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C. STUART CALLISON

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INTERVIEW

Q: We are very pleased to have this chance to speak with Stuart Callison about his lengthy and meaningful career in international development. Stu, could you start with telling us a bit about your early background, where you were born, where you grew up and a little bit about your family before we cover your education.

Childhood, Family, Education, and Early Background

CALLISON: I was born in 1939 in Boonville, Missouri, where my father was a cub reporter for a local newspaper. When I was two years old he became the editor of the Missouri Conservation Commission magazine, the *Missouri Conservationist*, in Jefferson City and he moved us there. But a few years later we moved to a farm near Prairie Home, Missouri, after he became the executive secretary of the Conservation Federation of Missouri, an affiliate of the National Wildlife Federation, and he located his new office back in Boonville, about sixteen miles from the farm. Dad had graduated from the University of Missouri School of Journalism during the Great Depression, after his parents had lost all their savings in a local bank that failed and even lost title to their farm to another bank when farm prices were too low for them to make payments on the mortgage. Luckily, they were able to rent the farm from the bank until the economic recovery allowed them to buy it back. But my father, heading to college with no money, had to work and study part-time for several years in order to finish, waiting on tables, shoveling coal into people's furnaces, selling magazine subscriptions—anything to make a few more dollars to eat and stay in school. His first job after graduation was as a reporter for a newspaper in Garnett, Kansas, where he met my mother, who was working in a photo shop where Dad would get pictures developed.

Both of my parents were born on farm homesteads—my mother on a homestead near Carter, South Dakota, near an Indian reservation, and my father on a homestead near Lousana, Alberta, in Canada. My mother's parents sold that farm after a few years and returned to Anderson County, Kansas, where they had grown up. My paternal grandfather had first tried his luck in a Colorado gold mine where he was almost killed by a cave-in, and then later, after returning to Missouri, went with some cousins to Alberta to claim a homestead there. After settling in he sent for his girlfriend to join him, got married, and had two sons before my grandmother, herself a schoolteacher, persuaded him to return to the more civilized State of Missouri where their sons could get a good education. Dad did not realize he was not a U.S. citizen until he applied for college—and that his father, born and also raised in Missouri, had lost his U.S. citizenship by claiming a Canadian homestead. Dad took his father with him through the process to become naturalized U.S. citizens.

My father's new job required him to travel a lot around the state, organizing new sportsman clubs, and my mother felt the strain of raising four young children mostly alone on the farm. They ended up getting divorced when I was 11 years old. After a while both of our parents remarried. Dad got a new job as Conservation Director of the National Wildlife Federation and moved to Takoma Park, Maryland, a suburb of Washington, DC, and near his new office. The agreement with my mother was that we children would remain with her in Boonville during the school years and would live with my father and Amy in Maryland during the summers. We were fortunate in that both of my parents were determined to remain on friendly terms after their separation and never spoke ill about each other in front of us, sharing their responsibility to provide good homes for their children.

We lived on that farm near Prairie Home during the early days of my childhood. My father still had a job in town, but he thought children were better brought up on a farm, like he had been. We had no electricity. I studied my homework by a kerosene lantern—and no running water—we collected rainwater from the roof into a large cistern outside the house, and we used wood for heating in the winter and for cooking all year round. One of my main chores was chopping up wood and bringing it up to the house.

We did not have a tractor on that farm. Two large white horses, Buster and Maud, pulled our wagon, plow and other farm equipment, and I had an old saddle mare, Misty, to ride out to check on the cattle and sometimes just to get the mail. Our mailbox was on the main road, three quarters of a mile along a gravel road from our house—this was where we also had to walk to catch the school bus.

After we moved back to Boonville, my mother got a job as executive secretary of the local health clinic there. She eventually met and married Oliver Wendell Woolsey, the son of the Cooper County judge, Thomas G. Woolsey. Wendell had been a Marine in the Pacific theater of WWII and had subsequently served as an accountant in the ARAMCO oil company, I believe it was, in Saudi Arabia. After leaving an accounting job in Oklahoma, he came home and worked alternatively driving an early morning bread delivery truck from Holsom Bakery in Boonville south through the Ozarks (I enjoyed going with him a few times.), serving as a member of the Boonville police force and for a time as part of a bodyguard for the son of the Cuban dictator Batista, who had been sent to study at the Kemper Military Academy in Boonville, and finally working in the U.S. Post Office for many years.

My high school years in Boonville were enjoyable and productive. I was able to make good grades in all my subjects and to participate in a number of extra-curricular activities—the concert and marching band as a tympani and bass drummer, class plays, yearbook editorial staff, track and football. In my senior high school yearbook, I said that I wanted to work in "government and foreign affairs."

Track was a big part of my life. I ran the half-mile (880 yards) and won in so many track meets the *Boonville Daily News* started calling me "Speedy Stu." In the final Missouri State high school track meet my senior year (in May 1957), at the University of Missouri in Columbia, I led the field to a new State meet record but got passed up at the very end of the race by two competitors, one from St. Louis and the other from Kansas City, where track was an all-year sport instead of just during springtime as in Boonville. So I came in third with a personal best time of 2:01.7.

My first regular job was as a home delivery boy for the Boonville Daily News. I walked a one-and-a-half-hour route around the northwestern part of town and delivered 155 or so papers every day after school and on Saturdays. We were given one extra paper each day in case we threw one onto a roof or otherwise out of reach. At the end of the route, if I still had that extra copy, I could trade it at the local Dairy Queen for a nickel ice cream cone. My weekly pay for six days of newspaper delivery was $4.00.

At the end of each school year my father and Amy would drive their small sedan back to Missouri from Maryland, pick up my three younger sisters and me, and drive us to their house in Takoma Park, Maryland, for the summer months. Then, at the end of August they would drive us back to Missouri before school started up again. This was along what we now call "old" U.S. Route 40, then called "main street USA," a mostly 2-lane highway that went right through the center of every large city and small town along the way. It was a two-day trip, with 11 to 12 hours of driving each day.

I found employment in the U.S. House of Representatives "Folding Room" on a stockroom team, as a delivery boy and as a machine operator for four of those summers, including two months as a clerk typist in our Missouri Congressman's office after my junior year of high school.

I was able to watch the U.S. Congress operate up close and personal. Dad would alert me whenever votes were expected on the environmental legislation he helped draft, and I would take an hour off from work to watch the proceedings from the balcony. Dad was working with what was called the "conservation block" of Congressmen and Senators. They kept bringing up the early environmental legislation, such as the Wilderness Act and the Interstate Highway System Billboard Act, gaining more votes each year until it was finally passed.

Q: Since you were going back and forth between Missouri and the Washington, DC area as a teenager, what were you considering for college?

CALLISON: I had planned and was accepted to study foreign affairs at George Washington University in downtown D.C., but was put off by the tuition fees and the long commute from Takoma Park—and also by the fact that GWU had no track team! Then I learned that the University of Maryland in College Park, just down University Boulevard from where my Dad lived, not only had a track team that had been undefeated for 8 years but also had a "Foreign Service" curriculum as a major field of study. I went to see the MU track coach Jim Kehoe the Friday before class enrollment started and told him about my high school academic and track record. He got me admitted right away (as a state resident, in view of my father's residence, with only a nominal annual tuition expense).

The MU Foreign Service curriculum required 30 hours of economics, and I did not enjoy my first two years of basic economic theory, but later, in the more advanced courses, I came to realize that this is really what makes the civilized world go around!

I ran on Coach Kehoe's freshman cross country team, remember beating all but one of the Naval Academy team members in a meet with our cross-state rivals, and ran indoor track during the winter months. But I dropped track that spring because I wanted to do more in my college years than just run track. I joined the *Terrapin Yearbook* editorial staff and became its editor-in-chief my junior year, supervising a staff of 117 and a budget of nearly $40,000 for a 440-page product. This led to my appointment as a judge on the Student Court my senior year and membership in the Omicron Delta Kappa (ODK) leadership honor society. I also earned membership in the Phi Kappa Phi academic honor society (the MU equivalent of Phi Beta Kappa) and the military ROTC Scabbard and Blade honor society. I continued the required first two years of Air Force ROTC with the advanced ROTC my junior and senior years, knowing I would otherwise likely be drafted as an enlisted man after completing college—and so I was commissioned as a 2nd lieutenant in the U.S. Air Force upon graduation.

Q: Even though you knew you would be entering the Air Force, had you already begun to think about other options and what you might do after military service?

CALLISON: I took the U.S. Foreign Service written exam in February 1961 and passed. Called downtown for an interview, I was encouraged to try again later, but was told at that time I was competing against candidates who 1) were older, 2) had graduate academic degrees, 3) were fluent in at least one foreign language, and 4) had some overseas experience. (NOTE: Nine years later, in February 1970, I took the Foreign Service written exam again, while at Cornell University working on my doctorate degree in economic development, and passed again. Called down to Washington, DC, again—nine years older, with an MS degree from Yale and working on a Ph.D. from Cornell, fluent in Vietnamese and having lived for 3 years in Vietnam—**I was told I was overqualified for the job.** The chairman of the exam committee said if accepted I would be sent to a small embassy somewhere and assigned to report on current economic affairs and business opportunities, would soon be bored with the job and quit. He said the regular Foreign Service was not looking for Ph.D. research economists and that I should apply instead to USAID. He was right, of course, and I was already looking at USAID as my first choice.)

While in college I got jobs with the U.S. Postal Service to deliver Christmas mail in 1958 and 1959 and summer jobs outdoors every year. In 1959 I hitch-hiked all the way out to Hamilton, Montana, to work on an 8-man fire trail reconstruction crew for the U.S. Forest Service, up White Cap Creek in the Magruder District (in Idaho) of the Bitterroot National Forest—a protected Wilderness Area at the head of the Selway River. We worked with axes and pickaxes called Pulaskis, gasoline-powered chain saws and rock drills for downed trees and dynamite, for the big boulders in landslides, clearing a trail wide enough for a mule train to pass with loads on both sides of the mules, in case a fire crew needed supplies while on a big fire.

The next year, after 4 weeks of ROTC summer camp in the South Dakota badlands, I was packed (by mule train with plenty of supplies) into a fire lookout tower on a small mountain peak called Wood Hump at the very beginning of the Selway River surrounded by dense lodgepole pine forest. It was an unusually dry summer and the district ranger was worried about fires in this area that could not easily be spotted from the regular fire lookouts on the tops of higher mountains some distance away. My regular lookout duties consisted of routine scans 360 degrees every couple of hours and marking the location of every lightning strike during the occasional thunderstorms for careful monitoring. Almost all the fires in that area are started by lightning, which can smolder underground for up to 3 days before igniting fallen pine needles, which then burn as though they are soaked with kerosene.

U.S. Air Force Office of Special Investigations in Los Angeles and Vietnamese Language Training in Monterrey, 1961 -- 1964

Q: What were you doing in the Air Force?

CALLISON: My active-duty orders finally arrived in September 1961, after I spent that summer working on my uncle's farm, and I was instructed to report to the USAF Office of Special Investigations (OSI) District office in Maywood, California, which is in Los Angeles County. After a brief introductory period I was sent, along with other newly assigned officers, back to OSI headquarters in Washington, DC, for several weeks of training in criminal and counterintelligence investigations, conducted by retired FBI agents. We then returned to Los Angeles. Once we got our OSI Special Agent credentials we were not allowed to wear uniforms, as OSI agents' grades were classified so superior officers could not try to pull rank on lower grade officers or enlisted agents who were investigating crimes. So I spent most of my 6 years in the military wearing civilian clothes, except for a year at Vietnamese language school.

I spent two years conducting background investigations on folks needing top secret security clearances for work in the huge aerospace industry in that area. At some point I volunteered for Far Eastern language training (OSI would pick which one) and was scheduled for one year of Vietnamese in Monterey, California, beginning the summer of 1963.

The old Army Language School at the Presidio of Monterey (a former army cavalry post) was re-designated the Defense Language Institute (DLI) in 1963 open to all branches of the military, and I was the first and for 1963-64 the only student in a blue USAF uniform. Our long-term class of about 36 was divided into three units, with one composed only of army officers, one only of enlisted men, and mine a mix of non-commissioned officers and enlisted men with me, as a USAF 1st Lieutenant, as its senior officer. While the officer group struggled with the assignment, my group had a lot of light-hearted fun and learned fast, always getting the top scores, much to the chagrin of the officer group. I completed training and was reassigned to OSI District 50 in Vietnam in July 1964, with an insurgency poised for war.

U.S. Air Force/Office of Special Investigations, Vietnam, 1964 -- 1967

After an overnight flight across the Pacific Ocean, I arrived at Tan Son Nhut Air Base near Saigon, Vietnam, early in the morning of July 20, 1964. I remember the exact day because, when I stopped by the USAF Officers' Club to sign up and pay my dues later that day, the bookkeeper's officemate happened to mention that it was her birthday. I've been paying my dues to that pretty bookkeeper, Phạm Mỹ Dung, ever since. Some weeks later she agreed to show me around Saigon, and still later she let me visit her home in Cholon on some weekends, where I could practice my nascent Vietnamese with her family and neighbors and one thing led to another. We were married about a year later in 1965.

When Mỹ Dung accepted my proposal for marriage, in the spring of 1965, the Vietnam War was beginning to heat up and the American Embassy had instituted an evacuation policy, forcing all dependents of official personnel to go back home to the United States, including any Vietnamese wives. The Vietnamese wife of the embassy medical doctor was forced to fly to Seattle by herself and live with his aged father. After some protests, the lawyers convinced the ambassador that they had no legal authority to force a Vietnamese citizen to leave her own country, regardless of her marriage to an American official. So that part of the policy was reversed, and we scheduled our wedding in August. It was a traditional Vietnamese ceremony in Mỹ Dung's home, before the family altars. My OSI officemates all came and my "family" was represented by Mr. and Mrs. Sông, parents of one of my Vietnamese language teachers back in Monterey, Cô Diệp.

My work involved liaison with the VNAF Headquarters staff on Tan Son Nhut Air Base (AB) and the Vietnamese National Police around town, for both counterintelligence activities and occasional criminal investigations involving USAF personnel.

I was the only USAF officer in Vietnam that I knew of who spoke fluent Vietnamese during my three-year tour. My year of Vietnamese language training obligated me to three more years in the USAF, beyond my initial three-year obligation as an "administrative" (non-flying) commission from ROTC. One of the first things I did after arrival was to submit a memorandum offering to spend that entire three years in Vietnam (instead of the normal one-year tour there) and stating my intention to resign after that to go to graduate school. That was accepted, although our top commanders in Hawaii and Washington later tried to talk me out of resigning.

There were a series of attempted *coups-d'état* during my first year there, wherein a disgruntled Catholic army colonel tried to overthrow the Buddhist generals who toppled Ngo Dinh Diem and to restore the Catholic regime. As his troops and tanks rolled into Saigon, the VNAF General Nguyen Cao Ky would send up his fighter planes to fire warning shots ahead of the tank columns and the other generals would send troops into Saigon to stand off the invading rebels. My job was to drive around town in a jeep, interview the soldiers on the street, find out who they were and where they were, and radio that information back to headquarters. Our USAF generals did not want to interfere, but rather to keep our own personnel out of harm's way. The "Leadership Council" generals, headed up by General Nguyen Van Thieu, tried to mollify that colonel and his supporters as they stood down these successive attempted *coups*, never imposing a serious penalty. However, in the final attempt these guys launched a surprise nighttime attack on General Ky's VNAF headquarters at Tan Son Nhut AB first and had it completely under their control, with armored personnel carriers closing down the runways and troops along the main roads inside the base.

General Ky narrowly escaped capture himself by running out the back door of his headquarters and taking off in a cargo plane on a taxi runway. He flew to the nearby Bien Hoa AB and soon, while I was in my jeep along the main road inside the Tan Son Nhut AB interviewing some of those troops, he had his fighter planes flying low overhead threatening to strafe the invading soldiers (and me). This final attempted coup d'état was overcome like the earlier ones, although this time the rebel colonel was relieved of his command and incarcerated.

I was not in a combat role and therefore seldom in imminent personal danger during the war, which rapidly escalated after the U.S. Marines were sent into Central Vietnam in 1965. There were a few close calls, however, like the time a grenade went off near the entrance to Tan Son Nhut shortly after I drove out of it. Once, when I was rushing to a liaison meeting with the National Police, for which I was already late, I got a call on my jeep radio telling me to turn around and return to the office, as a car bomb had just exploded in the parking lot of that building. The worst case was the car bomb outside the U.S. Embassy a week after I spent several days there working on a criminal financial fraud case involving a high-level U.S. government official. That bomb killed a large number of people inside the embassy and seriously injured the two consular officers with whom I had been working, all of whom were on the ground floor inside a large plate-glass window facing the street where the bomb went off.

That criminal fraud case was over serious embezzlement of U.S. government funds by a high-level U.S. official, William H. Godel, who came to Vietnam and claimed he spent a considerable amount of money helping the Vietnamese government. I was sent to Con Son Island to interview two political prisoners who had been high-level Vietnamese government officials under the previous Ngo Dinh Diem regime about those funds. They confirmed that those funds had not actually been received and spent as the American had claimed. Godel was fired from his job in the U.S. and eventually convicted of criminal fraud and sentenced to five years in jail.

The USAF OSI agreed to help the VNAF create a counterpart Office of Investigations in our own image, and I was assigned a major role in planning and coordinating the training of the new VNAF OI agents. This exercise was considered very successful, and I was awarded the Bronze Star in November 1966 for achievement, while my OSI commanding general, Gen. Cappucci, flew in from Washington to accept a high award from General Ky, who was already the acting prime minister then as the Chairman of the Executive Sub-Committee of the "Young Turks" National Leadership Committee

Contrary to American press stories, Gen. Ky never styled himself as the Prime Minister and was not seen in Vietnam as a power-hungry general grabbing power for himself. He was reluctantly pressed into that role by the army generals of "Leadership Committee," after the several attempted coups-d'état, in large part because, while he could use his planes to put down a coup attempt, he did not have ground troops of his own to stage one himself. He was also a dashing Air Force hero, who was the leading junta's Minister of Youth, himself a Buddhist, and who himself led the first bombing attack on North Vietnam.

The USAF OSI trained a special detachment as General Ky's bodyguards, under the command of his trusted deputy VNAF commander, General Nguyen Ngoc Loan, who had been appointed the head of the Military Security Service (MSS). At the conclusion of that training General Loan was presented with a silver-plated snub-nosed 38 cal. revolver that later showed up in that famous photograph catching General Loan in a fit of anger executing a Viet Cong assailant who had been caught killing VNAF dependents in a military housing compound.

During my final year in Vietnam I started the application process for graduate school at both Yale and Cornell Universities, remembering words of advice from an interviewee at the Rand Corporation, who told me both Yale and Cornell had excellent Southeast Asia programs, with Cornell more oriented toward field research and Yale more toward theoretical analysis. I chose Yale University in New Haven, Connecticut, primarily because it was closer to where my father and Amy lived in Hastings-on-Hudson, New York, after he had become the executive vice president of the National Audubon Society. I was admitted to a two-year M.A. program in Southeast Asia Studies, majoring in economic development.

We left Vietnam in July 1967 aboard a military chartered passenger jet to Travis Air Force Base near San Francisco, California. Many family members and friends saw us off at Tan Son Nhat Airport. Mỹ Dung's parents were a bit distraught, fearing they might not see their daughter ever again.

Q: Could you tell us a bit about your graduate studies and how it all began at Yale for your MA studies, as well as your eventual decision to pursue a PhD at Cornell?

<u>Graduate School, Yale and Cornell/Field PhD Research in Vietnam, 1967 – 1973</u>

CALLISON: While visiting my father and Amy in Hastings-on-Hudson, we started looking for a place to live in New Haven, CT. It had not occurred to me that housing might be a problem so close to the beginning of classes. We could not find a suitable place for rent, and I had to start classes driving back and forth every day from Dad's house to the Yale campus in New Haven, 90 minutes each way. Finally, we used GI Bill benefits to guarantee a loan and bought a house in West Haven, a beautiful 2-bedroom cottage at 53 Trumbull Street, two blocks from Long Island Sound. Mỹ Dung entered an undergraduate program at the nearby New Haven College while I started graduate classes at Yale. The GI Bill also provided a monthly stipend which supplemented the NDFL Fellowship and allowed us both to attend school full time.

Academic demands at Yale were intense and I struggled to survive, while anti-Vietnam War sentiment was so high I sometimes felt we were behind enemy lines. I vividly remember one argument with a classmate who was adamantly quoting New York Times reports against my own first-hand account of the attempted *coups d'état* as unbelievable. I knew the NYT reporter in Saigon, he came to our wedding, and I knew they filed their reports based on preliminary information about an event and seldom went back to correct them with new and more accurate information, while the official reports I filed were continuously followed up and corrected as new and better information was uncovered. The American press in Vietnam had created several myths about the political and military situation there that were not at all accurate—like the one about General Ky being a power-grabbing strongman.

After two years and an M.A. degree at Yale, we rented a truck to move our belongings to Ithaca, New York, where I was accepted into the Southeast Asia Ph.D. program at Cornell University, majoring in development economics, with the same NDFL Title VI Fellowship to continue studying and doing research in Vietnamese.

When my grad school advisor at Cornell, Prof. Frank Golay—himself a development economist specializing in the Philippines and the head of the Cornell SE Asia Program—saw my academic record and said, "Great, you have already completed most of your academic requirements. Let's see how soon we can send you to the field." Before we left Ithaca for research abroad, Mỹ Dung had accumulated enough credits for her B.A. degree from SUNY/Cortland with a major in political science and international studies. While we were in Ithaca she was also naturalized as a U.S. citizen and officially changed her name from Mỹ Dung Callison to Michelle Mỹ Dung Callison. This gave our American friends a better handle on her name.

Prof. Frank Golay and his wife were from Missouri. He became a good friend and advisor, and I remember several things he told me, like "If you become a development economist you will be considered a bastard in the field of economics, because the first thing you have to do is question all the assumptions that make the economic models work—they don't hold in developing countries," and "If you want to become a development economist you must be one of two things, either a born optimist or a damn fool." This was in 1970, when the study of development economics was still young.

Q: How did you go about defining your graduate research? Did you always know it would focus on Vietnam?

CALLISON: Vietnam was still the subject of my graduate research, as required by the NDFL fellowship, and I had to ponder about what doctoral research topic was doable in the midst of the military conflict. I wrote a letter to Michelle's brother-in-law, Keith Sherper, who had recently married one of her sisters and who was the chief USAID land reform advisor in Vietnam. He sent me some material on land tenure in Vietnam, including a seven-volume set of the huge Stanford Research Institute study *Land Reform in Vietnam, Summary Volume and Working Papers* completed in 1968. This allowed me to prepare a research proposal about the economic, social and political effects of the on-going land reform program in Vietnam, Land to the Tiller (LTTT), that garnered three offers of field research support: a Fulbright grant, a Foreign Area Fellowship funded by the Ford Foundation, and one from USAID itself. I chose the Ford Foundation fellowship because it included funding for Michelle to accompany me as my research assistant.

Once back in Vietnam for 13 months, August 1971 to September 1972, we stayed with Michelle's family while I finished drafting and field testing a questionnaire, and then moved to rented rooms in four provinces in the Mekong Delta, two months or so in each, chosen to represent different agricultural and land tenure conditions. We interviewed farmers, landlords and village officials in Khanh Hau Village of Long An Province, Long Binh Dien Village of Dinh Tuong Province, Phu Thu Village of Phong Dinh Province, and Hoa Binh Thanh Village of An Giang Province. In each case, we drew lots out of a hat at a public meeting in the village office, so everyone would know that the interviewees were selected randomly and were not singled out for any political or other motive. The village chief would then, together with some other interested folks, show us the way to each farmer's residence and make the introductions, thus demonstrating his support for our purely academic research during the continuing security conflict. We carried documents in Vietnamese from the Ministry of Agriculture attesting to our bona fides, and Dr. Nguyen Duy Xuan, the Rector of Can Tho University, himself an economist, had given me affiliate status as research associate and Michelle as a research assistant of his university, with appropriate photo ID cards, and this facilitated our introductions to village officials. But having Michelle along as a research assistant also served to allay suspicions about a young American man in civilian clothes wandering around the rice paddies asking all sorts of questions, because American counterintelligence officers would not dare to bring their wives along to help in a surveillance operation.

