more people is USIS' International Visitor Program. Organized by USIS, each section of the Embassy nominates exceptional leaders to go to the U.S. for brief tours of around three weeks. Literally hundreds of Poles have been through the program. Just after the 1993 parliamentary election when the former Communists had won, I asked for a list of those deputies who had been to the U.S. under USIS auspices. There were something like 30. Just last night, Lisa and I were at a Polish reception here in Washington and we ran into Hanna Suchocka, now Minister of Justice and formerly Prime Minister. She was here to receive an award as a Distinguished International Visitor from USIS. She was enthusiastic. She had been a visitor in 1988, just before the Wall came down. She was sent all around the U.S. (I seem to remember places as far apart as Boston and Las Vegas) to study federal/local relations and minority issues. "You cannot imagine how useful this was when I became Prime Minister," she told us.

USIS was also party to the single most ironic event, among the many Polish ironies, that I witnessed. This was the return to the Polish Archives of copies of tapes of all the Radio Free Europe Polish Service Programs. This is the single best source of the "Truth" of what happened in Poland during the Cold War. The Polish Archives are a subsidiary of the Ministry of Education and the Minister accepted the tapes on behalf of Poland at the official ceremony. The Minister was Jerzy Wiatr, who in the 1980s Communist Government had been Minister of Propaganda. At the celebratory luncheon, he actually had the gall to tell Jan Nowak (Who had been the head of RFE's Polish Service for many years) and me that the only difference between that old government and us was the question of timing [of when the change to democracy should occur].

A Few Final Thoughts

I hope I have given you a bit of the sense of awe I feel about the job and the times in which I had the great good fortune to fill it. I had a chance to witness and to some small degree participate in the process of Poland becoming a NATO member thereby ensuring its security for the first time in literally hundreds of years, if ever. But I also witnessed the consolidation of a solid democracy and a vibrant free enterprise economy.

At each of the four Fourth of July Receptions Lisa and I hosted for a thousand or so Poles, diplomats and visiting firemen, I gave a three sentence talk after the flag ceremony and the National Anthems. It went along these lines: "I am reminded each Fourth of July that we Americans in Poland are very fortunate, because we can meet Founding Fathers on almost any street corner. Next time you go for a walk around the Parliament or watch the news look for the Ben Franklins and Thomas Jeffersons. They are there before your very eyes."

The perfect capstone to our term in Warsaw occurred about a week before we left. The Russian Ambassador and his very nice wife invited Lisa and me for a small goodbye dinner at his embassy. The other guests included the Geremek. He was then the Chairman of the Sejm Foreign Relations Committee and was about to become Foreign Minister. Also there were the German Ambassador, Johannes and Krista Bauch, our best friends in the diplomatic community. We brought along Ed and Barbara Fouhy, who happened to be visiting. It was a delightful evening. The Ambassador is a charming former Olympic rower. The food and drink were excellent, and the conversation fascinating. All of a sudden it hit me.

This was an evening of Great Historic Symbolism. Here I was, the Ambassador of the United States of America, sitting in Warsaw at the old Soviet Embassy, a granite monument to the Soviet Socialist era which towered over the old Presidential Palace, hosted by the Russian Ambassador, with the German Ambassador in the presence of the about to be Polish Foreign Minister, and all of us having a good time to boot! What a historic vignette of the New Poland and the New Era. I was truly witnessing the end of two hundred and fifty years of Polish insecurity; not to speak of fifty years of national suffering at the hands of its neighbors. It was also a source of great pride that none of this would have happened without the United States of America. WOW!

End of interview