We interviewed 45 farmers in each village, 15 new landowners under the LTTT program, 15 "old" landowners who had land titles before LTTT, and 15 tenants who would remain tenants under the LTTT exceptions for land held for religious reasons (land owned by the Catholic Church or small plots held by families to honor their ancestors—Huong Hoa land). We interviewed ten landlords who held land that had been expropriated in each village, for a total of 40. We also interviewed 35 village leaders, ten in each village except in the smallest and most isolated village, Phu Thu, where we settled for only five. These included hamlet chiefs, council members and other local officials, as well as the village chiefs. After the village chief introduced us, Michelle and I would split the number of farmers to interview and went back to them separately; increasing the number we could cover in the time available. This worked out fine, since many of the farm decision-makers were women anyway, as the menfolk were away fighting on one side or the other in the war between the government and the Viet Cong (VC). Lucky for us, there was a lull in the fighting in the Mekong Delta after the utter decimation of the VC and its local leadership during the Tet Offensive of 1968. We were able to walk around in the hamlets chosen for interview freely and without escort, with only a couple of hamlets declared too insecure for fear of encountering small VC units wandering through the area who might try to capture us. One of our interviewees was known to be the mother of a VC soldier, but she was very friendly to us and graciously answered all our questions about her farm operation. Michelle told me later that she was often fearful for our safety as we walked through some remote areas, but she did not show any hesitation at the time. The interviews took from one to two hours each, and with the two of us conducting them we could only complete at most 3 or 4 each day.

We had planned to conduct a similar set of interviews in each of two villages of Central Vietnam and traveled to Hue and Qui Nhon to choose and meet the village leaders. The land tenure situation in Central Vietnam is very different from that of the Delta, where very small holdings are the norm (due to farm fragmentation from inheritance) and most tenants are themselves smallholders renting small additional lots from local schoolteachers and officials—the landlords—to comprise a viable farm unit. However, before we were finished in the Delta and ready to go north, the VC Spring Offensive of 1972 in that region, supported by North Vietnam, increased security concerns so much that we had to cancel those plans.

We stayed for two months at a time in the four province capitals, using local public transportation to travel to the villages each day to conduct the interviews—by small bus from Tan An in Long An Province to Khanh Hau, tri-mobile from My Tho in Dinh Tuong Province to Long Binh Dien, riverboat from Can Tho in Phong Dinh Province and motorized canoes up the creeks of Phu Thu, where we could only travel during high tide, and by bus from Long Xuyen in An Giang Province and motorbike taxis up dirt paths in Hoa Binh Thanh, riding piggyback behind the driver, with occasional rides in slower motorboats up or down the creeks and canals in the latter. We stayed in a small, rented room in Tan An, in an extra bedroom provided by a family friend in My Tho, and in faculty quarters at Can Tho University and at Hoa Hao University in Long Xuyen.

Among lots of fond memories of this period of our lives, a few stand out. When we were field testing our interview form in Binh Chanh Province, the village chief introduced us a lady farmer and I gave her an explanation about who we were and what kind of research we were planning to conduct, and I was pleased that she seemed to respond positively, nodding and saying "*ya, ya*" as I went along. But then when I paused to give her a chance to respond, she turned to Michelle and said (in Vietnamese of course), "Miss, please tell me what he said." It became apparent that the northern Vietnamese accent I learned from my teachers at the DLI in Monterey, while OK in cosmopolitan Saigon, was like a foreign language to those in the rural areas of the southern Delta. I had to work hard to develop a southern accent for our interviews and to make sure my questions were correctly understood.

One day while we were walking along a rice paddy bund we met an elderly farmer coming toward us. After stopping to chat for a spell, I turned to Michelle and said, "That old guy is a dead ringer for a neighbor of ours in Prairie Home, Missouri." Then it hit me what I had just said. Here was a Vietnamese farmer, in a conical hat wearing his "black pajama" clothes, speaking Vietnamese with typical Vietnamese facial features and mannerisms, and I saw through all that without thinking about it and was reminded of an old American neighbor who lived near our farm in Missouri. When you learn the language, history and customs of people in foreign countries it is easy to see how we are really all alike, underneath those superficial differences.

I was impressed by (and grateful for) the willingness of all our 255 interviewees to spend an hour or two with us to answer some rather personal questions about their financial affairs and plans for the future. Michelle and I were everywhere greeted with warm friendship and even invited to join in family celebrations, like death anniversaries where food would be set up on a table outdoors for a while for a ceremony with photos of the deceased ancestors before being shared with everyone. I suspect this was one of the causes of my continual bouts with diarrhea—it seemed like every time we would take a break (about once a month) and go home for a visit with Michelle's family in Cholon I had to go see the local health clinic nurse who would shoot me in the butt to help cure that illness. It turned out, after the war was over, that nurse was the leader of the local VC cell in that neighborhood. I'll bet she enjoyed shooting me in the butt with that painful needle.

Another problem was the frequent invitations for me to join a group of the male farmers we were interviewing for a round of drinking and talking. They would put a full bottle of the Vietnamese *giu de*, very strong distilled rice whiskey, and pass a shot glass full around to each person until the bottle was empty. This was usually at the end of a day on an empty stomach, when the effect of alcohol consumption would be highest, and the only time in my life I felt really drunk was after one of these events in Long Binh Dien, when Michelle (who had been talking without the alcohol with a group of local ladies) had to help me stagger out to the street to catch the tri-mobile back to My Tho. They may also have been partly responsible for my intestinal problems. It was hard to refuse those invitations without seeming to be rude until finally, in Phu Thu, I learned that to refuse the drink due to stomach problems was acceptable. When invited to such a drinking round table in the Hoa Hao territory of An Giang Province, I would simply decline politely by saying I knew that drinking alcohol was against the Hoa Hao religion—and that was accepted. I think the men there looked forward to using the excuse of being hospitable to a foreign guest as a reason to ignore that prohibition. But I could use it likewise to protect my own health.

Q: How was it doing research with your wife? Besides the need for her to help folks understand your northern accent, there must be some good stories.

CALLISON: Yes. For example, each time we introduced ourselves to a new group of farmers, we faced the same pattern of questions: Q. How old are you? A. 29 and 32. Q. Oh, how long have you been married? A. 6 years. Q. Oh, then, how many children do you have? A. None yet. Commiseration: Oh, too bad, so sorry, but don't worry, you must keep trying. We know other couples who couldn't have children for several years and then suddenly they started coming. A. But this is by design, if we had children before now we would not have been able to come here together and visit with you all for this research. Murmurs of disbelief, and later the women would question Michelle and some of the men would question me, separately, about how this was possible. We became living spokespersons for family planning in a rural society where it was previously unheard of.

Walking around those hamlets was an adventure. We often had to cross streams on the so-called "monkey bridges" made of bamboo poles. Michelle fell off a small one once when the bottom pole rolled and she wound up chest deep in water. I thought it was funnier than she did and was sorry I didn't bring our camera that day. But like a good soldier she held her briefcase full of interview forms high over her head so they did not get wet.

Those were happy times among Vietnamese farmers. The International Rice Research Institute (IRRI) in the Philippines had propagated a new, high-yield variety of rice called IR-8, commonly known as "Miracle Rice," which was just being adopted in the Mekong Delta with great success. Typical annual rice yields were in many cases increased 6-fold, from 2 tons per hectare with one crop per year to 6 tons per hectare with 2 crops per year, as the shorter growing season required by this variety allowed a second crop before the dry season salinity intrusion from the ocean ended the cultivation period—that's 12 tons per year instead of 2 on each hectare! The farmers dubbed IR-8 rice "*lua* Honda" after the first year, as many of them used the extra proceeds to buy Honda motorbikes. The second year it was called "*lua cat nha*," or "house reconstruction rice," as many of them would start buying concrete blocks, cement and roof tiles to rebuild their thatch houses with more permanent materials.

Q: Did you have any contact with USAID while doing your research?

CALLISON: When back in Saigon I often visited the USAID office that was supporting the LTTT program and shared my preliminary results with a team of USAID-funded researchers, headed up by Dr. Henry C. Bush of the Control Data Corporation (CDC), which was focusing on the political effects of the program. Since my main focus was on economic effects our efforts were complementary to each other and we had a lot to share. Later, I summarized CDC's results near the end of my own thesis. While there I got to know Dr. Willard Sharp, the head of the joint Embassy-USAID Economic Office, who wanted to hire me as the only Ph.D.-level economist he knew who was fluent in Vietnamese.

When we finally got back to Ithaca, NY, we rented a small house and settled in for several months of analysis and writing, after tabulating the results of those 255 interview forms. I compared the responses of the LTTT-title recipients with those of the tenant and owner-cultivator groups, especially with respect to changed behavior and investment patterns during the first two years of the reform. The analysis provided evidence that the major economic effects of the LTTT Program were indeed positive, given the overall developmental goals of increased production and employment and a more equitable distribution of wealth and income. Increases in agricultural investment and production were significantly higher among the new owners than among the tenant and owner-cultivator groups in three out of four villages, representing the major portion of the Mekong Delta, and increased double-cropping with irrigated Miracle Rice varieties was raising the demand for labor. There was a sizable redistribution of real income from landlords to tenants, and Gini indices of land ownership inequality, which I developed, dropped sharply.

On the social and political side, the LTTT Program seemed to be laying an important institutional foundation for more rapid rural development. By providing greater equity, social justice, and security of income as well as higher incomes for about 50% of the Delta farmers, the legal redistribution of land promised to deny an important issue to insurgent forces. Serious corruption was apparent only in the landlord compensation procedures, and not in the land redistribution process. The creation of a large middle class of small owner-cultivators carried important implications for the future development of political power, institutional flexibility, the national talent search for capable leadership in economic and government activities and social attitudes toward change and innovation.

While I had been hoping to return to Vietnam to work in the joint Embassy-USAID economic office, there was a hiring freeze imposed on USAID in Vietnam because of the Kissinger peace agreement just negotiated with North Vietnam. Fortunately, the SE Asia Program at Ohio University in Athens, Ohio, was looking for someone to fill in for one year for one of their economic professors who had just been approved for a sabbatical in Africa.

Ohio University, Economics Faculty, 1973 -- 1974

For that 1973-74 school year I taught several classes in basic and intermediate economics and advanced courses in economic development and agricultural development. It was hard work to prepare lecture notes the first time for each class period, but I did enjoy it. I have often said, "I learned more economics in that one year of teaching than in 6 years of graduate school." Maybe a slight exaggeration, but answering student questions—some of them sort of off the wall, about economic theory and how it applies to real life—does make you think more deeply about the practical implications of the theory and, as a result, come to a deeper understanding of it.

Our first daughter, Cynthia, was born on November 24, 1973 in Athens, Ohio —our Thanksgiving baby!

Once, when I attended a "brown-bag luncheon" to hear a visiting speaker who was supposed to drive down from Columbus, OH, I found myself sitting next to Prof. Emeritus John F. Cady, a noted specialist and historian on Southeast Asia. The speaker did not show up and sent his regrets after we were all seated around the table with our brown bags. So, we just chatted among ourselves while eating lunch. Prof. Cady was interested in my experiences in Vietnam. He told me that toward the end of World War II he was one of two SE Asia specialists in the State Department who, as the post-war world was contemplated, were trying to get President Roosevelt to agree not to allow the French back into Indochina. We had been allied with Ho Chi Minh and were supporting him militarily against the Japanese occupation of Vietnam during the war. He and his colleague saw Ho Chi Minh as primarily a nationalist and only secondarily a communist, sort of like Tito of Yugoslavia, and they thought the U.S. should continue to support him as the leader of an independent Vietnam. After all, the British were getting out of

Malaysia, the Dutch out of Indonesia, and we had already promised independence to the Philippines. He said they thought they had the Roosevelt administration persuaded to do so, but before any such decision was approved Roosevelt died. He said Truman took over as President with little foreign background or experience, and when the French resisted the idea and bargained against it, for their support on some other matter during post war conferences, Truman gave in to their demand to keep Indochina as a French colony!

Recruitment to USAID, Economist With USAID Vietnam Desk, 1974 -- 1976

While you were teaching at Ohio University, did you continue to have any contact with USAID? Were you hoping to join USAID?

CALLISON: Fortunately, USAID continued to be interested in my recruitment. When I refused to break my Ohio University contract, they sent another economist, John Chang, to fill that vacancy in Saigon for two years, after which they would need another candidate. So, they wanted me to come join the USAID Vietnam Desk in Washington for one year after my OU contract was over and move to Saigon to replace John Chang in 1975. I agreed and we moved to the Washington suburb of Fairfax, VA, in August 1974.

Q: What were your responsibilities working on the Vietnam Desk?

CALLISON: After settling into my new office in the Department of State I worked with several other economists to analyze various economic problems in South Vietnam. In one of my papers, I challenged an analysis by an elderly Harvard University professor about the role of USAID assistance in causing inflation in that country. He said our assistance was creating inflation by providing the government with so much cash to spend. I argued that what we provided was mostly foreign exchange for the commodity import program, and when consumers purchased those goods with Vietnamese piasters that would be deflationary, much like collecting taxes (which was difficult during the war). So then when we turned those piasters over to the government to spend, the inflationary impact of that expenditure had already been balanced by the deflationary impact of buying imported commodities. This sparked such an interesting internal debate that the professor was invited down to Washington and we hashed it out before a small audience from the Vietnam Desk in front of a blackboard with our equations. I think I won.

I have long remembered some advice from my immediate supervisor, Harry Ditchett, who cautioned me against getting too sophisticated in my economic analysis. He said that most of the decision-makers in USAID and above USAID were not economists, and that if I could just keep their attention focused on the most basic economic principles, which were so often ignored, that would be a worthy career goal.

Since I had not been able to finish that final chapter to my doctoral thesis at Ohio University, having to spend so much time preparing for so many new courses to teach, I made an agreement with my supervisors to spend my annual leave in half-day increments, spending many mornings on leave in the USAID library working on that chapter (where I was available to them if anything required urgent attention) and the afternoons in the office on official matters.

Public anti-war sentiment remained very high. One morning we arrived for work only to find the Vietnam Desk office flooded. A bomb had exploded in the ladies' room next door to where I sat, broke through the wall and severed some water pipes. We had to relocate for a while until repairs could be made.

I was sent to Saigon for three weeks in January 1975 to work with the Joint (State-USAID) Economic Office and to get to know them before my expected reassignment that next summer. While there I visited some of my former Vietnamese Air Force colleagues at VNAF Headquarters at Tan Son Nhut AB. They were despondent about the conduct of the war. Because of the drastic reduction in military aid received from the U.S., they said they were unable to keep their planes in the air due to lack of jet fuel and the army had to ration its artillery ammunition in defense of the small outposts in the Highlands, so those small outposts were starting to fall or to be abandoned as indefensible. Indeed, in one of the analyses I had conducted in Washington I saw that the price index of military equipment and supplies we were providing Vietnam had risen 70% in just one year, due to unusual increases in oil and other prices, while the U.S. Congress had adopted the fiction of keeping the dollar amount of aid to Vietnam at the same level, completely ignoring the fact that this would result in a sharp reduction in real assistance. The North Vietnamese were quick to take advantage of this turnaround and started sending more soldiers down the Ho Chi Minh Trail.

Back in Washington, in view of the deteriorating situation, I was assigned to a contingency planning group at the Pentagon along with two other USAID economists. Our task was to determine if a "truncated South Vietnam," meaning the Mekong Delta region only without Central Vietnam, would be a viable economic unit, while the military members of the group were to determine if it would be militarily defensible. We were easily able to show that not only would a truncated South Vietnam be a viable economic unit, its per capita income would immediately increase without the lower income areas of Central Vietnam. However, the military conclusion was that it would be indefensible, given the porous borders between it and Cambodia.

In early April my USAID supervisors received a cable from the Joint Economic Office in Saigon asking them to tell me that my reassignment should be postponed, in view of the current situation, but that I could expect to join them in the near future "when the dust settles." Unfortunately, I knew they were kidding themselves, because the Pentagon contingency planning group had been following the military situation closely, and we could clearly see that the end was near. The North Vietnamese army conquered the South in late April 1975. The main irony of this war was this: The best military minds at the beginning of the war, when I was there with the USAF, did not fear losing to the conventional North Vietnamese army, due to the superior defensive ability of the South Vietnamese, but rather worried about our ability to defeat the unconventional Viet Cong guerilla insurgency. However, South Vietnam actually defeated the Viet Cong soundly, so they were no longer a serious threat after their disastrous Tet Offensive of 1968, but lost to the conventional North Vietnam army due to the drastic reduction in the material support the South Vietnamese army had to rely on.

Q: What was happening with your wife's family as the situation in Vietnam unravelled?

CALLISON: In the final few weeks before Saigon itself fell, hundreds of people who were considered most at risk of being persecuted if not killed outright by the Communist Party were evacuated, including Michelle's immediate relatives since she and her sister Phyllis had worked for and were married to Americans. A close friend of Keith and Phyllis who was still in Saigon, Shep Lowman, was able to provide travel documents authorizing their travel. Elder sister Chi Hai and her family were on the last planeload of refugees out of Tan Son Nhat Airport. Only their parents stayed behind at the last minute, as their father was reluctant to leave his possessions behind without legally turning them over to a relative. As it turned out, they had to share their house with strangers anyway as it was commandeered as a local communist office for the neighborhood.

The evacuees were flown to Guam, where they lived in a refugee camp composed of tents for a number of weeks until the U.S. officials became concerned that they would be very vulnerable in the fast-approaching typhoon season. I received a phone call after supper one evening in May 1975 asking me to report to Andrews Air Force Base by midnight, and flew all night with six other USAID officers and a senior State Department official in Secretary of State Kissinger's little 8-seat JetStar airplane, arriving at the Marine base Camp Pendleton in southern California just a couple of hours before the first planeload of refugees landed. Our job was to organize the paper processing of the Vietnamese into the U.S. as legal refugees and to set up a sponsorship system to care for them. The Marines took care of the camp logistics: tents, food, toilets, etc. I was able to personally sponsor Em Ha and Em Lien's family of five and sent them on to Virginia to stay with Michelle and two-year-old Cynthia.

The small initial civilian team I was on worked 18 hours a day to get things sorted out, sleeping a few hours each night in a nearby motel. One day, as I was walking down a path in the camp, I was surprised to find my younger sister-in-law Em Ha walking toward me. She took me to a tent where she and sister Em Lien's family were staying. They had landed the evening before and had been able to call Michelle back in Virginia, who told them I was also there. A few days later we learned that Chi Hai and her family had landed in another refugee camp at Fort Chaffee, Arkansas. I also found some of my former colleagues from the Vietnamese Air Force living in those tents at Camp Pendleton. After about 6 weeks enough USAID officers who had also been evacuated from Saigon showed up to take over our duties at Camp Pendleton, and the initial civilian team members were sent back to their regular jobs in Washington.

Back in Washington I was assigned to draft the economic portion of the Vietnam Terminal Report of USAID activities in Vietnam. This was a huge effort to document the entire history of USAID in that country until the military defeat. It was never published, due to the public distaste for the war, but a draft copy was later scanned and is available to the public in the USAID archive website. We also had to find accommodation and sponsorship support for the rest of Michelle's refugee family. Luckily the National City Christian Church (NCCC) in downtown Washington, where my father had been a deacon and I was still a member, agreed to sponsor Anh Chi Hai and their seven children from Fort Chaffee, and retired Army Colonel Post took it upon himself to see they were well taken care of, even after Michelle and I had to leave for the Philippines in March 1976. The church agreed to help take care of clothing and food requirements, so long as we could find housing accommodations. Keith and Phyllis Sherper (who were then based in Manila, Philippines), Michelle and I pooled our resources and bought an eight-bedroom Dutch colonial house near Clarendon Circle in Arlington, VA, which we called Camp Callison. We moved in altogether 18 people, 11 of them children (and six of whom, including our daughter, were little girls between the ages of two and four—they "ruled the roost"). Michelle worked around the clock for weeks hunting furniture and winter clothing (mostly donated by members of NCCC), lining up medical and dental work, getting the kids enrolled in school, everybody enrolled in English classes and helping the adults find jobs. By the time we had to leave in March 1976 they were all well plugged-in and able to continue on their own.

Q: What was happening on the work-front as our involvement with Vietnam ended?

CALLISON: After the draft Vietnam Terminal Report was finished, the Vietnam Desk was closed and its personnel reassigned. We economists were reassigned to a special economic unit reporting directly to Garnett Zimmerly, the Assistant Administrator for the Asia Bureau. I remember one analysis I did comparing the several countries of Southeast Asia. Indonesia and Bangladesh were considered basket cases, at the bottom of the pile in terms of per capita income and hopelessly burdened with high population growth rates. I was pleasantly surprised when I was assigned to these two countries later in my career that they had pulled themselves up off that floor, due mostly to sound economic policies and relatively effective family planning programs. The Philippines, on the other hand, which we thought would forge ahead due to its high level of education and favorable cultural position between Asia and the West, grew more slowly due to poorer economic policies and continued high fertility rates. When Garnett Zimmerly was reassigned to be the USAID Mission Director in the Philippines, he pulled me along to become the economic advisor to the Bicol River Basin Development Program (BRBDP) based in Naga City. Before leaving Washington I was able to finish drafting that last chapter of my doctoral thesis and get my Cornell graduate committee's final approval.

USAID/Philippines, Office of Regional Development, Economic Advisor, 1976 -- 1979

Q: Your first overseas assignment with USAID was an unusual one, not at the USAID mission in the capital city but out in the field. How did all that work?

CALLISON: Our arrival in the Philippines in March 1976 was greeted with killer typhoons, severe earthquakes to the south, spectacular eruptions from Taal Volcano near Manila, deadly Philippine king cobra snakes in our own backyard and the tragic loss of our USAID Mission Director Garnett Zimmerly in a light plane crash (returning to Manila from Naga City).

My new assignment was as the economic advisor in the Office of Regional Development, USAID/Philippines, stationed in Naga City, the heart of the Bicol River Basin, and I had an office in the Government of the Philippines (GOP) headquarters of the Bicol River Basin Development Program (BRBDP) as its USAID advisor.

The Bicol is a beautiful valley in southeastern Luzon separated by a string of low mountains from the sandy beaches of Ragay Gulf to the west and by higher, picturesque volcanoes, with their highland lakes and waterfalls, from the beaches and coral reefs of the Lagonoy Gulf to the east. Mt. Mayon Volcano, marking the upper end of the Basin near Legazpi City and visible from Naga on a clear day, was (and is) still active, with a sulfuric plume constantly pouring out of its peak. It rivals the famous Mt. Fuji of Japan for its conical symmetry and beauty, rising to a majestic 8,077 feet above spectacular black sand beaches at sea level. Despite the agricultural potential of its rich soils, the Bicol was the poorest region in the Philippines in terms of per capita income.

I had to work around the clock seven days a week helping to prepare the documentation for several new projects in the Bicol. USAID was helping the BRBDP fund institutional support, technical assistance, road construction, irrigation facilities, rural electrification, an integrated health, nutrition and population project, a large water storage and flood control project involving three upper-basin lakes, and several feasibility studies for other donor support. I served as USAID Project Officer for the $5.5 million Bicol Integrated Area Development (IAD)-II (Bula-Minalabac Irrigation and Land Consolidation) Project, which included a farm-to-market road and a typhoon-proof elementary school, as the USAID/RD action officer for planning a $3.5 million Bicol Integrated Health, Nutrition and Population Project, and as the technical advisor and monitor for a Bicol Multipurpose Survey as a baseline, so we and the BRBDP could monitor progress in the future. When the Bula-Minalabac irrigation pump and canals were finished we formally turned their ownership and management over to a local farmer association, the beneficiaries themselves, instead of to the national irrigation authority. When I was able to visit the site 25 years later it was still functioning and well maintained by that association, and the rice paddies were green during the dry season. This was in marked contrast to the much larger Libmanan project, which had been turned over to the national authority, which was failing because of poor management, and where the dues collected were insufficient to cover operation and maintenance costs.

My BRBDP counterparts and I were careful to design the Health, Nutrition and Population Project so that it could be replicated nationwide, instead of as a showcase activity that had to rely on donor financing. We knew that the Ministry of Health would not be able to scale up such a program nationwide if it could not be supported mostly by local funds. In addition to utilizing a very inexpensive water-sealed toilet design that could easily be constructed locally, we obtained approval for local resident, part-time, Barangay health aides with basic preventive health and first-aid training to be paid as local provincial-level employees instead of at the national ministry-level salary levels.

This made a huge difference, and I was pleased to learn many years later that our model had indeed been adopted pretty much as we designed it nationwide.

We were helping the BRBDP design several integrated agricultural development (IAD) projects for other donors, hopefully, to help finance. Our USAID Mission Director Garnett Zimmerly brought several diplomats from other donor countries down for a look-see on a small plane. We met them at the small Naga City Airport, took them around to several sites, and put them back on the plane. Unfortunately, on the way back to Manila the plane was blown off course by strong winds from the south, apparently unnoticed by the pilot, and it crashed into a mountainside north of Manila. Everyone was killed.

Part of my job was to provide or supervise basic economic analysis for project proposals. One of the first ones that hit my desk was for us to subsidize the purchase of tractors to facilitate the plowing of rice paddies, replacing hundreds of small farmers using water buffalos for the task. Someone had done a benefit/cost analysis showing how much more could be earned by each farmer owning such a tractor than before, thus justifying the expenditure. I killed the proposal, however, by pointing out that the analysis neglected to include the income lost by other farmers with water buffalos who did not own a tractor. By including them in the analysis the “social” benefit/cost analysis was not positive. It is better to let the farmers themselves determine when it would pay for them to invest in tractors, rather than subsidize premature mechanization that would put many folks out of work.

I also insisted that the benefit/cost analysis of a large IAD irrigation, farm-to-market roads, and flood control project break out each major component for individual treatment, instead of lumping the whole project together, which is what the GOP wanted to do. Lumped together, the whole project showed a very positive benefit/cost (B/C) ratio, mostly because of the irrigation component. However, the flood control component had proposed digging what I called a “big ditch” right through the low range of mountains on the south side of the Bicol River Basin, ostensibly to drain Bicol flood water to the ocean midstream. This would have been a huge undertaking, literally moving a mountain of rock and dirt, providing much income for those contracted to do the job and their supervisors, while the real economic benefits were hard to find, since the Bicolano farmers had learned to live with the seasonal floods for centuries, building their houses either on stilts or above the flooded elevations and simply replanting their crops if floodwaters destroyed them. So, we killed the big ditch idea, and the rest of the IAD proposal was approved with an even better B/C ratio.

Not long after we settled into a house in Naga City, I killed a snake in our backyard and, since I could not identify it, kept it in our refrigerator freezer (much to Michelle’s dismay) until I found someone who could tell me what it was. It turned out to be a poisonous king cobra. I learned that the Bicol used to be overrun by king cobras, which can grow quite large, until someone imported an alien toad species from Mindanao that had poison sacks along its backbone that would kill a snake that ate it. Now, the Bicol king cobra population has been much reduced, but the region is overrun by those poison toads, which have no natural enemy in their new habitat. Indeed, while I did kill another king cobra snake while we were there, we had many such toads in our yard all the time, and one of them killed our miniature poodle, who liked to chase them around and apparently bit one too hard.

We stayed in Naga City for three years, during which time we faced a gradually increasing shortage of electric power—getting down to only 3 or 4 hours a day our last year there, and that on an erratic schedule that could not be predetermined. The Tiwi Geothermal Plant near Legaspi, on the other side of Mt. Mayon, was under construction, and the local diesel power plant owners were reluctant to spend money maintaining their old equipment which would become obsolete once Tiwi power came online. (It was to provide more than enough power for all of Bicol and send a significant amount to Manila as well.) The problem was that the completion of the Tiwi facility was delayed due to a higher level of minerals in the hot water aquifer than expected, which fouled the pumping and generating mechanisms. USAID had provided us with a small gasoline powered generator, but it was strong enough only for lights and the refrigerator, not for washing and drying machines (nor, sadly, for the air conditioners).

Q: You were obviously very busy in Bicol. Were you able to finish up your doctoral dissertation? And, how was the family doing?

CALLISON: I was able to get my doctoral thesis typed in final form the first few months we were there, thanks to Vicky Palmiano, the younger sister of our USAID secretary, who slaved over every page for days on a borrowed electric typewriter, retyping every page that had even one small typo mistake, as Cornell University would not accept any page that showed evidence of a correction. By the time she finished the whole thing, Vicky had become an expert typist. A few years later, when I was the program economist in Manila and had a secretarial vacancy, Vicky easily beat out the competition for that job. I mailed the final copy to Cornell just barely before the seven-year deadline from first matriculation and was awarded the Ph.D. on September 1, 1976.

Michelle soon became pregnant with our second child, and Cynthia's younger sister Patricia was born on March 17, 1977, St. Patrick's Day, in Makati Medical Center, Manila. I turned a lot of heads in Hong Kong, during an R&R visit there that fall, carrying baby Patricia around in a backpack. The Chinese were used to seeing their mothers strapping babies on their back, but not male westerners.

There were three USAID Foreign Service Officers in Naga City at the time, Larry Marinelli, our team leader, Don Wadley and me. Coincidentally, all three of our wives became pregnant at the same time and we had to endure a lot of teasing about that, since we were promoting a new family planning program in Bicol. Larry was a Catholic, and he persuaded the local bishop not to oppose our family planning program so long as we included the church-approved abstinence as one of the methods to be taught. The bishop said the government had the right to provide all family planning services to the public, and it was the church's responsibility to teach people which method was approved by their religion. That bishop, by the way, served as the chairman of the Bicol River Basin

Development Program Advisory Committee. I was pleased that our Bicol bishop was so pragmatic in this very Catholic country.

There was no milk industry in Bicol, so most of the time our children had to drink milk reconstituted from dry milk cartons. However, there was an experimental station near Legaspi that was trying to breed milk cows that could thrive in the tropical conditions of the Philippines. Whenever we had business in the Legaspi area we would take an ice chest with us and load it up for the return trip with fresh milk in hospital IV bottles—a real treat for the kids.

The Bicol was known as "typhoon alley," frequently in the direct path of severe typhoons. Usually we just had to hunker down and wait until they passed. Planes would be cancelled, train tracks subjected to landslides, and even the highway often cut for a while. On one occasion, I was supposed to go to Manila for a meeting at USAID and Michelle was pregnant and due for a checkup when a typhoon passed directly overhead. Our plane was cancelled. We waited until the storm passed. I called Manila and was told it had also passed Manila and was headed west out to sea, all clear. So we packed ourselves with two little girls and a miniature poodle into our small VW Rabbit and headed out for a long day's drive through the mountains between us and Manila. The Bicol River was still at flood stage and we drove a mile through water over the hubcaps, but at least the sun was shining. But once into the mountains north of Libmanan and through Daet we encountered fierce wind and rain all the way to the halfway point in Gumaca, where the weather suddenly calmed and the sun came out.

I felt relieved that we had driven out of that violent storm. However, traffic was stopped dead. I got out of the car and walked to the front of the line, where I saw water flooding over a small bridge. It was impassable. One of the local residents said this happens now and then after a big rain. I asked how long before the water would recede and we could pass. He said maybe after a day or two. Well, I got the car turned around and headed back home, only to find that a fierce rainstorm was still hanging over the mountains—and once past Libmanan we had to drive back through Bicol River floodwaters, but with the sun still shining. The next day I saw in the local newspaper that the typhoon had indeed headed west from Manila, but had then looped back south and east and then north right through Gumaca. We had driven through that typhoon in the mountains into its very eye in our little VW Rabbit full of little girls and a dog and then had driven back through it again!

Mount Mayon is known to erupt historically about every 10 years and it did so while we were returning from home leave the summer of 1978. Its eruptions are normally gentle, oozing lava down first one side and then another side rather than blowing it high into the air, which is what has created the mountain's perfect conical shape. (Except in 1814 when a much larger eruption destroyed the nearby town of Cagsawa and its Franciscan Church, killing hundreds of people taking shelter inside the church and 2,000 people altogether. The Cagsawa Ruins are now a major tourist attraction in Albay Province.) Our new USAID Mission Director, Peter Cody and his wife, came down for a visit soon after we returned to Naga City and we took a group down to the base of the volcano to see it for ourselves. We hiked up to the base of the lava flow, took some photos, but beat a hasty retreat when the 30-40-foot high walls of the fresh lava cascaded down first on one side of us and then on the other. Michelle still has scars on her feet from that hike, as she was wearing formal shoes instead of hiking shoes, not expecting to need the latter.

Sometime after that home leave Michelle became pregnant once again, and during that pregnancy I was sent to Micronesia Trust Territory Headquarters in Saipan to compile a common economic and social data base for the diplomatic negotiations on future political status, as the trusteeship was scheduled to end. This entailed two 3-week trips, as the Micronesian leaders didn't trust the State Department economist (me) alone to compile a neutral set of statistics. They wanted their own economist to be involved. So, after the first trip I went back home to wait until they contracted another American, whom I think they had known during his days in the Peace Corps (if I remember correctly), to work with me. We got along fine on my second trip and soon had a large set of economic data for both sides to work from in their negotiations. The negotiations dragged on for several years and the trust territory components eventually voted to choose their new status. Saipan and the other Northern Marianas islands voted to become a U.S. Commonwealth like Guam. Palau and the Marshall Islands voted for independence while Yap, Chuuk, Pohnpei and Kosrae voted to become the Federated States of Micronesia, all with a Free Association Agreement with the U.S., which continues to provide postal and weather service, as well as financial aid.

Our third daughter Clarissa was born on April 25, 1979, also at Makati Medical Center. USAID put us up in temporary housing in Makati, Manila, for each of these births, a month before and a month after. This time, however, we no sooner returned to Naga City than we had to pack up and move permanently to Makati in the summer of 1979, as I was reassigned to be the USAID program economist in Manila, in the Mission Director's office. I was given a corner office on the 17th floor of the Ramon Magsaysay Building on Roxas Blvd., with a beautiful view of Manila Bay—this was the nicest office space I ever had.

Q: Please talk about what you were doing as the USAID mission economist. Did you have responsibilities beyond economic analysis?

USAID/Philippines, Program Economist, 1979 -- 1982

CALLISON: In Manila, I was named the USAID Mission's first Women in Development (WID) Officer, which meant that, in addition to normal economic analysis, I was to look at the effects of any project proposal on the role and status of women and suggest ways to improve them. I was also designated the project officer for an on-going Economic and Social Indicator Analysis/Women in Development Project (ESIA/WID), one of the first (if not the first) USAID projects abroad designed to identify practical and cost-effective ways to measure social and economic progress in the several areas of development targeted by host-country government and foreign donor activities. It also supported path-breaking analysis by some Filipina researchers into the current and evolving role of women in the Philippines.

I supervised a team of two Philippine economists and one social analyst, in addition to our secretary. In addition to the economic and social analysis required for new project proposals, we were tasked with looking at significant economic problems facing the country, many of which were created by unwise government policies themselves. The export tax on coconut products, for example, in the context of a competitive international market, simply reduced the domestic price for coconuts at farm level, and so it was effectively a tax on one of the poorest segments of Philippine society, the coconut farmers.

Q: Were there some particularly interesting policy issues or controversies you would like to highlight?

CALLISON: On another issue, the sugar barons of the Visayas were petitioning USAID and the Asia Development Bank (ADB), headquartered in Manila, to subsidize the mechanization of their large sugar plantations, so they could reduce their migrant labor force and labor union unrest. Like I did in the Bicol with the tractor request, I pointed out that those workers had no other source of employment, and that until they could find other jobs it would only exacerbate social problems to send them home to Panay unemployed. Mechanization should wait until market forces made it sensible, when labor shortages increased the wage rate sufficiently that the sugar barons could justify financing the machines on their own, rather than have them subsidized prematurely by foreign donors. After killing the proposal in USAID, I sent a copy of my analysis over to colleagues in the ADB, which also refused to consider it.

The fixed peso exchange rate, where domestic price inflation was persistently higher than that of its trading partners, had resulted in a real (discounted for inflation) overvaluation of the peso of from forty to fifty percent. Against competitive world markets, this meant that Philippine export producers were receiving far fewer pesos for their products than in a free-market situation and importers were likewise paying far fewer pesos for imported products than otherwise, increasing the demand for imports over domestic products. So domestic producers of both export and import-competing products were disadvantaged. This easily explained the persistent shortage of foreign exchange that required strict controls and had given rise to a rampant black market for dollars.

My exchange rate analysis, which I shared broadly with my Filipino economist counterparts (as I did all my analyses), caused great consternation among cabinet level officials, who complained to the U.S. Embassy economic counselor. The counselor wanted me to label one of my reports to USAID/Washington (which had requested our analysis of key Philippine economic problems and issues), where this analysis was included, as “limited official use” (LOU), which would prevent me from sharing it with my counterparts. When I refused, he set up a meeting with the ambassador to discuss the issue. Our newly arrived deputy mission director, Mary Kilgore, accompanied me to this meeting, where the ambassador asked first the economic counselor and then me to state our cases. I explained that all I did was to present data obtained from public sources provided by my Philippine counterparts, with whom I had cooperated in performing the analysis, and that therefore there could be no legitimate reason to restrict its access to the U.S. Government only. The counselor countered that one page discussed evidence of high-level corruption (politely called "rent-seeking activities") in the government, and that this alone should be considered sensitive enough to require the whole document to be LOU. The ambassador agreed with this and we left the meeting. Returning to my office, I sent the whole report to Washington by cable marked LOU, and after extracting the offending page about corruption, made 50 copies of the rest of it for circulation to my counterparts. Of course, the economic counselor was livid and indeed, he was berated for the exchange rate analysis by his own cabinet-level counterparts on their way to a World Bank Consultative Group meeting on the Philippines in Washington a couple of weeks later. A year or two later, when I was already in Nairobi, Kenya, I received a note from Mary Kilgore about the official devaluation of the Philippine peso. She said, "It looks like you were right about this."

Another issue arose when the Philippine president's wife, Imelda Marcos, herself a cabinet-level Minister of Human Settlements, supported a proposal for major investments in eleven industrial projects. These would have been mostly capital-intensive projects in a country that could not yet provide productive, remunerative jobs for large portions of its workforce. Citing their own statistics, I noted that five of these proposed industries would require $500,000 per job created in a labor-surplus economy where the manufacturing sector was already considered overly capital-intensive, with investments averaging $20,000 per job created. Needless to say, no USAID funds were provided for these proposals, which would have been a colossal waste of scarce capital when the primary goal should have been to create more productive jobs for an underemployed and rapidly growing labor force.

Q: Were you able to travel freely throughout the Philippines during this period?

CALLISON: One of the more interesting assignments was to compile provincial economic profiles of the three poorest regions of the country which the USAID Mission had decided to emphasize in its future programing, the Bicol, Eastern Visayas and Western Visayas. I agreed to do this on one condition: that my staff and I could travel to each province in these regions to collect data and hold discussions with the provincial development officer. Not only would this give us firsthand experience traveling in each province and talking with the most knowledgeable individual about it, but much of the economic and social data available in Manila was aggregated by region and not available by province. So, we had to travel to the source in order to obtain it. Not only did this assignment provide a wealth of data and analysis on each province, but also some indelible memories, like bouncing on rough roads down to Southern Leyte Province which was so painful to my backbone I had to hold myself up off the seat as we went along. We witnessed a very successful road maintenance program in Antique Province of Panay Island, where the local government paid farmers living along the highway a monthly stipend if they took care of the roadway that passed by their property. Small piles of gravel were placed at regular intervals and the farmers would fill in any potholes that appeared in their area of responsibility. That provided a much smoother ride than in Leyte.

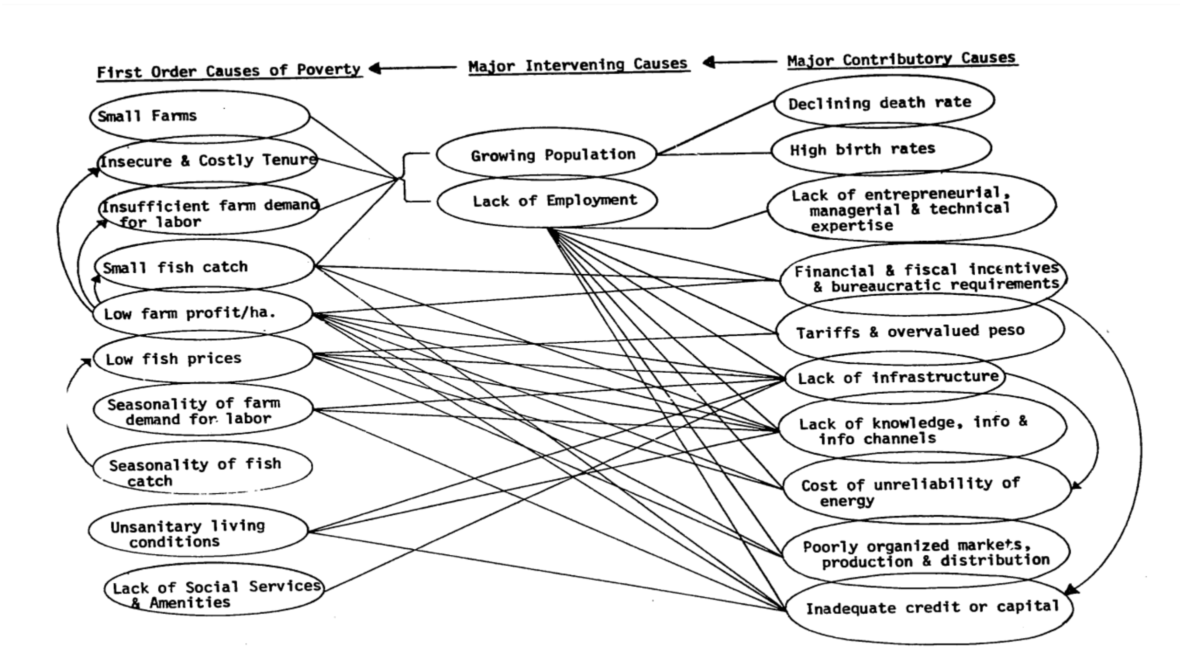
Communication was difficult in the smaller island provinces. In order to call home from Catanduanes, for example, the telephone system operated through single-side-band radios. The operator had to listen in on the conversation and flip the switch whenever she heard the word, “over” so the other party could talk.

Disco music was penetrating deep into the Philippines, and in several of the provincial capitals we were treated to an evening at a newly established disco bar at the personal invitation of the provincial governor. On one occasion, I was forewarned that the governor did not like to dance, but his wife did, so I would be expected to dance with her, which I did, while the governor cheerfully watched and drank his beer. Wherever we went, we were warmly welcomed by the local folks when they learned I was an American, especially the older men who would relate their memories of fighting alongside American troops against the Japanese occupiers during World War II.

As we were finishing up our visits to the Bicol provinces, we sent our van back to Manila as we took the passenger ferry from Sorsogon to Masbate, where we spent the nights in a local hospital (which doubled as the only hotel), planning to fly back to Manila from there. However, we were overtaken by a typhoon, which rained enough to close the dirt airport runway, cancelling the scheduled airline flight even after the typhoon had passed. So, my colleague, Art Villanueva, and I decided to take the ferry back to Sorsogon and hop a bus from there to Manila—itself a full day’s ride. The ferry was loading inside a protected harbor, where it filled up with passengers sitting in a lower deck around the smelly motor and who were eating all manner of fruits and foodstuffs. Once out of that harbor and into the sea, the waves were still exceedingly rough in the aftermath of the typhoon. All the passengers got sick and lost their lunches except for me. I sat on the top deck beside the anchor in the bow of the boat, riding the waves like a bucking bronco and getting drenched by the splashing sea—but I did not get seasick.

On one flight from Manila back to Bicol for a conference in Legaspi, my secretary Vicki, who was sitting in the window seat next to me on her first ever airplane flight, leaned over to me shortly after takeoff and said, “Mr. Callison, the airplane engine has just stopped, do you think we should tell the pilot?” I looked out her window and, yes indeed, the propeller was not turning. I told Vicki not to worry, because I was sure the pilot knew about it already, and right then the plane started to bank into a U-turn and returned to the airport on the remaining engine.

The provincial profiles we drafted after these trips included, for the Bicol Region, a refined version of a report I had done earlier on the “Causes of Poverty in Bicol,” which had become a best-seller among the Bicol provincial governors’ offices. It included what became known as “Callison’s spaghetti diagram.” As a summary statement, it said that most of the contributory causes of poverty in the Bicol can be summarized in eight major categories: 1) rapid population growth, 2) lack of non-farm employment opportunities, 3) lack of infrastructure, 4) inadequate capital or credit, 5) lack of knowledge, information and production and information channels, 6) poorly organized market, distribution processes, 7) national government policies, and 8) lack of entrepreneurial, managerial and technical expertise. As we saw above, the effects of these factors on the initial causes of household poverty discussed in Part I are more often indirect than direct; but the effects are nonetheless multiple and, taken together, of a significant magnitude.



Q: How were things with your wife's family? Did her parents eventually leave Vietnam as well?

CALLISON: Michelle continued to correspond with her parents, using her maiden name and our Philippine mailing address. She was able to link up with a family reunification program that eventually, in September 1980, flew her parents first to Bangkok and then on to us in Manila. She would spend a lot of time in the doctor's office and the hospital, as her father suffered from emphysema and her mother from diabetes, cataracts and later a mild stroke. Michelle herself had an attack of gallstones and had to have her gallbladder removed. We were glad the Philippines had high quality medical services.

Michelle also worked intermittently for the U.S. Immigration and Naturalization Service (INS) as an official interpreter during INS interviews with Vietnamese "boat people" refugees arriving in the Philippines, both in Palawan and in Bataan. Meanwhile, as extra-curricular activities, I was elected to the International School Board of Directors and also edited my doctoral thesis for publication, drafting an updated "Post Script" for it, at the request of the Center for South and Southeast Asia Studies of the University of California at Berkeley. It was published in 1983 as:

Callison, Charles Stuart, *Land-to-the-Tiller in the Mekong Delta, Economic, Social and Political Effects of Land Reform in Four Villages of South Vietnam*, (revised Ph.D. thesis), published by the Center for S & SE Asia Studies, University of California, Berkeley, and University Press of America, Lanham, MD, 1983

We left Manila in June 1982 on home leave/reassignment orders to Nairobi, Kenya, and took Michelle's parents with us to the U.S., where we left them to live with their eldest daughter, Chi Hai, and her family in Falls Church, VA.

Q: Could you tell us a bit about the purpose of the USAID Regional Development Office for East and Southern Africa? What were your responsibilities? What were some of the contributions you made of which you are most proud?

REDSO/ESA/Nairobi, Program Economist, 1982 -- 1987

CALLISON: I was assigned to the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), which was distinct from the USAID Mission to Kenya, even though housed in the same building. We provided technical services to USAID missions in 18 countries which were too small to support all the different specialties they needed to design and implement appropriate projects. This meant REDSO officers had to travel most of the time. The Kenya mission was large enough to have most of the specialists it needed, so we were seldom asked to help it out. The few days we got to be in Nairobi were spent preparing travel vouchers for the last trip and getting ready for the next one, although our director was generous in allowing for some "compensatory" time off to spend with our families, since we normally worked straight through the weekends when we were on the road. Michelle didn't appreciate being left alone so much, though, and would complain that the bad things usually seemed to happen while I was away—like when she sprained an ankle so badly she could hardly walk for several days.

During the five years we were in Nairobi (1982-1987) I was actually sent to 12 of those 18 countries. Another "regional" economist was assigned to the Lesotho mission, who handled the analytical needs of our southernmost countries. The first two years I functioned as an analytical economist, conducting macroeconomic analyses, sector assessments and project analyses needed by USAID Missions, particularly for Zambia, Somalia, Madagascar, and Zimbabwe. Several of them were for Country Development Strategy Statements (CDSS's), highlighting the need for policy reforms. My analysis, done jointly with our REDSO agricultural economist, Dirk Dijkerman, into Zambian economic problems persuaded the mission director, Pat Patterson, to propose actually reducing USAID assistance to that country to a bare minimum to maintain some presence there unless it adopted the economic policy reform program proposed by the World Bank and the IMF, which we supported.

Zambian authorities maintained a fixed exchange rate for the kwacha while domestic inflation was nearly 50% a year, due to a fiscal deficit of about the same percentage. Naturally, this meant the kwacha was rapidly appreciating, exports at world market prices could not cover domestic kwacha costs of production and imports were becoming much cheaper in kwacha terms than domestic products. So Zambian ability to earn foreign exchange from exports was disappearing, while domestic demand for imports was rapidly accelerating. Foreign exchange had to be severely rationed to only the most dire needs. The local movie theaters could not obtain dollars to pay the royalties on films, so they could not show any of the newer movies. The brewers had to cancel a contract with Heineken that had helped them maintain quality beer production and were currently producing the worst beer I ever tasted in the world. The only place we enjoyed the local beer was in an Indian restaurant where the food was so spicy hot you would drink anything to put out the fire.

To continue high levels of support under the current policy regime would just be a waste of money, as the Zambian economy was in a downward tailspin. Pat had me accompany him to Washington to defend this proposal, which shocked our colleagues in the Africa Bureau, who had never before witnessed a mission director proposing to reduce his own assistance program. They ordered the analysis to be redone by two of their own economists, with Dirk and me from REDSO along as research assistants only. After a couple of weeks on the ground, our Washington colleagues, Ravi Aulakh and Colette Claud-Cowey, came to the same conclusion, reinforced by additional analysis, and the mission's strategy had to be accepted. This episode demonstrated the urgent need for economic policy reforms among many Sub-Saharan African countries and led the Bureau to launch the Africa Economic Policy Reform Program (AEPRP), which promised eligible countries a large amount of assistance to support transitional problems associated with significant policy reforms, if they agreed to undertake them. The following year I led a team back to Zambia to design the first AEPRP proposal for that country, for $25 million.

I also led a team to Antananarivo, Madagascar, that conducted the first USAID economic analysis on that country in 10 years, since USAID had been kicked out of that country along with the French when its leadership decided on a socialist approach to governance. That approach was clearly not working, as the country's economy was declining along with its main exports. Foreign exchange was rationed. We visited large consolidated agricultural plantations that were mostly fallow as their machinery was rusting on the sidelines for lack of maintenance and spare parts. Our analysis again emphasized the need for policy reforms to open the economy to free market forces and direct investments into more productive activities, and this later became the focus of the first USAID project there. The American ambassador suggested we finance a large rice demonstration farm, but we persuaded him that the local farmers knew how to grow rice, all they needed were appropriate market incentives to improve production with fertilizer and new seed varieties.

As is well known, Madagascar is a unique place, with its native flora and fauna having evolved along separate lines for eighty-eight million years, ninety percent of which are found nowhere else in the world. The first humans arrived about 2,500 years ago from Borneo, seafaring Austronesians. Our team made a trip to part of the shrinking native forestland looking for the lemur primates. We could hear them chattering in the trees, but were not able to see them. The country has been mostly denuded of its native forests.

One humorous incident at the Antananarivo Airport sticks in my mind. Tony Pryor, our energy advisor, finished his work quickly, after a warm reception from his counterparts in the Ministry of Energy, and wanted to return to Nairobi early to prepare for his next trip.

But at the airport, after his luggage was loaded and the weekly Kenya Airline plane was waiting to take off, the Malagasy immigration official refused to let him board "because your two-week visa has not yet expired." Tony asked to speak with her supervisor, but he had gone out for lunch. The plane's crew conducted a passenger count and found one person missing. The pilot came back into the terminal to see what was the matter. But the young lady immigration officer would not budge. Finally, her supervisor returned and Tony was released to board the plane and go home.

During my last three years in Nairobi I supervised a regional technical staff of eleven professionals as chief of the REDSO/ESA Analysis and Planning Division, after the previous chief was reassigned. However, I continued to travel with our teams and conduct macroeconomic analyses, sector assessments and project analyses for USAID Missions, particularly for Country Development Strategy Statements (CDSSs) (Zimbabwe, Rwanda, Zambia), for the new AEPRP Programs (Zambia, Mauritius, Tanzania), and for Commodity Import Programs (Mauritius, Seychelles). My CDSS analysis for Zimbabwe resulted in what was touted by the mission director as the first "employment oriented" assistance strategy in Africa. Among my memories of Zimbabwe are those of Harare streets lined with beautiful jacaranda trees.

I conducted a detailed trade-weighted exchange rate analysis on Rwanda revealing a previously unrecognized high degree of currency appreciation in real terms, which resulted in tea plantations' inability to earn enough local currency from exports to properly maintain and replant their crops. A Swiss economic advisor to the President of Rwanda was quoted as saying, "Rwanda has no comparative advantage in anything," which of course was a ridiculous denial of one of the most basic economic principles. They had tied the Rwandan franc to the U.S. dollar during a multi-year period when the U.S. dollar itself was appreciating against Rwanda's main trading partners, without realizing that meant the franc was also appreciating against those countries' currencies even though its dollar value remained the same. The Rwandan political leaders were complacent about the overvalued currency. I tried to explain that balance of payments and fiscal equilibrium can always be obtained by limiting income growth and accepting a low level of economic performance, but that any economy not providing productive jobs for its labor force is a failure (currently nearly 100,000 new workers were seeking jobs each year, while only a few thousand new jobs were being created). An overvalued exchange rate (among other things), by discouraging exports and artificially raising domestic labor costs, compared to the rest of the world as seen through the exchange rate, reduces employment generation.

One trip to Mogadishu with a large (five or six person) team of REDSO officers took place just before an Easter vacation period when our school children would be out of school for a week or two. As we were finishing our work with USAID/Somalia and preparing to leave, we received word that our Somali Airline flight back to Nairobi had been canceled for lack of jet fuel. The airline had been unable to obtain enough foreign exchange to pay its bills for jet fuel. A tanker was waiting offshore but was ordered not to deliver the fuel until the bills had been paid. That airline only operated two flights a week to and from Nairobi, and Kenya Airways operated another two flights a week, but the

Kenya flights were fully booked and no one knew when Somali Airline would fly again.

Our team members all had vacation and travel plans with their families and were anxious to get home. Dirk Dijkerman and I studied the flight schedules for another way home. (We had become accustomed to such requirements in our travels around Sub-Saharan Africa where flights were often canceled or delayed for one reason or another—but even so, this one was a challenge.) We found a Saudi Airline plane scheduled to take off later that day for Riyadh that allowed a very tight connection to another flight from there to Nairobi.

We placed a call back to our office in Nairobi and got special permission to travel outside our normal REDSO-approved air travel in Sub-Saharan Africa. But we needed a lot of cash for the plane tickets (Somalia imposed a 200% tax on airfares purchased there and would only accept cash) and we found that Saudi visas were required even for a very short transit stay in the airport. No one had easy access to funds but me (I had enough in our bank account to cover the tickets for all of us). So, my job was to go to the U.S. Embassy cashier for the cash while Dirk took all of our diplomatic passports to the Saudi Embassy for the visas. He said he got there just after they had closed their doors for the day and had to sweet talk his way in (he was very good at that).

As for me, the Embassy could only give me the equivalent of US two-dollar bills in local currency, so I wound up with a briefcase literally full of Somali cash to carry across town to the airplane ticket office. No one was willing to go with me. So, I nonchalantly walked across hoping no one would suspect what I was carrying in that briefcase. I made it safely, but then had to stand at the ticket window for a long time while the teller carefully counted out the contents of that briefcase.

But we were able to get both the tickets and the visas just in time to get everyone on that Saudi Airline plane before takeoff. The airline crew put us in the first class seats (since the economy seats were full) and treated us like royalty. They even radioed ahead to warn the Nairobi flight we were coming and ask that it wait for us. After landing they provided a special bus to take us and our luggage from the plane to the terminal, where we were still required to go through immigration and Customs procedures before boarding another bus to the waiting flight to Nairobi. We watched with amusement as the Customs officials found a couple bottles of Scotch whisky in one of the bags and publicly poured the contents into a nearby toilet. It was (and still is, I believe) illegal to possess alcoholic beverages in Saudi Arabia, even for diplomatic personnel transiting the country for 30 minutes. End of story, we all made it home in time for our Easter vacations.

In beautiful Mauritius we designed an AEPRP to support a significant policy reform, which the minister of finance liked so much he announced the reform before we were able to submit the project proposal to USAID/Washington. So then USAID/Washington rejected the proposal as based on a policy reform already undertaken. It seems that they had requested money from Congress for the program as paying these countries for new reforms not yet undertaken, oblivious of local political considerations that would allow opposition politicians to criticize those in power for “selling out” to a foreign donor. It was always better for the elected officials to get out in front of such reforms as good for their country, with foreign support for any temporary problems that might arise, but not undertaken solely at the behest of the foreign government. This is something our own politicians ought to understand; however, we had to redesign the program to support less important reforms not yet announced.

Our Commodity Import Program for either Seychelles or Mauritius (I forget which) was in the end rejected by the receiving country, as they could import rice cheaper from India than through the subsidized USAID program due to the requirement that our rice had to be shipped on "U.S. bottoms," meaning more expensive U.S. ships. This really upset USAID/Washington, under the gun from U.S. Senator Russell Long from rice-producing Louisiana to move the rice. The REDSO/ESA staff, however, privately cheered the local leader who made that decision.

I prepared an analysis on Tanzania, Kenya, and Uganda focused on trade restrictions and illegal trade activities among them, and the pros and cons of regional economic integration. This showed how their trade restrictions had hurt the economies of all three countries. I remember making a short trip to Kampala, Uganda, where the city streets were in such bad shape it gave rise to the standing joke, "You can always tell a drunk driver because he is the only one driving in a straight line." I stayed with a USAID officer who lived next door to a Russian residential compound, and we were awakened one night to the sound of gunshots over there. My host passed it off saying the night guards were most likely just scaring off an attempted robbery.

In addition to the country-level reports, I completed three more general reports while in Nairobi:

"REDSO/ESA Reviews Development in Africa," author, REDSO/ESA. Nairobi, January 1985

"Economic Stabilization, Structural Adjustment, and Long-term Implications for AID Programs," author, presented to AID Economists Conference, Annapolis, MD, November 1984

"Africa Economic Policy Initiative: An Approach to Implementation," author, presented to AID Economists Conference, Annapolis, MD, November 1984

Q: What was it like living in Nairobi? Were there serious security issues during the time you and your family were there?

CALLISON: Our house was on a hill in a housing area carved out of a coffee plantation. It had a large back yard and a vegetable garden at the bottom of the lot. It had an open Spanish porch where we kept our miniature poodle's doghouse. One night about midnight during a heavy rain, we were awakened by Pepsi barking her head off. I looked out of the window, but couldn't see anything unusual in the darkness, and went back to bed. A little while later the next-door neighbor's alarm went off. The security guards came fairly quickly and found someone had broken into that house and stolen a few things before running off. The next morning I could see tracks from a couple of intruders who had cut through our fence around the muddy garden, and had come up to our Spanish porch where Pepsi scared them off (small dog, but a large bark, especially in the dark). They had retreated back through our garden and burglarized the neighbor's house instead.

House burglaries were common enough that our houses had been modified with iron gratings to protect the "safe" area around the upstairs bedrooms and with a very strong door into the master bedroom where we were to gather the children if ever invaded while calling for help with our two-way radio from the Embassy. The family of one of our daughters' grade school friends had been invaded and the whole family held hostage and terrorized while the house was looted. They even took a small necklace from around the child's neck. Another friend's house guard was badly injured and hospitalized when he successfully stopped an attempted intrusion. The night guard's instructions were not to get into a physical confrontation, but just to push an alarm button that would call a truck of backup guards who were then expected to arrive within five minutes or so to deal with the intruders. Knowing this, the burglars typically struck hard and sometimes brutally, grabbing what they could quickly and running off before that backup truck could arrive. Like many of my colleagues, I imported a Smith & Wesson .357 magnum revolver to keep by my bedside just in case we were ever invaded by one of those gangs. Fortunately, I never had to use it for that purpose.

Aside from house burglaries, the main security problem in Kenya was deadly traffic accidents. Public matatu drivers seemed oblivious of the most basic laws of physics about how speed affects momentum around curves. It seemed like almost every week another matatu full of passengers would careen off a narrow road into a ravine below. In each of the five years we were there, someone we knew was either killed or nearly killed in a traffic accident—one of our daughters' grade school classmates on her way to school in her mother's car, two teachers returning from a weekend in Mombasa, an Embassy official sitting at a stop sign when an oncoming car tried to turn into his street too fast, and my USAID economist colleague Joe Stepanik and his wife who were hit head on by an oncoming car one evening while on their way to pick up their child at the international school. Joe survived, but he lost so much blood an emergency call went out for blood donors with his type of blood. I was the first in line for that, and Joe later thanked me for "clean living" and not transmitting an undesirable virus to him with my blood donation.

Despite these problems, we enjoyed our stay in Kenya. Most Kenyans were and are very friendly and will go out of their way to help anyone in need. Once, when an old truck was having trouble going up a steep hill and started rolling backwards, forcing a line of cars behind it to maneuver out of its way, I backed our camper, full of family, off the edge of the roadway and into a ditch. The left rear wheel went down and the right front wheel went up into the air. When the disabled truck was finally stabilized and was able to move on, we were unable to get back on the road. Fortunately for us, a matatu behind us had several young men as passengers who, when they saw our situation, jumped out of their vehicle and came to our rescue. They all got together and simply lifted the heavy VW camper, still full of people, back up onto the roadway so we could continue on our way, laughing and smiling all the time. This is the picture on Kenyans I still carry with me, despite the rogue elements, which every country has, and its dangerous traffic problems.

While I was traveling around east and southern Africa Michelle was busy keeping our three daughters in the International School of Kenya, taking them to ballet practice and also holding down her own jobs with USAID/Kenya and USAID/Somalia. She was first hired by USAID/Kenya to conduct an annual inventory, which took three months of intensive work, and then by USAID/Somalia to serve as its Mogadishu Liaison Officer in Nairobi. In the latter position she handled a myriad of Nairobi tasks—procurement, communications, shipping, follow-up errands of all kinds (usually on an emergency basis after something had fouled up), travel arrangements and ticket procurement in and out of Mogadishu (since Somalia's tax regime made it very expensive to purchase airline tickets there), and requirements for medical attention in Nairobi.

All three girls took ballet lessons with Margaret Haddad and participated in a succession of annual stage performances at the Kenya National Theater that Margaret put on each year just with her ballet students, and they were also among a select group that performed with the British Nairobi City Players, an amateur theatrical group that put on the traditional pantomime, a musical comedy farce, each year. In May 1986 Margaret's group performed a ballet rendition of "The Snow Queen," in which Cynthia was Gerda, a part that was in almost every scene. She won kudos in the Nairobi press from drama critic Nigel Slade: "… It was a beautiful story that was charmingly applied to the very varied ages and abilities of the dancers. In the case of the very best, those moments became ones of wonder. Here I think of graceful 12 year-old Cynthia Callison, whose tiniest step told a full story. I have not seen any young ballet dancer so breathtakingly promising for many years, and I have seen many good ones, some indeed in 'The Snow Queen' itself." Margaret was delighted with this review from a critic she said had not previously been very pleased with her performances. Margaret presented the net proceeds from these performances to Kenya President Daniel arap Moi for use by a charity.

Shortly after arrival we bought a Volkswagen camper that had been modified to sleep 6 adults and one child from a departing U.S. Embassy official. It had a small gas stove and running water, a dining table that folded down into a double bed, a pop-up top and a pop-out back with two cots each, and a small hammock that could be slung across the front seats for a child to sleep in. Michelle, who has never been fond of camping outdoors, felt much safer inside a metal camper out among the wild animals of Kenya's big game parks, especially when waking up in the morning among a herd of Cape buffalo or elephants. It was better than sleeping on the ground in tents. For example, on one trip with Uncle Keith and Aunt Phyllis Sherper, they had to sleep in a tent next to our camper since the camper was full. When we broke camp the next morning we found a tarantula underneath the floor of their tent.

Our children remember one of the more memorable mornings when we woke up to a lot of racket coming from a neighbor's campsite across the parking lot from ours. A large group of baboons were ransacking the tents and their contents after the campers had already left for an early morning run to look for the large animals. I immediately jumped out of our camper in my undershorts to chase the baboons away, waving my arms and shouting loudly. The baboons ran off and we saved the campsite from worse damage, but I have suffered from hilarious comparisons ever since.

We visited and/or camped in several of the main game parks of Kenya: Amboseli, Lake Nakuru, Masai Mara and the Serengeti, Nairobi, Tsavo East and Tsavo West, Mt. Kenya, and, across the border in Tanzania the Ngorongoro Crater. All of them are photographer's delights.

Q: You had now been overseas for a couple of tours; I assume that AID/Washington was the next logical assignment. Right?

AID/Washington, Policy Bureau/Office for Policy Development and Program Review, Deputy Office Director, 1987 – 1990

CALLISON: At least my work in REDSO/ESA was appreciated. I was promoted to counselor (FE-OC) in the USAID Senior Foreign Service in early 1987, the first year I was eligible, and was reassigned in mid-1987 to become the Deputy Associate Assistant Administrator (DAAA) (a fancy title that means "deputy director") of the Office for Policy Development and Program Review, Bureau for Policy and Program Coordination (PPC/PDPR) in USAID/Washington. We had to cancel vacation plans and spent the summer selling out, packing up, and moving--lock, stock and barrel--to our newly built house on the southern edge of Gaithersburg, Maryland, in an area later designated North Potomac by the U.S. Census Bureau, with cattle and horse farms all around but no stores and no public transportation. We had to drive the children wherever they needed to go, and I had to commute 45 or 50 minutes each way to and from work. I was lucky in that regard, because Marty Dagata, the DAA/PPC who recruited me for the job, was authorized a parking space in the basement of the Main State building that he allowed me to use, since he took a bus to work.

USAID pulled in all of its economists from around the world for a conference in Williamsburg, VA, in November, 1987, at which I presented a paper on "Local Currency/Foreign Exchange Purchasing Power Parity Analysis, or How to Calculate a Real, Trade-Weighted Foreign Exchange Rate Index." This is what I had been doing in every country I worked in before this, trying to educate our counterparts about the economic costs of fixed exchange rates.

In December I was sent to a two-week Senior Management Course. One thing stressed in this course was the importance of developing a sense of purpose, or "vision," within one's organization, something which can inspire and give some direction to individual efforts. After some discussion, my class came up with the following "vision statement" for USAID, which we thought was shared by most of the people in the Agency:
Hands Across the Sea to Build a Better World: A World without Hunger, Poverty, Ignorance, or Preventable Disease; A World in which People Have Productive Jobs, Choose Their Own Leaders, and Share a Global Prosperity.

Professional life in the USAID policy shop was busy and very different from life in the "field." The Agency Administrator, Ambassador Alan Woods, died in June 1989 from cancer of the colon, after a long illness that commenced shortly after he was confirmed as the new Administrator in the fall of 1987. Before he died he commissioned a review of USAID by an outside contract team that resulted in a critical report, *Development and the National Interest*, garnering headlines around the country that the new Administrator had dissed his own Agency. I took issue with some of his more critical conclusions and wrote an article for publication in the January 1990 issue of the *Foreign Service Journal* (FSJ) on "Development and the National Interest." This led to my recruitment for a new assignment as deputy executive director of the Board for International Food and Agricultural Development (BIFAD) beginning in April 1990 and to my being invited to join the editorial board of the FSJ (as its only member from USAID) in May 1990.

Q: Was it difficult to adapt to working in Washington? What kind of challenges did you face?

CALLISON: I found several aspects of USAID/Washington to be frustrating, especially since the Ronald Reagan administration started appointing Agency leaders with very conservative views who thought development assistance to help poor countries was a waste of resources unless it could be redirected to help U.S. business. Once, as I was attending an interdepartmental meeting to review a new draft development assistance strategy for the Asia and Near East Bureau, chaired by the bureau Assistant Administrator, Julia Chang Bloch, I raised an objection that the draft strategy neglected to mention the importance of employment generation in an area of the world suffering from “surplus labor,” high unemployment and underemployment. AA Bloch slammed her hand on the table and said, “There is no room at this table for a bleeding-heart liberal!” And I had always thought of myself as a pretty hard-nosed economist!

Another episode was when my own PPC Assistant Administrator, Reginald J. Brown prepared his own statement for testimony at a Congressional committee hearing and circulated it for comment by my office after it had already been delivered. My staff tore it apart with critical comments about its inaccuracies. After I sent a memo to him detailing our criticisms, he called me into his office and berated me for documenting our comments. I told him that several things he said violated existing Agency policies that had been approved through an inter-bureau process. While having me stand at attention in front of his desk (he was a graduate of West Point and had risen to the rank of major in the U.S. Army) he said he was in charge here and, in effect, what he said goes and we had no right to criticize it. I answered that I understood his ultimate authority, but that when he asks us for advice it is our job as professionals to tell him what we think honestly, and that if we don’t do that we are not doing our job. He became very angry about that and asked me about my pending reassignment to BIFAD, which was one month away. He said we had better end that conversation or he would make that reassignment “sooner,” as if that would be a punishment for being “insubordinate.”

As deputy director of PDPR, under the general direction of Kathy Blakeslee, the AAA/PPC/PDPR, I supervised and managed a diverse professional office staff of more than thirty experts that conducted policy-related research and developed Agency policies in all areas of development interest to USAID, including, among others, development and macroeconomics, policy reform and restructuring programs, agricultural economics, rural development, social and institutional analysis, environment and natural resources, biological diversity, energy, privatization and private enterprise, financial markets, education, health, nutrition and child survival, population and family planning, social service economics and finance, human rights, democratic development, policy coordination and budget analysis. I was responsible for reviewing USAID programs for sound design and policy compliance, analyzing sector activities and special development issues, initiating and supervising policy-related research, chairing inter-bureau policy working groups, and preparing agency-wide guidance for development strategy analysis. I wrote a seminal paper on analytical indicators of development progress, which benefited from my role supervising the ESIA/WID project back in the Philippines.

I joined five senior economists in other bureaus to write an essay about “Economic Growth, Equity, and Poverty,” which attempted to educate our conservative leadership that developing countries could not generate sustainable economic growth (which they wanted) without also investing more in the education, health and welfare of their people (which they were less inclined to support). When more liberal leaders ran the Agency we had to make the reverse argument, that developing countries will never be able to finance their own education, health and welfare programs (which they wanted) without generating sustainable economic growth (which they were less inclined to support). Our paper concluded that economic growth, greater equity, and poverty reduction can all best be achieved by a broadly-based pattern of economic growth.

I also co-chaired, with Jim Lowenthal, a six-month exercise by 39 people from several USAID bureaus that resulted in a “Report of the Sustainability Working Group” in 1990. This report concluded that: "It is clear from the studies reviewed by the Working Group that we know what it takes for development activities and benefits to be sustained:

1) host-country ownership of and commitment to the development program,
2) host-country institutional capacity to provide and sustain the desired activities and benefits, and
3) the institutional flexibility to be responsive to changes in demand and environmental conditions in developing sustainable processes and sources of support."

AID/Washington, BIFAD, Deputy Executive Director, 1991 -- 1993

Q: Can you first tell us a bit about what BIFAD is?

The BIFAD Board is appointed by the U.S. President to advise the Administrator of USAID and Congress on how to improve foreign assistance and involve American colleges and universities. It was then composed mostly of presidents of state land grant universities around the country that have active Colleges of Agriculture. Shortly after I joined BIFAD we revised the BIFAD Charter to add responsibilities for all aspects of development, expanding its purview beyond its main Title XII legislated food and agricultural mandate (but still within its legal authority), changing its name from BIFAD to the Board for International Food and Agricultural Development and Economic Cooperation (BIFADEC), and expanding its constituency to include all U.S. colleges and universities.

I started 1991 as the Acting Executive Director of the USAID BIFADEC Support Staff, since Executive Director Lynn Pesson had retired in October 1990, and finished it as the Deputy Executive Director of the newly approved USAID Center for University Cooperation in Development (which incorporated the BIFADEC Support Staff). I helped the Board complete a rigorous selection process which resulted in the appointment of an outstanding, nationally known individual as Executive Director of the University Center, Dr. Ralph H. Smuckler, formerly the Dean of International Studies and Programs at Michigan State University. In addition to my duties helping to organize and direct the new University Center, planning and hosting board meetings, I participated in two BIFADEC task forces, one on "Development Assistance and Cooperation" in general and another on the "University Center Program." I represented BIFAD/BIFADEC at numerous conferences and meetings, including several public speaking engagements at which I often spoke about “International Education and the Last Frontier: American Leadership in the Global Village”. Key papers I worked on during this period included:

“The Importance of International Development Cooperation to the American People,” author of initial draft, BIFADEC Statement, April 1993

“The Future of International Development Cooperation,” contributing editor, BIFADEC Statement of Recommendations, December 1992.

“Thinking Globally, Acting Locally,” author, *Foreign Service Journal*, November 1992, pp. 35-38

“A.I.D.’s Identity Crisis: How Do You Spell Development?,” co-author with John Stovall, *Foreign Service Journal*, January 1992, pp. 31-36

“Development and the National Interest,” author, *Foreign Service Journal*, January 1990, pp. 28-33

The January 1992 FSJ article I co-authored with John Stovall ("AID's Identity Crisis") inspired more letters-to-the-editor than any other Journal article in recent memory--all very positive except for the one from the USAID Administrator. It criticized USAID for greatly reducing support for agricultural development. I authored another one (“Thinking Globally, Acting Locally") that appeared in the November 1992 FSJ, despite USAID's official refusal to clear it for publication, to defend USAID against a proposal from the Overseas Development Council to replace it with a different, more centralized "Sustainable Development Fund." That article was also well-received by my colleagues. I helped draft a BIFADEC statement on the "Future of International Development Cooperation," which, as the recommendations of a Presidentially-appointed advisory board, was given to President-elect Clinton's Transition Team.

I was greatly relieved when Bill Clinton won the Presidency, as George H.W. Bush’s secretary of state, James Baker, had said in a speech during the campaign for re-election that if re-elected, Bush would abolish USAID. I was especially pleased by the selection of Dr. Clifton Wharton, Jr., for Deputy Secretary of State. Wharton was a highly respected development economist and educator. He was the first, and a very strong, chairman of the BIFAD, which position he held for several years until 1983, so the veteran civil servants on my staff knew and remembered him. He was once president of Michigan State University, where my immediate superior, Dr. Ralph Smuckler, also came to know him well. When Clinton announced his selection, Wharton said he moved into the field of foreign economic development as a young man because he believed it would eventually become a central part of U.S. foreign policy. He believed the time for that had finally come as we forge a new foreign policy in the post-Cold War era. I had been saying much the same thing for years in the papers and articles I wrote.

A predictable result of taking a strong stand for more sensible policies was the notable lack of an onward assignment at a higher level (My personnel backstop told me the Administrator had ordered this). Even a lateral transfer to Bangladesh, a hardship post, requested by the Asia Bureau and the Dhaka Mission Director, Mary Kilgour (who was my last supervisor in Manila as deputy director there), ran aground against newly promulgated personnel rules that, unless waived, would force me to retire from the Foreign Service in March 1994 at age 54 (with 19 years of service)—a penalty for reaching the Senior Foreign Service level at an early age (due to a statutory time-in-class (TIC) limitation, coupled with a rule that requires an onward assignment for extensions (which could then be granted only by a panel that meets once a year, each summer) and a new rule that denies an onward assignment within a year of the TIC expiration). That new rule was adopted two months after I volunteered to stay in Washington for a sixth year to help launch the A.I.D. University Center. Fortunately, Jim Michel, the acting administrator of USAID, granted a waiver of the latter rule anticipating that I would be granted a TIC extension by the panel, and so we packed up and relocated to Dhaka in the summer of 1993.

As for the rest of the family, they had suffered through my pre-election trauma and changing moods with saintly patience, although the on-again, off-again Bangladesh assignment had been hard to handle. Michelle was prepared to pack up all our stuff and move to one of the poorest countries in the world primarily for the opportunity to be near enough to visit Vietnam. After five years of demanding to go back overseas (where their peer groups were more compatible), Patricia and Clarissa realized they now had friends and cousins here whom they would miss. They were both doing well in school, making the 11th and 8th grade honor rolls that fall.

Q: You then went off to Bangladesh. Can you tell us a bit about the USAID program there and the work you were doing?

USAID/Bangladesh, Office of Economics and Enterprise, Director, 1993 – 1995

CALLISON: Bangladesh was one of the poorest countries in the world in terms of per capita income, with 110 million people living in an area the size of Wisconsin, but they are a sensitive, friendly, and hard-working people with a culture that dates back thousands of years. After a turbulent twenty-year history since independence from West Pakistan in 1971, the first really democratic government was elected in 1991, only two years before we arrived. In a dramatic reversal of previous policies, this government was trying to strengthen democratic institutions (like the parliament and the judiciary) and to develop the economy along free market lines.

Michelle landed a good job as manager of the U.S. Commissary, supervising seven Bangladeshi employees and overseeing an annual sales volume of some $500,000. She felt right at home in the local markets, which are not much different from those of Vietnam. The city traffic was much heavier than the Saigon we remember, but with a preponderance of pedicab "rickshaws" and bicycles there are many similarities.

Patricia happily developed an art portfolio in high school, helping to paint a mural on a school snack room wall and learning about the indigenous use of vegetable dyes in various handicraft art forms (like tie dying). Clarissa soon finished another book, 151 pages long in 13 chapters, a fantasy adventure about *The Land of Aslin*. We left Cynthia home. Shortly after our assignment to Bangladesh, she signed a paying contract as an apprentice dancer with the Washington Ballet Company, beginning in September 1993. So, after a summer session on full scholarship with the Pennsylvania Ballet Company in Philadelphia, she was now truly a professional.

However, our future quickly became very uncertain. Within a week after arrival, I learned that the new USAID Administrator had, for budgetary reasons, denied requests for career extensions for 47 Senior Foreign Service officers who needed them to avoid mandatory retirement under the "time-in-class" (TIC) rules, and that mine was among them. Because we had already arrived at a hardship post and I was serving in a shortage category (economist), the Administrator did approve an "extension of retirement date" until 1995; but then, at age 55, I would have to retire from USAID after 21 years in the Foreign Service.

Nevertheless, we had a pleasant and busy tour in Bangladesh, despite the political unrest and frequent work stoppages. As the director of the Office of Economics and Enterprise (OEE), I supervised a staff of eleven in the implementation of three major bilateral projects ($41.0 million): the Financial Sector Reform Project (FSRP), the Industrial Promotion Project (IPP), and the Women's Enterprise Development Project (WEDP). The first two were designed to help the government meet conditionalities of large World Bank credits. FSRP was unique in the USAID world in implementing reforms for the entire banking sector. The emphasis of IPP was on deregulation and trade reform to stimulate private investment and employment, and WEDP encouraged women entrepreneurs to expand their activities and to employ others, thus operating one step up-scale from the much-publicized Grameen Bank. These projects were very successfully implemented, as were even larger ones like the family planning and agricultural development programs, despite a rancorous political environment, thanks to the professional ministerial secretaries and their staffs, who were not subject to political appointments.

Q: I assume there were many donors in Bangladesh. Can you talk at all about donor coordination there?

CALLISON: I had the lead liaison duties on policy issues with the local World Bank, ADB and IMF offices regarding the policy reform dialogue with the Government of Bangladesh. I provided economic analysis and advice to the USAID Mission and American Embassy regarding Bangladesh economic trends and development problems and U.S. foreign assistance strategy, developed measurement indicators of progress toward our assistance goals and program objectives and to track the progress of our policy reform dialogue. I supervised economic feasibility analyses on new projects, prepared a detailed matrix of policy reform objectives and actions planned and undertaken to achieve them, and led Mission efforts to select measurement indicators of development progress. And, of course, I conducted my signature exchange rate purchasing power parity analysis on the Bangladesh rupee.

Except for the political activists, the Bangladeshis had accommodated to extreme poverty and learned how to survive peaceably with each other. There was none of the strong ethnic or religious strife so prevalent in many other countries these days. The economy was slowly improving--Bangladesh was no longer considered the "basket case" it seemed to be twenty years before—although about half of the entire population was still living below a stark "poverty line" defined as the income needed to purchase the minimum caloric intake of food required for good health. And this was not due to skewed income distribution. Bangladesh had one of the flatter "Lorenz curves" of income distribution in the world. At $210 per capita GDP per year, there just wasn't much to go around. It is a very ancient, traditional agricultural society ruined first by colonial policies under the British and then by political misrule, until and even after Independence; and it will take it more time to realize what most of us economists believe is a considerable potential to raise that income level, using their own land and labor resources more productively. But first, their three-year-old democracy needed to mature to the point that political battles are confined to the ballot box, instead of spilling over into the streets so often.

Because of the political turmoil in the country and frequent demonstrations the Embassy was built with maximum security in mind; it looked like a fortress! And we all called it the “Red Fort!”

Q: How was the family doing during the Bangladesh assignment?

CALLISON: Michelle had a proverbial (Bengal) tiger by the tail as manager of the U.S. Commissary/Dhaka. A new building was completed in September 1994 and the Commissary moved--lock, stock and outdoor freezers—from downtown to new quarters near the new Embassy in Baridhara (and near where most of us Americans lived). This was a major operation requiring many weekends and late nights, requiring related construction and installation of new shelving, wiring, sheds for the freezers, etc. Nevertheless, enough was done by September 21 for a ribbon-cutting grand opening ceremony led by American Ambassador David Merrill, and well-attended by Embassy, USAID and USIS staff--after being closed for only one regular shopping day! The new commissary looked and felt like a mini supermarket from back home, much to the delight of shoppers who popped in and out much more frequently than before—thanks mostly to its new location, which means the shoppers (and the manager) no longer had to run the 30-minute gauntlet of downtown traffic and occasional street demonstrations.

Michelle herself was slightly injured once on her way home from work in the old commissary downtown--by flying glass when a brick was hurled through the window of an American Embassy van when it ran into one of the *hartal* demonstrations. The man sitting in the seat in front of her was more seriously injured, as the brick landed on him. The driver was able to get the van turned around and headed back to the old embassy/commissary building, where they stayed until it was safe to return home. Had Michelle been a member of the U.S. military, she would have earned a Purple Heart—which I had luckily avoided, despite some close calls, during my 3 military years in the Vietnam War zone. In April 1995 she received a Certificate of Appreciation "for Outstanding Employee Association Managerial Services" from the Office of Commissary and Recreation Affairs, U.S. Department of State, Washington, D.C. She also received a personal letter of appreciation from Hillary Rodham Clinton in June 1995 for the assistance the Commissary provided to the First Lady's party during her visit to Bangladesh earlier that year. We were able to meet Mrs. Clinton in person during a reception in her honor at the American Embassy.

Clarissa enjoyed the American International School/Dhaka (AIS/D), which was only one block from our house, and its frequent extra-curricular activities. The American Club was the center of social life for the American community in Dhaka. Among the events held there was the annual celebration for the 4th of July, with several outdoor activities. Michelle was that event's chairwoman in 1994 and received accolades for how well it went off. Patricia designed T-shirts for the event, which featured a picture of Uncle Sam holding an umbrella in the rain.

Patricia graduated from AIS/D in June 1994, on the honor roll, and went off to Richmond College, the American International University in London. She was in the first graduating class of AIS/D. Previously, high school juniors and seniors had to be sent off to boarding school somewhere to finish their secondary school education. Patricia's art portfolio of 16 or 17 paintings and drawings won a $1500 scholarship offer from the Corcoran School of Art in Washington, DC, even without the normally required interview (but which she turned down in favor of Richmond College). She finished her year at AIS/D with a colorful presentation of her senior research project on "Vegetable Dyeing" in Bangladesh.

We were able to take a few R&R trips to neighboring Nepal, where we could hike in the foothills of Mt. Everest and ride elephants across a river to look for Bengal tigers in a forest reserve. We saw signs of tigers there, but never did see one in the open.

Another high point during this tour was a 9-day visit to Vietnam in July 1994. It was the first time Michelle had been able to return since we finished my thesis research there in 1972, and the first time ever for our daughters. We found several of Michelle's aunts and uncles and cousins in Saigon and nearby provinces and traveled with them across the Mekong Delta to Rach Gia, where Michelle's parents grew up and were married, north to the mountain resort town of Dalat, where we spent our honeymoon 29 years before, and east to the coastal city of Nha Trang, where it was a delight to see the formerly deserted beach (during the war) full of families and children having fun. We were warmly received wherever we went. The Vietnamese had clearly put the memories of war behind them and wanted to get on with life. They were happy to see Americans returning for visits and for business (and business is booming). Our daughters loved the country and wanted to go back.

Q: When the decision was made not to extend time-in-class for many FSOs during that period, there was considerable turmoil within the Agency. Can you talk a bit about how you responded to that situation?

Retirement from USAID Foreign Service, March 1995

CALLISON: I retired from the USAID Foreign Service in March 1995, although we were able to stay in Dhaka another 3 months on contract until my replacement arrived. This allowed Clarissa to finish 10th grade before we left. We thought we were going to the Marshall Islands on a three-year project with the British Council consulting firm funded by the Asian Development Bank, but, at the last minute, the firm lost the bid. So, we had to change plans and hurriedly packed up to go home, bidding our new friends in Bangladesh a sad farewell.

We found an apartment near West Springfield High School in Virginia, so Clarissa could attend school in September with her cousin, Lauren Cloyed. On the very day movers were unloading our sea freight I got a call from Nathan Associates Inc., an international consulting firm celebrating its 50th year in business, asking if I would accept a long-term assignment to Egypt. They had tracked me down through the telephone information operator after a friend and colleague from Dhaka suggested my name. This time the firm won the USAID contract (they said they thought my addition to the team tipped the scales in our favor), and we were scheduled to head out on January 13, 1996, for three years in Cairo. I was to work with a small team of advisors to improve the economic research and analytical capability of the Egyptian Ministry of Economy and Foreign Trade.

Egypt, Trade Liberalization Advisor/Chief of Party, 1996 – 2000

Q: Can you tell us a bit about the project that Nathan was implementing in Egypt?

CALLISON: In October 1995, USAID/Egypt awarded a three-year contract to a consortium of consulting firms headed by Nathan Associates Inc. of Arlington, Virginia, USA, to provide technical assistance to the Government of Egypt (GOE) primarily through the Ministry of Economy and Foreign Trade (MEFT), to enhance the economic policy reform process under the Development Economic Policy Reform Analysis (DEPRA) Project. The DEPRA Project began operations in Egypt in January 1996 and closed down in October 2000.

The purpose of the DEPRA Project was to support the GOE's economic reform program for trade policy, deregulation, and financial sector strengthening for 3 to 5 years through development of enhanced institutional and individual capacities for economic policy research and analysis. The technical assistance provided was intended to strengthen the GOE's ability to formulate trade policy and regulatory reforms by providing the long-term expertise and human and material resources required to enable GOE officials and staff to gather reliable data and to provide accurate factual information, detailed analysis, and credible recommendations for effective reform initiatives.

Nathan Associates formed a four-firm consortium whose members had extensive prior experience in Egypt. The Allied Corporation of Egypt, an Egyptian management consulting firm specializing in economic consulting and donor program administrative support, provided the team's senior Egyptian economist, economic analyst, trade policy advisor and export promotion expert, as well as staff support for the DEPRA Project's Cairo office. Chemonics provided the team's deregulation advisor and Egyptian industrial/market economist. Development Associates, Inc. provided services relating to training, including overseas training and observation tours.

Although I accepted this assignment as the "trade liberalization advisor," I was made "chief-of-party" within a few months after arrival, responsible for the success of the $6.5 million project. The office was housed temporarily in two rooms of the former library of the Research and Information Sector of the Ministry of Economy & Foreign Trade (MEFT) (located in an old, dilapidated and mostly abandoned palace built by King Farouk in the 1920s for one of his sisters), pending completion of new quarters nearby. Our initial office space was very crowded and unpleasant, with no air conditioning and ground floor windows that opened onto a filthy sidewalk where passersby frequently urinated.

After a few months of this our chief of party, Jim Kenworthy, lost his temper and complained loudly about the delay in moving to promised new quarters (caused by a legal contract dispute between the Ministry and the construction contractor) and insulted our chief counterpart, First Undersecretary Dr. Farouk Shakweer, at a meeting in front of his staff. As a result, our chief of party was declared *persona non grata* and Nathan Associates was told to remove him from the DEPRA contract and send him home. The project manager from Nathan Associates' head office, John Varley, flew out immediately to take over and eventually settled on me as the replacement. That's how I became the chief of party. I had a good relationship with Dr. Shakweer, who reminded me of my own father, and I asked him for permission not to send our former chief of party home, as he was the only lawyer we had on a team of several economists. My argument was that we economists, including Dr. Shakweer, knew what policy reforms needed to be undertaken, but it was the lawyers who understood how to make them happen—and Jim was an experienced international trade lawyer.

As it turned out, our project was beginning the process of expanding into a second ministry, as the prime minister was reshuffling the ministries, moving trade over to an expanded Ministry of Trade and Supply (MOTS) and leaving Dr. Youssef Boutros Gali with only the Ministry of Economy (MOE). Since our project was approved primarily to help with trade liberalization, USAID obtained an agreement to expand our project to cover both ministries. Dr. Shakweer agreed with my request, on condition that Jim Kenworthy moved his office over to the other ministry and never saw him again. This proved to be a good move, as Jim produced some excellent briefing memos on trade reforms and a large, very informative study on Egypt's legal obligations under the new World Trade Organization (WTO), which it had joined. Within a year he had apologized to Dr. Shakweer, they reconciled, and became good friends.

Jim Kenworthy had a short fuse and a temper that flared up once in a while, but he was a top-notch trade lawyer and a straight shooter on topics within his area of expertise. Once when a representative of the U.S. Trade Representative arrived in Cairo for consultations with GOE trade officials and hosted a well-attended meeting on the subject of trade and the WTO, Jim sat in the audience. He felt the speaker's description of Egypt's obligations and benefits under the WTO was skewed in favor of U.S. interests instead of Egypt's, and he rose to ask a few pointed questions that exposed the biased, less-than-truthful nature of his presentation. Jim was, after all, in Cairo to advise the GOE on trade matters and he considered the GOE as his client. The Trade rep was angry about being called out in public and complained to the U.S. ambassador before he left town, and the Embassy passed the word to USAID that henceforth, for any future meetings with USTR reps, Jim Kenworthy should not attend. USAID and I, as Jim's immediate supervisor, fully supported what he did.

By the end of the project I was supervising a permanent staff of twenty-eight, including twelve economists and two lawyers and a rotating group of short-term consultants, both expat and Egyptian, conducting research and analysis for major economic policy-related studies in a five-year, $17 million USAID-funded project. This "performance-based" project more than met all its required "deliverables" by producing thirty-one major DEPRA research studies completed on Egyptian economic policy issues, 263 briefing memoranda, and 112 conference/seminars, workshops and short courses (14 of which were major conferences). Some 249 government employees received DEPRA training in the use of the computers, procured and installed by DEPRA, and in economic and econometric analysis, most of them taking several training courses. Fifty-nine participants were sent to the U.S. for training. I presided over the expansion of the project into two ministries, the Ministry of Trade and Supply and the Ministry of Economy (MOE), including the placement of four Egyptian professionals in the MOE Minister's Technical Office.

I personally supervised the design and research and completed the final editing of a large number of major studies pertaining to trade and investment, regional economic integration, the international competitiveness of Egypt and its private sector productivity. Prior to becoming COP in August 1996, I personally coordinated the seminal DEPRA study on the Egyptian quality control and standards regime, which resulted in several follow-on studies and policy reform efforts concerning non-tariff barriers to trade. My own frequently updated analysis of the real, trade-weighted, purchasing power parity of the Egyptian foreign exchange rate provided input into several DEPRA studies and was the subject of considerable interest among both GOE and USAID/Egypt officials. The project received a very favorable external review prior to the end of its initial 3-year base contract period, receiving credit for, among other accomplishments, moving several important economic policy reforms along within the Government of Egypt (GOE), and it was subsequently extended for its fourth and fifth (optional) years.

The project completed 31 major studies in collaboration with Government of Egypt counterparts. These studies are detailed in an annex to this interview.

Several of these studies were controversial within the GOE, with vested interests often resisting change that would ostensibly harm their operations or "bottom line," mostly unaware of how they in fact could benefit even more in the new policy regime. Some of them did stimulate desirable policy reforms, notably the first one on Port Services.

One of the more interesting stories involved major study number 10, "The International Competitiveness of Egypt in Perspective." This was the personal brainchild of our chief counterpart, Dr. Shakweer, and conducted largely by our Egyptian staff of economists, led by former economics professor Dr. Suzanne Messiha. It was to be the first of a series of studies about the competitiveness of Egyptian exports and domestic products in the face of growing international competition. Dr. Shakweer was so proud of this study we had many copies printed out with a fancy color cover and distributed them at the door of a large auditorium where guests were invited to witness its launch, at which Minister Dr. Youssef Boutros Gali was invited to speak. Dr. Gali arrived to a full audience and Dr. Shakweer escorted him down the aisle to the stage. He returned white-faced to the back of the aisle where I was standing and said, "The minister does not like the report and asked that it not be distributed." We had already handed out over 100 copies. Apparently Minister Gali was worried that the report, which pointed out many failings of current Egyptian policies, would be seen as so critical of the regime that he would himself be criticized in the cabinet for allowing it to be published under his auspices. Under Dr. Shakweer's direction, we were well underway with the first follow-on study, which eventually came out as number 20, "Private Sector Contribution to Egypt's Productivity and Growth," done by the same team as the first. Given the minister's objections to study number 10, we scrambled to change its name from another "International Competitiveness of Egypt" study to something else, and to emphasize all the good things the GOE was already doing to promote private sector productivity (which really wasn't very much). At least we did get it published.

Minister Gali was often difficult to deal with, he did not like to take "no" for an answer to his requests. Dr. Shakweer would pass his requests on to me, even when they were against the USAID contract rules I had to obey. I once asked him why he did this, knowing I could not comply, and he answered, "Because you can say no to the minister, while I cannot." One time I got crosswise with Ms. Amina Ghanem, one of the minister's key staff members, over a publication procurement that they had undertaken (and wanted my project to pay for) without first requesting the required cost estimates from different suppliers. When I tried to explain the rules about such procurements that I was obliged to follow, the discussion became heated. Amina went to the minister and he asked that I be removed as DEPRA chief of party. USAID knew I was correct on the issue, and so they and Nathan Associates negotiated an agreement that my deputy chief of party, Jim Walker, be moved up and that I move my office over to the other ministry we served (MOTS) and serve as "executive officer" of the project, still performing most of the COP functions but letting Jim take the lead in MOE. However, a few months later Jim became ill and had to be evacuated to the U.S. for treatment, and I was reinstated as COP.

Another story involves the last one we did, study number 31, "Assessment of Mission and Organizational Structure of the General Organization for Export and Import Control (GOEIC)," which was viewed as overtly and implicitly so critical, in view of its findings and recommendations, that we were ordered to keep it in draft form, not for publication and not for distribution. The large team that did this study was led by Dr. Edward Nemeroff. He and four other team members, including one of the Egyptians, were internationally recognized technical experts in the fields of laboratory accreditation, standards, quality management systems, testing and measuring equipment calibration, testing of industrial products, food analysis, and sampling. While this study was underway, Minister Gali visited Washington and made a request for 15 million dollars to upgrade GOEIC import testing facilities at all Egyptian ports of entry. This request was passed down from the Department of State to the U.S. ambassador to Egypt, and from him to the director of USAID/Egypt, Richard Brown. Since USAID had our expert team in the field dealing with such issues, we were asked for comment on the request. (USAID had already made its annual allocations for various project activities. It did not have that much money lying around that it could reallocate for this purpose and was thus perplexed about how to proceed.)

Dr. Nemeroff provided his professional opinion that the request was inappropriate. Egypt would be unable to staff such testing facilities at the smaller ports, since there would not be enough demand to keep qualified professional staff busy and so they would refuse such assignments. He pointed out the U.S. experience of having just a few such testing facilities scattered around our much larger country, to which our various ports of entry send samples for testing as required. He recommended that to upgrade the main port of entry at Alexandria, which was already underway, would be sufficient, and that the smaller ports could easily send samples to it for appropriate testing, using refrigerated trucks when necessary. A meeting was called in the ambassador's office that included senior Embassy staff, USAID staff, Dr. Nemeroff and me, where Dr. Nemeroff explained his advice and recommendation, which would cost no more than an additional 2 or 3 million dollars to achieve state-of-the-art capability. The ambassador agreed with this and said he did not want to waste our monetary assistance. The meeting closed with an agreement that Director Brown would lead a delegation to meet with Minister Gali to explain our recommendations, holding the ambassador back for any possible follow-up appeals the minister might want to make.

The meeting with Minister Gali was organized with Dick Brown leading the delegation to make the pitch and our Dr. Nemeroff along merely for backup technical explanations if needed. Unfortunately for DEPRA, Dick simply introduced Ed Nemeroff and asked him to explain his recommendation. USAID left the meeting feeling very good about the way it went, saying it was one of the most productive discussions they had ever had with

Minister Gali (called "YBG"). However, the director and senior members of GOEIC had attended that meeting as well, and they were apparently the ones that had put YBG up to making the request in Washington in the first place. They were very unhappy with Ed's recommendation and let YBG know it afterwards. So then YBG took it out on the DEPRA project, quickly reversing his earlier recommendation that we be extended for another, sixth, year, because he had been so pleased with our work, which extension paperwork was already underway in USAID. Now he said we had done enough, and the project should be ended after its current 5th year, which was only two months away. We had to scramble to close out the project properly and send everyone home. Such is life in a Pharaonic society.

Fortunately for me, Nathan Associates was running a similar economic policy reform project in Indonesia and its chief of party needed to go home for personal reasons. I was nominated to be his replacement.

Q: That's a wonderful description of the complex Egyptian work environment and the difficulty implementing policy reform programs. As you were sitting now in an implementation role with a contractor, did your perspective change at all? Knowing the difficulties contractors often face, would you have done some things differently during your USAID FSO career?

CALLISON: Well, I can't say my perspective changed much, except that managing a contract to analyze policy problems and propose reforms was more interesting and rewarding than designing the project in the first place and wading it through the bureaucratic approval process. We worked closely with our USAID project managers on a very collegial basis and benefited from their support when problems arose. In my experience USAID treated its contractors much like its own staff with similar benefits, except that we don't travel with diplomatic passports nor drive around with diplomatic plates on our vehicles.

One unfortunate difference was for our spouses, who as foreigners were usually not eligible for many jobs in the local economy nor for jobs supporting the U.S. Embassy/USAID mission that were reserved for direct-hire spouses. In my case that meant Michelle had more time for shopping in local markets and filling up our residence with artwork and antiques to bring home with us and now filling up our house in Maryland.

Q: Before we move on to Indonesia, can you tell us how Egypt was for your family? Was it a good post for all of you?

CALLISON: We found a small but cheerful and well-furnished apartment right across the street from Clarissa's new school, the Cairo American College, from which she graduated the following year. Entering mid-year was a little hard, with new teachers and curricula that didn't match the old ones very well; but her senior year went smoothly. However, she was hit by a car as she was walking home from a friend's house in May, and both bones in her left leg were broken a few inches above the ankle. According to Klare and a witness, it appeared to be a deliberate act by the driver, a young man who lived in another suburb several kilometers away. He was eventually identified from his license plate number and arrested for what we would call a double-felony, “hit-and-run” and “assault with a deadly weapon.” Klare spent about 5 months in a cast, which started out hip-to-toe for 6 weeks and came off in stages, as the bones were slow to heal; but she eventually healed completely. It was hard for her to complete a dancing class in that cast. She graduated on schedule, however, in a memorable commencement ceremony in front of the Sphinx.

Cynthia finished her last season at Washington Ballet with high praise from the company director, Mary Day; but she declined a contract for the next season. She was accepted for undergraduate study at the 75-year-old American University in Cairo (AUC), considered one of the premier institutions of higher education in Egypt and the Middle East. She lived in the new “AUC Hostel” dormitory in Zamalek and commuted by shuttle bus or taxi to the main campus in downtown Cairo. We got to see her now and then, as she liked to come out to our apartment to do her laundry.

Patricia spent the summer of 1996 with us in Cairo, had all four wisdom teeth removed, and returned to Richmond College, the American International University in London, for her third year. As an upperclassman, she attended classes on the Kensington campus in downtown London, and lived in dank, dark, cold student housing nearby. We were able to communicate regularly and cheaply with her through the wonders of the Internet and email.

Michelle soon explored all the old and the new shopping districts of Cairo, filling our small apartment with more decorative items—to replace those we left behind in long-term storage. She studied Arabic with a private tutor and personal friend, so she could better hold her own in this ancient land of merchants. She also managed to purchase some land in the desert outside of Cairo where she built a small house that we visited on week-ends and where we could host friends. It was a beautiful oasis in the desert. We also greatly enjoyed visiting the ancient monuments and other historical sites in Egypt. We even climbed to the top of Mt. Sinai, even though Michelle famously had to literally crawl up the final few steps.

The deteriorating situation in neighboring Israel was distressful. Egypt recalled its ambassador from Tel Aviv to express its disapproval of the Israeli use of excessive, deadly force against popular unrest among the Palestinians and some terrorist attacks. That view has certainly been supported by what we saw daily on CNN International. The U.S. appeared to stand alone in the world in its continued support for Israel regardless of the barbarity of its actions. All this in the birthplace of the Great Teacher who preached the primacy of love for one’s fellow man.

There were much-publicized terrorist incidents during our first couple of years in Egypt. One of them occurred across Tahrir Square from AUC, through which I walked shortly afterwards on the way between my office and USAID, while Cynthia and some friends climbed up to a campus rooftop to see what the commotion was all about. There was also a tragic terrorist attack in Luxor. Michelle traveled earlier to Luxor twice, once by plane with her sister, brother-in-law and Cynthia and once by road with Patricia and Klare. But these were isolated incidents which can occur almost anywhere in the world, and they certainly did not reflect any widespread animosity among Egyptians against foreigners. Quite the contrary, most Egyptians go out of their way to make foreigners feel welcome and comfortable, and they enjoy showing off their country, knowing it houses the very beginnings of Western civilization. We were thankful no one we knew was close enough to either of those incidents to be hurt, but we were not concerned about our own safety. We faced more danger each day just walking the streets—from the traffic, as Klare knew all too well!

Q: You then went on to a similar contractual position in Indonesia. Can you tell us about that project and the work you were doing with USAID?

Indonesia, Chief-of-Party, Partnership for Economic Growth Project, 2000 -- 2004

CALLISON: We arrived in Jakarta from Cairo in February 2000 and expected to be there until the summer of 2002 for sure, with a possible project extension until June 2003. The USAID-funded Partnership for Economic Growth (PEG) Project was focused on economic policy reform, like the DEPRA Project in Egypt, but instead of emphasizing major policy studies (although we did some of those) its ten long-term expatriate consultants and most of the short-term consultants we hired were assigned to advise particular policy research departments in the Ministry of Industry and Trade, the Ministry of Communications, the Ministry of Finance, the Coordinating Ministry for Economic Affairs, Bank Indonesia (the central bank), and the central government planning and policy research agency called Bappenas. My job as chief of party, located in a separate project office called PEG Central, was to coordinate our own activities with those of USAID itself and its other policy-related projects, of which there were several, and to keep the paperwork flowing with the necessary approvals, etc. We essentially operated as extensions of the USAID Office for Economic Growth. Indonesia's economic policies were much more favorable for economic growth over the last two or three decades than Egypt's, but the country was working through some serious economic and political crises.

Jakarta is a very attractive city with the most remarkable architecture in its many tall buildings I had ever seen. The Indonesians are predominantly Muslim, very friendly, but their cultural traditions were close enough to what we knew in Vietnam and the Philippines that Michelle and I felt right at home. Although we went through some tense moments, most of us felt the American Embassy and the international press greatly exaggerated their reports of anti-American threats and danger in Indonesia, especially in Jakarta. None of my team of consultants took advantage of the "authorized departure" program in 2001 to go to a "safe haven" in the U.S. or elsewhere. No American to my knowledge was actually hurt or inconvenienced by Indonesians during this period, and we received many expressions of sympathy and friendship.

One time, upon completing a visit to USAID in the Embassy compound, I left in the middle of an "anti-American" demonstration just outside the main gate. A young Foreign Service security officer was watching it from behind one of the large gate posts. I walked on out into the middle of it and saw a few dozen protestors with anti-American signs shouting at the Embassy. American TV crews were there focusing on the central group of protestors to make it look like a large gathering, carefully omitting the American tourists right next to them taking their own pictures of the event. The protestors showed no animosity toward the Americans (including me) standing next to them. I learned later that Jakarta was replete with "demonstrators for hire" groups who would prepare appropriate signs and organize protest groups of any size about any issue for anyone who paid them a small sum. Sidewalk vendors would be notified in advance about larger demonstrations so they could pre-position themselves to provide refreshments for the marchers along the way.

My job was as Chief of Party for the PEG Project, implemented by Nathan Associates Inc. I came in as a replacement COP during the optional third year of the PEG Project and successfully steered it through two additional one-year extensions until September 2003. This $26.5 million project helped Indonesia's economic and financial systems recover from the effects of the Asian financial crisis through two principal activities: 1) the provision of technical assistance (TA) and 2) the administration of large and small grants to non-governmental organizations (NGOs). I managed a core staff of 11 professional economists and 17 support staff. The ten long-term TA advisors worked in Bank Indonesia and the several different economic ministries and agencies mentioned above on policy development, providing advice to Indonesian officials on economic and other relevant policy matters, often the focus of reform efforts supported by the International Monetary Fund. Their work was supplemented by short-term advisors on specific issues and an extensive training and seminar program.

A total of 175 PEG technical studies and reports, including those from the PEG grants component, were completed on different economic policy issues, often using Indonesian research institutions and analysts. These are all available from the USAID/Development Experience Clearinghouse (DEC) website. PEG TA was concentrated in the areas of:

- domestic trade, international trade, investment, and industrial development for the Ministry of Industry of Trade,
- the regulatory environment for the Ministry of Communications and Transportation,
- domestic competition, macroeconomic, exchange rate, labor policy, and special crisis-oriented assistance for the National Development Planning Board (Bappenas),
- monetary policy analysis and small business finance assistance for Bank Indonesia (BI),
- macroeconomic policy for the Coordinating Ministry for Economic Affairs,
- competition law, and
- information communications technology (ICT) policy and assistance.

The PEG Grants program was designed to help sustain Indonesia's economic growth by strengthening economic policies and practices associated with increased openness to international trade and investment and strengthened domestic economic competition. One purpose was to establish long lasting relationships between premier public and private institutions in the U.S. with counterpart groups in Indonesia and to help them formulate and implement better economic policies and practices. The large PEG grants matched highly rated U.S. institutions with the Institute for Economic and Social Research (LPEM) at the University of Indonesia, the Center for Urban and Regional Development Studies in the Institute of Technology Bandung, the Center for Strategic and International Studies (CSIS), the Partnership for Business Competition (PBC), the Center for Indonesian Law and Policy Studies, and several others under a grant to The Asia Foundation.

In addition, PEG awarded 67 small, in-kind grants to local organizations in and around Jakarta and in West Java to conduct policy studies, workshops and seminars on economic issues of local importance. This innovative program, the brainchild of our grants manager, Jeffrey Povolny, was very popular. By building capacity in and working largely through research and development institutions outside government, PEG grants generated research and analysis needed to maintain the demand for continuous economic reform and debate on a wide range of policy issues.

Our daughters were scattered to the four winds. Cynthia was in Seattle following her dream, working in a popular dance supply store on University Way called CenterStage and dancing with a local ballet troupe, the ARC Dance Productions. Patricia followed Max LeNormand back to Paris, France, in August, the two of them having given up on New York City. She was still doing website design work for one of her former employers, who was working for another company, completing assignments by email. Klare was about to graduate from George Mason University and was searching for a full-time job in Northern Virginia. Michelle worked as assistant general manager of the U.S. Commissary and manager of the Snack Bar in the Embassy compound for several months and made many improvements while she was there, but she finally quit in disgust at the professional incompetence of the Commissary Board. Then she happily started filling up our apartment with more gleanings from her shopping expeditions.

In late October 2002 we were ordered to evacuate to the U.S. from Jakarta, after the Bali bombing killed nearly 200 people in Indonesia, and we had to live out of our suitcases in a two-bedroom apartment at Oakwood Apartments, Falls Church, VA. Half of my project advisors and I worked out of our respective corporate headquarters in Virginia and Washington, DC, and one in Perth, Australia, while four of them were left behind in Jakarta, without their families, as part of the “emergency” crew. We evacuees anxiously awaited word from the Jakarta Mission and the Department of State as to when we could return to post and continue our work, which we considered vital to the ultimate success of the Indonesian economy, its political stability, and its own war on terrorism, while State, we thought, was overly concerned for our personal safety.

Although Bali is a thousand miles or so from Jakarta and the terror threat there posed no imminent danger to us, the U.S. ambassador wanted to use the occasion to alert the Indonesian authorities to the danger imposed by the terrorists nationwide and to get more serious than they had been about dealing with that threat. The story was that he intended for us to be out of country in evacuation status for only one month, to make that point, and then be brought back home to Jakarta again. However, that was when the U.S. invasion into Iraq began, with the "shock and awe" bombing of Baghdad. So then the State Department was afraid of the possible negative reaction by Indonesians, the largest Muslim country in the world, against Americans for invading another Muslim country, and month after month the decision was to keep us "safely" out of possible harm's way.

I did find some pleasure in being in the States for more than a few hurried days on vacation—for the first time in 7 years—and Michelle, as always, enjoyed another stay near her relatives and our youngest daughter in Northern Virginia, a pleasure notably more relaxed after the local police caught the Beltway sniper shortly after our arrival. (As we were leaving Jakarta I was telling my USAID colleagues they were pushing us out of the frying pan into the *firing line*.)

The PEG contract was extended for another year, due to delays in designing a follow-on activity because of the political unrest and consequent disruptions to USAID's work, until June 30, 2003.

In 2002 the girls were still scattered around the world. Cynthia remained in Seattle working in that dance supply store and taking courses in computer science. Patricia was still in Paris doing free-lance work on Internet web design. And Klare was working in a day-care center sponsored by an Episcopal Church in Alexandria, VA. She loved working with the youngsters, but she was also starting graduate studies in education, so she can eventually become a secondary school teacher of literature.

The "ordered departure" (evacuation) status for official American personnel in Indonesia was finally lifted in April 2003, six months after it began, and we were all allowed to return to our warm post, after surviving one of the coldest and snowiest East Coast winters on record. Not long after our return came the bombing of the Marriott Hotel in South Jakarta, killing several people, mostly Indonesians. Two of my project advisors had been there for a breakfast meeting earlier in the day, but fortunately they left well ahead of the incident. We were glad that the U.S. Embassy and State did not order another evacuation of American personnel. The Indonesian authorities seemed to have been doing everything they could do to improve security and arrested many of those responsible for terrorist acts, and we felt as safe there as we would have most anywhere else in the world in those troubled times.

Uncertainty about our immediate future continued to follow us, however. Our Partnership for Economic Growth (PEG) Project was extended for yet another 3 months, but finally came to an end on September 30, 2003. Nathan Associates teamed up with the Boston Institute for Developing Economies (BIDE) and won the bid for the 3-year follow-on project, Growth through Investment and Trade (GIAT), by proposing most of the experienced PEG team as the GIAT expatriate advisors, and USAID stipulated me as the preferred chief of party for the duration. Later, however, a new management team took over USAID/ Indonesia, started overhauling the USAID Country Assistance Strategy and took a new look even at existing projects. So, despite a newly signed contract, our tenure in Jakarta once again became unclear.

I was chief of party for the new Growth through Investment and Trade (GIAT) Project for only four months, as Bill Frej, the new USAID Mission Director, was determined to move his contract economists out as soon as possible. I believe he was jealous that my team of advisors had much closer relationships with key Indonesian cabinet ministers than he could ever hope to have. Whatever his reasons, he proceeded to reduce USAID support for Indonesian economic policy reforms, much to the detriment of American influence with the Indonesian government and its efforts to grow its economy. I supervised the start-up of this USAID-funded 3-year, $15.5 million project that was designed 1) to provide policy support to key executive and legislative branch economic institutions in Indonesia, with an emphasis on supporting trade and investment reforms needed for increased economic growth and jobs; 2) build capacity within the government, policy think tanks, and private sector associations; 3) mobilize and utilize Indonesian talent toward these ends; and provide flexible, demand-driven policy assistance. It was to utilize up to seven long-term expatriate advisors and seven Indonesian long-term professionals, plus a substantial amount of short-term technical assistance, training and subcontracts with Indonesian think tanks to provide policy analysis and advice. I was asked to leave in January 2004, with very little advance notice.

Nathan Associates sent first its international affairs chief, former Ambassador (to Bangladesh) David Merrill to administer the project temporarily until my old friend Dick Brown (former USAID Mission Director in both Bangladesh and Egypt) was mobilized (at my suggestion) to take over as chief of party. David Merrill had himself previously served as USAID Mission Director in Indonesia in 1986-89. Neither he nor Dick found dealing with mission leadership very productive, and the GIAT Project was ended prematurely in August 2005 after less than two years. I was brought back to Nathan Associates headquarters in Arlington, VA, for six months.

I spent the spring of 2004 drafting a chiefs-of-party management and operations manual for Nathan Associates and helping with new project proposals until retirement on July 31, having reached Nathan's retirement age (sixty-five) that month. We lived in an Arlington apartment for a few months, while our tenants finished the school year, but moved back into our Maryland house on July 1 and started unpacking household effects from two commercial storage lots, a forty-foot container from Jakarta, and a full attic.

Then, when we were about 2/3 unpacked, Nathan Associates called to offer me a new three-year assignment in the Philippines—an offer we couldn't refuse since we had enjoyed the Philippines so much between 1976 and 1982. So, reverse gears big time, and pack everything back up again! I was given 30 days to "mobilize" and arrive in Manila to start the project and arrived on September 21.

Meanwhile, Clarissa and Matthew Aub had decided it was time to get married and had been planning their wedding since last October, but the two sets of parents were not informed until a surprise announcement in July. So on top of everything else, Michelle of course became heavily involved in final preparations. The wedding came off without a hitch on October 15 in a gazebo in a lake at the Meadowlark Botanical Gardens in Vienna, Virginia—a beautiful spot. I had to fly back from Manila to give the bride away and stayed another week to help start the serious pack-out process (after our house served as a small hotel for bridesmaids and maids of honor the weekend of the wedding). Cynthia flew in from Seattle and Patricia from Paris to join cousins and Klare's best friends from Louisiana, Virginia and Maryland. When I returned to Manila Michelle stayed behind with Patricia to finish the final pack-out and clean up the house, which was rented out again on November 1. She arrived in Manila, totally exhausted, on November 5.

Q: Can you tell us about how it was to return to the Philippines and about the project that you were overseeing?

Philippines, Chief of Party, Economic Modernization Project, 2004 – 2007

CALLISON: The new USAID-funded project, called Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE), was designed to help the Philippine government implement economic policy reforms already underway. I was chief of party and the only full-time American on the project—all the staff and most of the consultants were Filipinos. The neatest thing about this project was that it is simply helping to augment an indigenous Philippine process, and with a well-trained Ph.D. economist, Gloria Macapagal Arroyo, at the helm of the Government (as President of the Republic with a newly elected 6-year term of office), there were high hopes here of significant progress, finally!

I managed the EMERGE project for 3 years, from September 2004 until August 2007. It was a USAID-funded, 3-year, $11.3 million highly successful Philippine project designed to 1) foster an improved and sustainable fiscal position, 2) improve foreign trade and foreign direct investment (FDI) performance and competitiveness, 3) raise investment and efficiency in infrastructure, and 4) rationalize and modernize banking and capital markets. I managed a core staff of 10 Filipino professionals and 6 support staff.

We responded to requests for technical assistance (TA) from both government agencies and non-governmental organizations, provided TA in the various reform areas identified by a multi-sector, cabinet-level oversight committee called the Policy Advisory Council, and coordinated project activities closely with other donor agencies to avoid duplication and ensure that counterparts receive complete packages of consistent support. Upon written requests approved by USAID, project consultants were recruited and undertook rigorous technical analysis and supported policy advocacy initiatives to help identify and effectively implement economic policy reforms. We mobilized advisors and consultants from the Philippines' leading firms and universities, as well as occasionally from international sources, and arranged many workshops, seminars, conferences and other forms of training as requested. During its first 3-years (it was extended by USAID for a fourth year, but at reduced staffing and activity levels due to lack of funds), EMERGE organized and financed 135 TA activities and published 124 reports about them, most of which are available on the USAID/CDIE/DEC website. EMERGE responded to requests for TA from USAID and over 30 government counterparts with 10 grants, over 40 subcontracts, 140 individual contracts with Philippine consultants and a handful of expatriate advisors.

Q: What was it like to return to the Philippines after so many years away, not only for you but for the family more generally?

CALLISON: Our second tour in the Philippines was a happy time for us, despite the political turmoil swirling around us as opposition politicians tried their best to unseat President Gloria Macapagal-Arroyo. Our sea freight and Michelle's little Saturn sports coupe arrived in early January 2005, although it took a couple of months to get the car registered so she could drive it around—too much innocuous red tape to describe here! One of the first things we did was to drive across the mountains down to visit the Bicol River valley and Naga City, where we had lived from 1976 to 1979. A friend and former colleague, Cho Roco, who served as mayor of Naga City for a few of the more recent years, took us around his hometown; and together we finally found the house we lived in. It used to be on the edge of town, but the city had grown all around and swallowed it up! So much had changed in the intervening 26 years that we could never have found it on our own.

The next day, after driving around some of the roughest back roads either of us had ever seen, I finally found the large irrigation pump one of my former Bicol projects installed in the Bula municipality in 1978 or 79, some 26 years earlier. It was still pumping water, and, in the middle of the dry season, the surrounding rice fields were green with irrigated rice! The pump and canals are still operated and maintained by the local farmer cooperative, and the houses in that barangay (village) showed clear signs of prosperity—no longer the impoverished nipa huts of old. One of the roads was so rough it destroyed a tire on Michelle's Saturn sports coupe. Luckily our friend in Naga City found a mechanic willing to see us on a Sunday morning and sold us a new tire, so we could safely drive back to Manila.

Michelle became involved as a member of the board of the American Women's Club of the Philippines, participating in many of their activities, in addition to her first love—shopping. I was busy just keeping up with my Filipino colleagues, who were doing great work helping several government agencies implement economic policy reforms in tax revenue collections, government agency restructuring, trade, investment climate, banking and capital markets, and infrastructure (telecommunications, ICT and VOIP access at local levels around the country, integrating inter-island sea and road transport, build-operate-transfer (BOT) contract governance, and privatizing government-owned assets).

We took a short trip to Saipan so I could show Michelle where I went on TDY back in 1978 and almost drowned attempting a foolish dive through an underwater tunnel from the sea to a pool inside a grotto cave. I had watched several young men making that underwater swim without tanks and thought, "Hey, that's neat, I'll bet I can do that." But halfway through the passage I found myself floating up to the top of the tunnel and getting tangled among some stalactites hanging down from the ceiling. I was able to push myself back down out of them and swim on into the cave, but almost ran out of oxygen doing so from the extra effort and time required. I've always remembered that as one of the more foolhardy things I ever did. Scuba divers with oxygen tanks were regularly using that grotto cave as a staging area to dive through the tunnel to the outer sea, going along the bottom of the passageway. But going through without tanks was more daring and, as I discovered, dangerous unless you knew you had to stay deeper in the water than I did.

In September 2006 typhoon Milenya (the Philippine name for it) smashed Manila nearly head on, blowing down many huge trees, billboards and some houses. Two others were near misses, one just to the north and one on December 1 just south of Manila, but causing major damage to those areas. CNN reported that 7 major typhoons hit Luzon Island that year. We felt like duckpins in a gigantic bowling alley.

Work on the EMERGE Project was very satisfying. Many of the tasks were the nuts and bolts of economic policy reform, none of which was very exciting by itself; but taken together we hoped they would slowly help the Philippine Government become more streamlined and effective.

With EMERGE facing close-out in August 2007 our future was uncertain. The prospect of retiring for the third time had a pleasant ring for me, but Michelle had an anxiety attack whenever she contemplated having me around the house for 7 days a week instead of two.

My three-year contract in Manila expired on August 22, 2007, and we left that very day on a jet plane to Jordan, Egypt, Sweden, Scotland, England and the USA, visiting friends and relatives along the way (except for Jordan, where Michelle just wanted to see Petra and the Dead Sea—with John the Baptist's Baptism Site thrown in for good measure). Egypt was a shock, where we found that Michelle's desert land had been taken over by the Army as part of a land grant in payment for constructing a new superhighway south to Luxor (which happened to pass right by her plots) and her desert guest house had been bulldozed into a pile of rubble. So much for our plans to use it as an occasional retreat during retirement!

Q: Since you were already experienced at "retiring," how did you manage your third retirement? I suspect you started work again fairly soon.

AID/Washington, EGAT Bureau, Senior Economist, 2008 -- 2015

CALLISON: My "third" retirement proved to be short-lived, however. In December 2007 I was hired as a "Senior Development Economist" in the Office of Economic Growth (EG) of the USAID/EGAT Bureau, first as a CASU (Cooperative Administrative Support Unit) contractor for one year and then as a U.S. Department of Agriculture (USDA) PASA (Participating Agencies Support Agreement) Civil Service (GS-15) employee from

January 2009 to September 2014, when I retired for the fourth time. The bureau and office names were changed in 2012 to the Bureau for Economic Growth, Education & Environment, Office of Economic Policy (E3/EP).

I did lots of different things throughout this assignment, including:

- Serving as activity manager of the Country Analytical Support (CAS)-II task order, of the Analysis and Investment for Low-Emission Growth (AILEG) project, and of the $7.4 million Learning, Evaluation and Analysis Project (LEAP). LEAP conducted 4 cost-effectiveness and cost-benefit analysis (CEA/CBA) tasks, a large public baseline survey for the Liberia Feed the Future (FTF) program, 11 project evaluations, including a mid-term evaluation of the high-level El Salvador and Philippine Partnership for Growth (PFG) programs, and several other analytical tasks.
- Serving as a member of the E3 Bureau Gender Working Group (WG) and the Agency-wide Gender Champions group.
- Supervising and editing the preparation of several country economic performance assessments, an "Economic Contagion Tracker" during the financial crisis of 2009, and a major study evaluating the impact of USAID economic growth programs.
- Serving as economic advisor to the USAID Afghanistan-Pakistan Task Force and as the USAID member of the USDA-led Afghanistan-Pakistan Trilateral Working Group on Agricultural Trade Corridors.
- Planning and organizing monthly presentations at the Economic Growth Sector Council (EGSC) meetings.
- Working (with others) on "re-engineering" USAID's standard indicators for measuring development progress in economic growth.
- Assisting the coordinator of USAID Foreign Service (FS) economists (Backstop 11) for reassignment bidding cycles, keeping track of FS Backstop 11 assignments overseas and upcoming vacancies.
- Continuing to work on a draft "Inclusive Growth Diagnostic Analytical Guide for Broad-Based Economic Growth," which, before being recommended by the IGD Working Group for formal USAID adoption, was field tested by four separate teams of economists in four countries: the Dominican Republic (DR), Kenya, Mozambique and Indonesia. I was a member of the DR team.
- Improving the draft Inclusive Growth Diagnostic Analytic Guide in response to peer review comments from outside colleagues. This guide is now available on internal websites for USAID use worldwide.
- And doing lots of TDY assignments to field missions to help design programs and prepare economic growth strategies. This included helping the Guyana mission get a $6.7 million Millennium Challenge Corporation (MCC) threshold grant to support fiscal reforms, 3 weeks back in Dhaka, Bangladesh, helping to design a new project there, and 2 months back in the Philippines mission develop a Joint Country Action Plan for the inter-agency Partnership for Growth program.

One flap about the Feed the Future (FTF) program stands out in my memory. As this major agriculture support program was being designed one of my colleagues and I insisted that, in addition to renewed support for agricultural production, which we applauded, the program should also include an emphasis on increasing productive employment in both rural and urban areas, so that the families who needed the food would be able to buy it. This was included in the initial program design, but somewhere along the way it was dropped, and the program was funded only for supporting food production and related “value-chain” processing activities. The AA for the agricultural bureau organized a highly publicized meeting with representatives from several other donor countries that endorsed this program and promised support. After the meeting he sent around a broadly distributed email within USAID that touted this success about a program that will “end hunger worldwide.”

I received a copy late on a Friday afternoon and responded with a short reply, copied to all recipients of the original email, that said renewed support for agriculture was much needed, but that there was no way this program was going to end hunger worldwide unless the families who were hungry could earn more income to buy the food they need. The next Monday I discovered that the agriculture bureau AA was furious about my email and called my own bureau’s AA. I was called in three times over the next two days by my supervisors who had been ordered to dress me down for sending that email (even though they admitted I was right about the issue). I was even officially ordered to have no future personal contact with anyone working for the agriculture bureau (even though some of them worked in office cubicles near my own and were good friends).

Needless to say, I was unrepentant. A year or so later, at a farewell meeting for the Agency’s chief economist, who was leaving for an academic position, someone asked him why the Agency had such a visceral reaction to legitimate criticism like I had posted about the FTF Program. His answer was that the agriculture bureau’s AA and senior staff had obtained Congressional funding approval for this agricultural program by promising it would end hunger, and he was upset that his argument was being undercut by a professional in his own Agency.

Another flap occurred when a “Dissent Channel” memo I wrote about State Department disruptions to the USAID Pakistan program was leaked to the press. I had three month-long assignments in Islamabad to help the USAID Mission design its $300 million food and agricultural development program. However, I was so disturbed by what I saw on my last trip, in August and September, 2009, that I wrote a Dissent Channel memorandum to the State Department leadership. That memo was leaked to the press and made a front page story in *USA Today* (Oct. 12, 2009). It was also covered in *Politico*, papers in Islamabad and Singapore, and a number of blogs. State Dept. folks conducted an investigation trying to find evidence that I had leaked the SBU memo to the press myself, but that failed because I had not done so. A friend of mine who was employed by one of the affected contractors sent me a copy of the memo that he had seen, along with two or three internal memos accompanying it that were clearly written by Holbrooke's own staff members.

At least we (and I say "we" because several people helped me improve that memo) slowed Holbrooke down and it even resulted in an official letter from Senators Richard

Lugar and John Kerry to Secretary of State Clinton and USAID Administrator Shah about the issues raised. Here is a link to this letter:

https://usaidalumni.org/wp-content/uploads/2023/08/03-05-10_JKerry_RLugar_to_Clinton.pdf

My memo and copy of the USA Today article are included as annexes to this interview. Here is a link to an article by Politico:

https://www.politico.com/story/2009/10/usaid-official-pakistan-plan-flawed-028220

Even after my PASA arrangement ended in 2014, I continued to do some part-time work from home to support USAID's EGAT Bureau. I also spent time in 2016 in Pakistan helping the mission do an inclusive growth diagnostic (IGD) for the USAID Mission through a contract with the London-based Adam Smith International consulting firm to help British foreign aid missions around the world undertake more IGDs.

Q: Stuart, this has been a remarkable story of your career, including lots of controversy and immersion in some of the toughest development issues. Please add any final comments you would like to make about your career with USAID. Are there certain things about which you are most proud? Are there things you would do differently? Given the focus you had on policy reform throughout your career, both as a direct hire USAID officer and as an implementing contractor, I wonder if there are lessons learned you would like to share?

CALLISON: I guess I am most proud of the way my family dealt with the frequent moves between foreign countries and the way they adjusted to the different cultures and lifestyles, especially my wife, Michelle, who could fit in and be accepted on extraordinarily friendly terms wherever we went—and keep the whole family fit and fiddle. Michelle became a gourmet cook, able to cook a meal from any country's cuisine as well or better than indigenous chefs. More importantly, she was also mostly responsible for our maintaining friendly social relationships with our own staff and their families in each country.

As for me, I just analyzed the problems and needs of each country's economy the best I could, in collaboration with my counterparts, and advocated the results of that analysis against the inevitable political pressures to resist change, as those in power fear for their own short-term loss against the potential for even greater incomes if the whole economy becomes more prosperous. I came to view successful economic development as a generational process. The younger officials and analysts push for change against the old guard in each country, and when the old guard slowly retires or dies off the younger ones can move the country a little more forward, until they themselves become the new old guard and resist further change from still younger cohorts.

Successful USAID programs are those that support this indigenous process and avoid the fallacy of thinking "we know best" and trying to browbeat, buy or otherwise force host country change. The latter usually backfires politically in the host country and is never successful.

I can’t think of anything I would have done differently.

End of interview

ANNEX 1

ANNOTATED RESEARCH AGENDA for POLICY REFORM STUDIES DONE UNDER DEPRA PROJECT IN EGYPT

The DEPRA Project completed 31 major studies, in collaboration with GOE counterparts, in the following areas of policy interest. The studies are annotated on the following pages.

1. Egypt: Options for Increasing Market Competition in Maritime Port Services (June 1996)
2. Quality Control System in Egypt (2 vol.) (July 1996)
3. Egypt: A Comparative Study of Foreign Direct Investment Climates (Aug. 1997)
4A. Review of Selected EOS Food & Manufactured-Durable Goods Standards (Oct. 1997)
4B. Second Review of Selected EOS Food Standards (March 1998)
5. Financial Reform for Small Business Development in Egypt (Dec. 1997)
6. Egypt: Trade Finance Reform for Small Business Development (Dec. 1997)
7. Pilot Study for Pre-Certification of Imported Products (March 1998)
8. Enhancing Egypt's Exports/Macro Policies (June 1998)
8A. Enhancing Egypt's Exports/Macro Policies-Annex (Feb. 1999)
9. Enhancing Egypt's Export Promotion Program: Micro Strategies (July 1998)
10. International Competitiveness of Egypt in Perspective (Aug. 1998)
11. Automation of…International Trade Policies (Trade Remedies) (Sep. 1998)
12. Bankruptcy Law: Proposed Amendments to Egyptian Commercial Code of 1883 (Sep. 1998)
13. Effective Rates of Protection in Egypt (Sep. 1998)
14. Egypt: Strategy for Regional Economic Integration (Sep. 1998)
15. Egypt: Poultry Trade Policy (Sep. 1998)
16. GOEIC Product Register (Oct. 2000)
17. Egypt: Obligations & Commitments under GATT/WTO Agreements (2 vol.) (Aug. 1999)
18. Forecasting the Impact of the Egyptian Exchange Rate on Exports (Oct. 1999)
19. Egyptian Food Exports and EU/Egypt Trade Policies (Oct. 1999)
20. Private Sector Contribution to Egypt's Productivity and Growth (March 2000)
21. Reducing Transport Costs of Egypt's Exports (July 1999)
22. Leading Financial Indicators in Egypt (Oct. 1999)
23. Egyptian Furniture Industry Assessment (Aug. 1999)
24. Economic Impact of Tourism in Egypt (June 2000)
25. Strategies for Enhancing Foreign Trade Policy Analysis/Decision Support (Oct. 1999)
26. Mortgage Market Reform in Egypt (Dec. 1999)
27. Egypt's Balance of Payments and Equilibrium Exchange Rate (Dec. 1999)
28. Strategies for Re-Engineering the Foreign Trade Sector (Oct. 2000)
29. Egypt & the GATT/WTO Customs Valuation Agreement (April 2000)
30. The Economic Analysis of Tariff Reform in Egypt (Oct. 2000)

31. Assessment of the Mission & Organizational Structure of GOEIC (draft Sep. 2000, not for distribution)

1. Egypt: Options for Increasing Market Competition in Maritime Port Services (June 1996). The objective of this study was to identify ways to permit greater competition and, thereby, lower costs, in Egyptian maritime ports, in order to facilitate the growth of Egypt's exports. The study team identified several significant barriers to efficiency in port services and trade. It developed a draft action plan for policy and regulatory reform. The Ministry of Transport subsequently committed itself to many of the reforms recommended.

2. Research Study of the Quality Control System in Egypt (July 1996). Prior research determined that impediments associated with Egypt's system for regulatory quality controls on both domestic and imported manufactured products and agricultural commodities created serious adverse impacts on Egypt's economy. The 1996 DEPRA study undertook an extensive review of Egypt's quality control and standardization system and identified *four major problem areas: 1) what should be quality standards are confused with what should be mandatory health and safety "technical regulations"; 2) multiple centers of overlapping and duplicative authority cause delays, confusion, redundant testing, red tape, and unnecessary costs; 3) there is little transparency or due process in rule making; and 4) compliance costs are unusually high (compared with those of other countries).* A long list of reforms was recommended.

3. Egypt: A Comparative Study of Foreign Direct Investment Climates (20 Aug 97). This study analyzed impediments to foreign direct investment (FDI) in Egypt and compares Egypt's FDI climate with that of four major MENA region competitors for new investments: Israel, Morocco, Tunisia, and Turkey. It offered a number of recommendations on how to enhance Egypt's attractiveness to foreign investors.

4. Egypt: Review of Selected...(EOS) Food and Manufactured-Durable Goods Standards with Respect to International Norms (2 Oct 97) and, as **4B**, a **Second Review of Selected Food Standards (March 1998).** DEPRA provided technical assistance to help the Egyptian Organization for Standards and Quality Control (EOS) start the review and revision of its product standards to separate out voluntary quality characteristics from mandatory health and safety regulations. The expat team members worked as technical advisors to the EOS technical committees, which were called into formal session to conduct the review and, eventually, to approve revised standards for the 12 food and 8 non-food standards reviewed.

5 & 6. Financial Reform for Small Business Development in Egypt (Dec. 1997) and **Egypt: Trade Finance Reform for Small Business Development (Dec. 1997).** This pair of interrelated studies, the first on domestic finance and the second on trade finance for SMEs, was conducted by the same team. After conducting a large number of interviews with small and medium enterprise (SME) owners and managers, government and donor SME finance programs, bankers and other financial institutions, the team analyzed the demand and supply of SME credit in Egypt and recommended improvements. The

Ministry of Economy (MOE) established a new analytical division to monitor SME development.

7. Pilot Study for Pre-Certification Imported Products (March 1998). H.E. the Minister of Trade and Supply expressed interest in following up two prior DEPRA standards-related studies relating to trade and other problems derived from the Government of Egypt's (GOE's) administration of product standards and quality controls, with a particular focus on a strategy for exporter pre-certification of Egyptian standards and/or quality controls. This study considered the feasibility of applying the pre-certification procedure to selected products, aligning Egyptian standards with global standards, and applying pre-certification procedures to enhance transparency and due process in standards enforcement and to reduce bottlenecks to Egyptian imports and exports, while still ensuring the health and safety of Egyptian consumers and users of imported inputs. It produced a number of recommendations for streamlining import inspection and testing procedures.

8. Enhancing Egypt's Exports/Macro Policies (June 1998). The study found that Egypt's current import tariff structure imposes an implicit 19.4% average tax on exports, hitting non-traditional exports especially hard. In addition, import red tape and non-tariff barriers to trade are equivalent to another 10% tax on exports, and inefficiencies in port operations add another 10% to the average cost of imported inputs. *Thus, current GOE policies impose an implicit tax of over 30% on exports, which is inconsistent with the GOE strategy of export-led growth.* While recognizing that the Government is moving in the right direction and has started to reduce tariffs, the study recommends 1) a more aggressive policy of reducing tariffs, targeting a goal of a low, uniform tariff rate of 10-15%, 2) improving duty drawback and temporary admission of imported inputs, and 3) deeper integration with the global economy through a European-Mediterranean Agreement (EMA) which would require Egypt to harmonize its commodity standards and/or adopt international commodity standards.

8A. Enhancing Egypt's Exports/Macro Policies, Annex: Economic Analysis of Five Industries (Feb. 1999). The Annex to this report presents survey data and firm-level analyses of 5 industries: food processing, leather shoes, wood furniture, textiles, and computer software. Aggregate data drawn from CAPMAS and other official sources are also reviewed and the new dimension of firm-level responses was added to add depth and color to the statistical analysis. Industry efficiency, trends in exports, company profiles, and policy implications of the analysis are explored in depth. Forty-one statistical tables are appended to the Annex, covering summaries of industry-level data and measures of industry performance. *High tariffs and non-tariff barriers to imports of raw materials are considered constraints to producing for export, as the effect is to substantially increase costs of production and to make "domestic markets more profitable" than exports.*

9. Enhancing Egypt's Export Promotion Program: Micro Strategies (July 1998). This study engaged the services of a well-known export promotion and commercial representation specialist 1) to survey Ministry of Trade and Supply's (MOTS's) export promotion structure and procedures and their effectiveness in facilitating exports and 2) to design and recommend enhanced procedures for export promotion, including the most effective structures, procedures, strategies, and human resource development necessary for realizing the GOE's export expansion goals. The study looks at the several MOTS trade promotion programs and provides recommendations to address their shortcomings, both organizationally and operationally. It offers some hope that the MOTS can help reduce export firm start-up costs and broaden the base of exporters, if it takes bold steps to address the shortcomings, upgrades the skills of its employees, and works in partnership with existing export oriented organizations and business leaders.

10. The International Competitiveness of Egypt in Perspective, 1998 (Aug. 1998) was designed to begin an annual report on Egypt's progress in building a market-oriented economy to assess the current and prospective competitiveness of Egypt in the global economy, as compared with the economic performance of 14 competing countries from the Middle East/North African region (MENA), East Asia, Latin America and Eastern Europe. It provides an analytical and empirical baseline for future reports. *It offers an accelerated competitiveness strategy, based on its findings, that would enhance five broad categories of competitiveness, namely: 1) macroeconomic growth and stability, 2) private sector development and its regulatory framework, 3) infrastructure, education and technology, 4) economic structure, productivity and efficiency, and 5) openness and comparative advantage.*

11. Automation of the Central Department for International Trade Policies (Trade Remedies) (Sep. 1998). This study involves an assessment of the needs for and a determination how to improve the quality and systemization of trade data by the MOTS Office of Trade Remedies in the Foreign Trade Sector (FTS). FTS responsibilities include the aggregation and analysis of trade data and statistics, trade policy analysis, and administration of trade remedies. The Office of Trade Remedies, in particular, had needs identified in the areas of: (1) final design for network and internal communications, network start-up, and installation (with training); (2) development of an automated system for entering import data received from Customs and Egyptian banks; and (3) installation and training in software to aid in translation of documents from English to Arabic.

12. Bankruptcy Law Review: On the Proposed Amendments to the Egyptian Commercial Code of 1883 (Sep. 1998). At the request of H.E. The Minister of Economy, Jim Regan, a legal expert in bankruptcy, conducted a preliminary review of Egypt's current and proposed laws affecting bankruptcy procedures. The objective of the study was to recommend effective exit policies for insolvent firms that protect creditors and other stakeholders but does not discourage risk-taking so as to inhibit generation of new enterprises, jobs, and economic growth. *The consultant concluded that the proposed new bankruptcy law should be revised to conform with more modern approaches to bankruptcy. The three more significant revisions should be:*
1) providing the debtor a discharge, 2) providing for more simplified reorganizations of bankrupt companies, and 3) establishing special courts and expedited procedures for bankruptcy cases. The consultant also recommends that the proposed negotiable instrument provisions should be enacted, but with companion legislation improving a

creditor's ability to obtain and enforce judgements on simple debts. The proposed technology transfer provisions should not become law, at least not those which declare that Egyptian law governs technology licenses and which give the licensee a right to re-transfer the technology irrespective of the licensor's wishes, as these provisions would create a barrier to the commercial exploitation of foreign technology in Egypt.

13. Effective Rates of Protection in Egypt (ERP) (Sep. 1998). A cooperative effort with the Ministries of Economy (Research and Information Sector (RIS)), Finance (Customs), and Trade (FTS), this pilot study was to determine whether sufficient data was available in Egypt to compute ERP industry by industry and, if so, to develop an institutional capacity for calculating and analyzing ERPs for various industrial subsectors of interest as tariff rates are unevenly reduced. *Unfortunately, the insufficiency and high cost of necessary data and the lack of cooperation from CAPMAS turned out to be major problems that required this effort to be curtailed.* The report explains the basic ERP concept in some detail, carries through an expository example based on limited data from the leather shoe industry, and discusses the importance of such analysis for a country making frequent adjustments to an escalating tariff structure, which often provides excessive effective protection to wasteful industries.

14. Egypt: Strategy for Regional Economic Integration (Sep. 1998). This study was intended to assist the GOE to develop possibilities for increasing Egyptian exports to other nations of the Middle East (Maghreb, Mashricht, Gulf) through maximizing the enhanced market access benefits of regional economic integration arrangements, as well as to aggregate the economic leverage of such associated states in trade negotiations with developed nations. The study surveyed the effectiveness for Egypt's economic development of existing regional arrangements to determine whether they serve Egypt's overall economic interests, can be revitalized to do so, or whether Egypt should take a leadership role to develop new arrangements more likely to serve such purposes. *The analysis suggests the preferability of "open regionalism," eliminating trade barriers on a most favored nation (MFN) basis, rather than on a preferential basis, in a manner consistent with the WTO multilateral approach to global trade liberalization. But if open regionalism cannot be achieved in the near term, the quantitative economic analysis suggests that Egypt's best choice for regional economic integration is the Arab Maghreb Union.* The study makes 13 recommendations as to how Egypt should best proceed to integrate with the world economy and take advantage of the very positive net national economic welfare benefits accruing to multilateral trade liberalization and economic integration.

15. Egypt: Poultry Trade Policy (Sep. 1998). This study was requested by MOTS Minister Dr. Goueli to analyze the impact of GATT requirements for Egypt to eliminate the ban on poultry imports (done) and reduce the initially high (80%) replacement tariff (over time) on domestic production and consumption. The study found that the current tariff level of 80% would clearly reduce net social welfare by a very large amount, in excess of LE 1.1 billion, if world prices decline. However, at current world prices it greatly exceeds the level required to protect Egyptian producers against import competition, given the apparent structure of domestic supply and demand. *The study* *recommends the GOE 1) reduce the tariff on poultry immediately to 30-40%, thereby ensuring that prices to consumers would not exceed world prices by more than is currently the case, and 2) develop a time-phased schedule to reduce the tariff over time, at a rate consistent with minimizing disruption of the domestic poultry industry, increasing the efficiency of productive resource use, and maximizing consumer welfare.* An eventual rate of 5-10% was suggested as consistent with rates for other food products.

16. GOEIC Product Register (Oct. 2000). The objective of this study was to design and help GOEIC (the General Organization for Export and Import Control) implement a computerized product register for imports inspected and tested by GOEIC, so GOEIC can document good compliance history and waive the current requirement for testing every consignment of every imported product on the mandatory list, backing off to spot checks only of products with good compliance history. The Italian Embassy agreed to provide the counterpart funds needed to procure the computers for this effort, and after many months delay in the formal bidding and re-bidding process, the Giza Company was finally awarded the contract in June 2000. The contract has been sent to the Ministry of Planning and the National Investment Bank for release of funds. The contractor has 90 days from first payment to deliver and install the computers. DEPRA prepared formal requests for IIE DT-2 to provide technical training to the GOEIC/IT Unit so they can effectively manage the nationwide computer network and to assist them in setting up GOEIC's own training program for its keyboard operators around the country, including the operation of the Product Registry Program designed earlier.

Establishing a product register and using it to reduce import inspections and testing requirements was a key recommendation of a previous DEPRA study, "Pilot Study for Pre-Certification of Imported Products," completed in March 1998. *The follow-on efforts of the (former) DEPRA/MOTS team was instrumental in convincing GOEIC to embark on this policy change, which was formalized by Ministerial Decree No. 501/1999 dated 12 Dec 1999. This decree ordered the product register system to be initiated manually, in advance of the procurement and installation of the computerized tracking system.* The program design team completed the software design and demonstrated its operation to selected GOEIC staff in November 1999.

The product register design team, led by Nathan Associates staff member Michelle Morgan and including Paul Rezucha and Sherif F. Elantil as key programmers, Dr. Ahmed Mahrous Moharram as an expert on the Egyptian import process, and Mr. Abdel Wahab Heikal of the long-term DEPRA staff, have provided assistance to GOEIC not only to develop this software program, but also in drafting the specifications for the required computer procurement and in advising the committees that reviewed the bids and ultimately awarded the tender. Procurement delays prevented DEPRA from completing the program development process before the end of its contract. Consequently, the design team documented what it has done and left a Final Report of the DEPRA study/technical assistance activity, "GOEIC Product Register" (GPR), together with a CD-ROM containing the computer program files as well as all the written documentation. The Final Report is published in 6 volumes:

1. GPR Design Final Report, Introduction and Summary
2. GPR Database, Developer and Installation Guide
3. GPR Database Appendixes, Table Details, Scripts, and Stored Procedures
4. GPR Web Site User's Manual
5. GPR Web Site Installation Guide, with Notes on Security, Translation and Windows NT Installation and Setup
6. GPR Administration and Control Program, Developer and Installation Guide

This report documents the software program (contained on the CD-ROM) that has been developed by DEPRA to create the needed database and Web Site. It has been demonstrated and tested insofar as practical prior to installation and field testing on the actual server and computers to be installed in GOEIC branch offices. Any complicated software program design must go through six basic phases:
1) Analysis, design and development (done by the design team)
2) Code testing and debugging (done by the design team)
3) Deployment (still to be done by the design team and GOEIC working together)
4) Functional testing with live data (still to be done by design team and GOEIC users)
5) Customization, modification and bug fixes (still to be done by the design team after testing)
6) Acceptance testing and sign off (still to be done by GOEIC)
No program should be considered ready for use until all six of these steps are completed. In the case of the GPR program, the first two steps have been completed. The DEPRA project provided the equivalent of a semi-developed or "beta" version of the program to GOEIC with sufficient documentation to proceed with the additional steps as soon as practical.

17. Egypt: Obligations and Commitments under the GATT/WTO Agreements (2 vols.) (Aug. 1999). At MOTS Minister Dr. Ahmed Goueli's request, this study describes the specific obligations imposed upon Egypt by the rules formulated in the GATT '94 and Uruguay Round agreements and the commitments with regard thereto made by Egypt. *The study found a large number, 853, of actual Egyptian obligations and commitments. It notes some of them may require Egypt to reformulate its international trade policies and redesign its trade-related legal and regulatory regime. It recommends that Egypt first concentrate on compliance in those areas of most concern to its main trading partners, so as not to "chill" its trade relationships with them. As expressed by the largest number of countries speaking up at the recent WTO Trade Policy Review meeting on Egypt, these are 1) standards and quality control issues, packaging/ labeling requirements and conformity inspections, 2) Decree 619 and related rules of origin for imports, and 3) customs, tariffs, fees and other charges on imports and customs operations.* It was conducted by Nathan Associates staff member and former DEPRA chief of party, James L. Kenworthy, Esq.

18. Forecasting the Impact of the Egyptian Exchange Rate on Exports (Oct. 1999). This study was a collaborative effort between the Cairo University Center for Economic and Financial Research and Studies (CEFRS), MOE/EPRIS and DEPRA, and served as on-the-job training in this kind of analysis for selected EPRIS staff. The lead investigator was Dr. Sherine El-Shawarby of CEFRS. *The analysis could not find the expected statistical correlation between variations in the real exchange rate and Egypt's export performance, and suggests that exporters face institutional and policy constraints, as well as some external barriers to trade, which inhibit normal supply response to price changes.*

19. Egyptian Food Exports and EU/Egypt Trade Policies (Oct. 1999). This study was to assess the potential for removing barriers to trade between the EU and Egypt in processed fruits and vegetables and recommend a strategy for removing them. It concluded that*: 1) EU agricultural policies are rigid and prevent rapid growth in exports of Egyptian fruits and vegetables, and the few new concessions being offered Egypt by the EU are small, with benefits equivalent to about 10% of current exports--although if Egypt does not sign the agreement it will lose concessions previously granted on a temporary basis; and 2) while long term gains can be expected from tariff reductions on industrial goods, they derive as much from Egypt's own trade liberalization measures as from new EU concessions.* The study was conducted by Frank A. Padovano, Dr. James H. Cassing, and Ms. Nabila El Iskandarani.

20. Private Sector Contribution to Egypt's Productivity and Growth (March 2000). This study assesses the role of Egypt's private sector in enhancing Egypt's productive capacity both on the macro and sector levels, with particular emphasis on manufacturing activities. It examines the role of the private sector in improving the allocation of resources, thereby expanding employment opportunities, raising living standards, bolstering exports, improving efficiency and productivity, and disseminating technology. It treats the private sector in terms of its principal legal entities--formal, informal, and private investment sub-sectors--and it explores financial, legal and institutional constraints on private sector productivity and competitiveness, particularly as they relate to promising sectors of the economy. It also explores the role of the Government in fostering an improved business environment and guiding the private sector through its economic policies and development programs. The study adopted an integrated analytical approach that includes statistical and economic analysis, estimation of total factor productivity as it relates to technical, allocative and cost efficiency, and surveys of promising activities in the software, home appliance and horticulture subsectors. Dr. Suzanne Messiha was the DEPRA coordinator of this study. Dr. Robin C. Sickles and Dr. Greta R. Boye participated in the research and analysis as expatriate consultants, as did three Egyptian consultants: Dr. Lobna Abdel Latif and Dr. Kamal Sami from Cairo University and Dr. Abdel Hamid Mahboub from Zagazig University, and selected members of the MOE/EPRIS research staff.

Private manufacturing productivity estimates point to clear gains to the Egyptian economy and to citizens of Egypt from the economic reform program started in the early 1990's. The results suggest that market forces have made the private sector more efficient than before and therefore more competitive in the 1990's than it was in the late 1980's. This phenomenon is one of the major reasons for the strong performance of the private sector in total factor productivity (TFP) growth. The study also found a healthy ability to cope with the large 1989-91 devaluation of the Egyptian pound among small- and large-sized firms, but less so with medium-sized firms. It suggests that capital formation in the form of new and existing technologies would enhance the prospects for growth in the next decade.

21. Reducing Transport Costs of Egypt's Exports (July 1999). This study, requested by Minister Goueli, addresses the issue of perceived freight differentials, their causes and their impact on exports and economic welfare. It was conducted by transportation economist Charles G. Vandervoort and Michelle Morgan, together with marine transport expert Capt. Farouk El Saigh and transport economist Dr. Adla Mohamed Abdel Salam Ragab. *Its major conclusions are: 1) freight rates for both sea and air transport from Egypt are relatively low compared to neighboring countries; 2) domestic truck transport costs are high, due largely to high import tariffs and substandard road conditions; 3) storage, handling and loading costs at Egypt's ports, and especially at airports, are high, due to a lack of competition; 4) a shortage of reefer containers inhibits exports by both air and sea; 5) container handling at seaports is inefficient, due in part to public sector ownership; and 6) customs and other clearance procedures cause inordinate delays to import delivery.*

22. Leading Financial Indicators in Egypt (Oct. 1999). Requested by H.E. Minister Youssef Boutros Ghali, this study was designed to assist the Ministry of Economy and Foreign Trade (MEFT) establish an institutional capability to monitor the status of Egypt's banking and financial sectors and detect early signs of weakness which could lead to a destabilizing financial crisis. It was conducted by Thomas P. Enger, a senior financial sector consultant, and Ms. Rawia Atef Mokhtar. Fourteen leading financial indicators (LFI) of the Egyptian economy are defined and analyzed in the report, providing the groundwork and basis for future periodical reviews of the financial and banking strength of the Egyptian economy. The report provides a survey of recent research papers on currency and banking crises elsewhere in the world and the potential vulnerability of emerging markets to crises of this nature brought about by trade imbalances, capital flows, or macroeconomic conditions, and such. The final chapter is a sample quarterly report of the interpretation and status of the LFI.

23. Egyptian Furniture Industry Assessment (Aug. 1999). This was a pilot study to identify factors that inhibit exports and to assist the MOTS/Egyptian Export Promotion Center (EEPC) develop a strategy for export promotion in this sector, provide policy analysis, carry out analyses of selected overseas markets, and assess the industry's productivity and efforts to improve it. The study was conducted by expat team members Hilton P. Settle, Aisha Hassan Nadar and Dr. Montague J. Lord, and an Egyptian Trade Policy Analyst, Dr. Omar Abdel Hamid Salman, working with a MOTS/EEPC team composed of Mahmoud El Hedini, Magdi El Drgaly and Shouky Hagazi.

The study concluded that the U.S. market is very large and growing rapidly, offering excellent opportunities for Egyptian furniture exports, particularly in entertainment centers, bedroom and upholstered furniture. It recommended EEPC prepare for the upcoming High Point Fair in North Carolina, develop brochures, an Internet website, detailed market research, and a marketing plan. It also recommended the establishment of an Egyptian Furniture Manufacturers Association. *On the policy side, however, the study concluded that present Egyptian trade policies constitute a serious barrier to growth in furniture exports. While the tariff on furniture imports was reduced from 50% to 40% in 1998, the effective rate of protection is still extremely high at 216%, thus reducing incentives for more efficient and competitive furniture production. If the duty drawback system worked perfectly the anti-export bias imposed by high tariffs and other barriers to trade would be only 12%. However, firm-level interviews indicate the system is cumbersome and virtually unused, so the anti-export bias is probably closer to 40%.*

24. The Economic Impact of Tourism in Egypt (June 2000). The Tourism Study is an economic impact analysis of the tourism sector to determine its contribution to GDP, the role of tourism in generating new employment opportunities, how much government revenue comes from tourism, and the impact of tourism on the balance of payments. This will facilitate policy analyses and recommendations of how the tourism sector could contribute to national economic growth and job creation objectives, while minimizing the economy-wide impact of external shocks to the tourism sector. The study used an economic impact analysis methodology to trace direct and secondary effects of foreign tourists' spending on output, value added, employment and tax revenue. *It found the direct impact of such spending on total 1999 output to be $3.6 billion, or 4.4% of GDP at factor cost. Adding indirect effects the total contribution of this sector reached $9.6 billion, or 11.6% of GDP. The study also found that tourism directly or indirectly supports 2.7 million jobs and generates LE 3.6 billion in tax revenues, or 13.5% of total direct and indirect taxes. While total employment figures were not available for 1999, tourism accounted for 12.6% of total employment in 1996. This indicates that the importance of tourism to the Egyptian economy is much higher than previously believed.*

The study was conducted by the Egyptian Center for Economic Studies (ECES), with financial assistance from DEPRA, the Ministry of Tourism, and the Egyptian Federation of Chambers of Tourism. At the request of the Ministry of Economy and Foreign Trade, DEPRA supported the study effort by contracting for a) the services of a foreign tourism expert, Prof. Daniel Stynes of Michigan State University, b) a survey of tourism establishments, and c) a study workshop. The final report was published by ECES as its Working Paper No. 40, June 2000. It has been well received and was presented to the High Council of Tourism and the Council of Ministers. A planned concluding conference has been postponed until a later date.

25. Strategies for Enhancing Foreign Trade Policy Analysis/Decision Support Activities (Oct. 1999). The objective of this study was to recommend a strategy for modernizing the Foreign Trade Sector (FTS). *The report recommends a reengineering process to improve FTS's ability to anticipate developments in international trade, to provide support for future international trade negotiations, and to provide better support for the Government of Egypt's trade policy formulation.* Reengineering consists of a thorough review and adjustment to existing processes, human resources, information technology and internal and external relationships of FTS. In addition to proposing a reengineering process, the report makes specific recommendations for training, information systems, and creating an FTS World Trade Library.

26. Mortgage Market Reform in Egypt (Dec. 1999). Requested by H.E. the Minister of Economy and Foreign Trade, this study analyzed the economic, legal and regulatory issues constraining housing finance in Egypt and proposes legal, regulatory, and institutional changes needed to develop a robust mortgage market, including a secondary mortgage market, which would ultimately expand access to affordable housing finance to all Egyptians, including lower income families. The team then helped MEFT draft a new mortgage law. The study team included 3 expats, Ms. Elaine B. Weis, mortgage market expert, as team leader, Dr. Douglas Diamond, housing finance economist, and Dr. Michael L. Unger, housing finance economist, who worked with 5 Egyptian lawyers, Mr. Karim Adel Kamel, Dr. Mohamed Kamel, Dr. Mohamed Nour Shihata, Judge Ashraf Shoukeri, and Dr. Ziad Bahaa El Din, legal advisor to the Minister.

27. Egypt's Balance of Payments and Equilibrium Exchange Rate (Dec. 1999). The Exchange Rate and BOP Study reviewed previous exchange rate and export research and deepened and broadened the analysis to include the impact of the real effective exchange rate on both the current account and the capital account. The study provided an analytical model to guide policy makers about what policy changes may be needed to ensure that the exchange rate is supportive of export growth and a sustainable balance of payments. *It found relatively high elasticities for both imports and exports with respect to changes in Egypt's real effective exchange rate. The analysis indicates that a real effective exchange rate devaluation would significantly reduce the deficit on the current account and, to a lesser extent, also impact the capital account.* This study, which was requested by USAID/Egypt, was conducted by Dr. Montague Lord.

28. Strategies for Re-Engineering the Foreign Trade Sector (Oct. 2000). The purpose of this study activity was to assist MEFT/FTS improve its performance and upgrade its research and analytical capabilities in three critical areas: GOE obligations as a member of WTO, trade policy analysis and guidance for the Minister's Office, and research analysis to underpin trade remedies activities. During its last contract year DEPRA began a process that was expected to take at least 3 years to complete. The Final Report of this initial effort, "Strategies for Re-Engineering the Foreign Trade Sector," issued on October 22, 2000, reflects achievements made to date. Principal accomplishments were:

Reviewed and analyzed the FTS mandate, including its legal structure

Reviewed and analyzed the FTS organizational structure and suggested different models

Assessed existing technical capabilities of the current staff, designed a program to enhance existing technical capacity, and outlined training requirements

Interviewed over 300 candidates (Phase I) and selected 15 new employees, including 8 having a high degree of economic skills, and assisted in an orientation program for them.

Interviewed another 200 candidates in Phase II of the recruitment process and had 60 complete the written examination.

Developed recommendations for forming a new economic research unit, training the members of the unit, and developing a management structure for it

Delivered hands-on advice to top managers on organization, management techniques, and structural requirements.

Broadened the knowledge base of over 40 employees through a program of awareness seminars, a US Study Tour, and several short conferences

Provided computer equipment and office furniture primarily for use by newly recruited employees

Critical activities identified in the report that should be carried out in the near future are:

Continuation of the selection of new employees

Orientation and development of newly selected staff

Tailored management and technical training for existing high potential staff

Assessment of the IT system

Establish a Library, Docket, and Electronic Filing System

Assess the Interfaces between FTS and other trade-related agencies, public and private

Implementation of a conference on institutional development for trade liberalization

Implementation of a collaborative economic research project (textiles)

Direct transfer of research technology

Dr. Rollo Ehrich and Mr. Mike Samra authored the final report, with input from Mr. Abdel Wahab Heikal.

29) Egypt and the GATT/WTO Customs Valuation Agreement (April 2000). This study reviewed the current legal framework, procedures, and environment for customs valuation in Egypt and discusses the modifications that are needed for implementation of the GATT/WTO Customs Valuation Agreement. Upon ratifying its membership in the WTO in 1995, Egypt became obligated to adopt the Agreement on Implementation of Article VII (concerning customs valuation) of the GATT. The period for application of the agreement will expire on June 30, 2000. Egypt has requested a further three-year extension. The study concludes that there is no practical way in which Egypt can fully apply the agreement by the June 30 target. However, it can take action to begin the process of implementation, regardless of the WTO response concerning an extension of time. The study explains how this can be done.

30) The Economic Analysis of Tariff Reform in Egypt (Oct. 2000). The purpose of this study was to analyze the impacts of tariffs and to suggest modifications in the tariff structure. Volume I, the Main Report, provides an overview of the studies' findings; and Volume II is made up of five technical annexes reporting the results of 5 separate but interrelated studies. Because of its importance, it is summarized in some detail here:

Perhaps the most interesting result of the five studies is the significant improvement that would be expected in its economy if Egypt were to drastically reform its tax and trade regime. For example, by *replacing all tariffs and taxes with a single, uniform, revenue-neutral, general sales tax, and by allowing exchange rates to adjust to market rates, Egypt's gross domestic product in 2005 would be 7 percent higher than baseline projections. Also, investment would be 37 percent higher, and exports would be 24 percent higher.* (Annex V)

Four other scenarios for tariff reform were also analyzed. In contrast with the above scenario, tariffs are adjusted, but are set at levels that are revenue neutral. The first scenario is a "concertina" approach, where the highest tariffs are lowered the most, resulting in fewer "tariff bands." The second reform that was modeled is two-tier tariff, where there are only two tariff bands. The third reform is a uniform tariff. All of these scenarios are modeled without tax reform, and, as expected, they all add to Egypt's economic development, but by lesser amounts than a complete reform of taxes and a complete removal of tariffs. While the goal of the WTO is the complete elimination of tariff and non-tariff barriers, these scenarios can be thought of as interim steps in pursuing that goal.

It should be pointed out that the economic models that were used are based on past behavior of Egypt's economy. *Other countries' experiences with reform have demonstrated that there are additional, "dynamic" responses to trade reform that add to growth and development, but economic models fail to capture them.* Dynamic responses come from the transfer of technology, the reduction or elimination of administrative burdens, a reduction in uncertainty for investors and so on. Annex I describes the experiences of other countries with trade reform, and points out that the countries that have reduced tariff spikes and tariff escalation the most have grown the fastest. Among the group of fast-growing countries that have benefited from tariff reform are countries as diverse as Chile and South Korea. South Korea, in particular, suffered from a stagnant economy for years before it changed to a more open trade regime. Under this new regime both imports and exports increased, foreign investment increased, and the economy became one of the Asian miracle economies. (Annex I)

There have been only a few failures among the developing countries that instituted trade reform. All of these failed because the countries pursued improper macroeconomic policies, not because of the trade reform. In particular, when trade barriers are lowered, a country's exchange rate must be allowed to fall enough to bring international payments back into balance. A fall in Egypt's exchange rate would partly offset the reduction in tariffs, thereby restraining the expected increase in imports, and it would encourage exports by making them more profitable for Egyptian producers. (Annex I)

In addition to economy-wide modeling, several industries were singled out for closer scrutiny, and several surveys of the labor market were used to analyze the effects of tariff reform on the labor market. *With the expansion of trade that would result from tariff reform, the most efficient industries would expand their output and the contracting industries would be the ones whose products are replaced by less expensive imports. (See Table ES6.) Low-cost products would replace high-cost products. With the fall in the cost of living, Egypt's real income would increase.* (Annex IV)

Egypt's labor market is very dynamic and flexible. The annual turnover rate of labor in Egypt's industries is around 8.5 percent per year, so the changes in employment accompanying a staged tariff reform could be handled by attrition. (Annex IV) This observation is reinforced by the experience of other countries. Other countries did not experience increased unemployment following trade reform, and several experienced decreases in unemployment. (Annex I)

There are five annexes to this study. Sarath Rajapatirana, who is a Sri Lanka national, wrote the first annex, where he recommends the sequencing of macro-economic policy and trade policy reform. Rajapatirana is with the American Enterprise Institute, on leave from the World Bank. The second Annex was written by Greta Boye, an international consultant living in Spain who has worked on several previous studies for the DEPRA Project. The third Annex was written by Dr. James Cassing, who is a professor of economics at Pittsburg State University. Dr. Cassing has worked in many countries as a development consultant and has participated in several previous DEPRA studies. Dr. Montague Lord, who is an international consultant also living in Spain, wrote annex IV; he produced the macroeconomic model that is used in Annexes II and IV; and he acted as team leader for this report. Dr. Joseph Francois, Professor of Economics at Erasmus University in the Netherlands, wrote annex V. He is a research fellow at the Tinbergen Institute and with the Center for Economic Policy Research in London, England. He is also director of the European Trade Study Group. He was the head of the trade modeling team at the WTO in Geneva during the Uruguay Round.

31) Assessment of Mission and Organizational Structure of the General Organization for Export and Import Control (GOEIC) (draft Sep. 2000, not for distribution). In a report written in 1996, DEPRA recommended a streamlining of the product inspection system in Egypt's ports. Principal points of the recommendation included a call for the establishment of a single inspection entity, and also maintaining compliance history for use in determining the frequency of inspection. GOEIC subsequently adopted a product register for implementing the compliance history system. President Mubarak has issued a decree (PD 106) mandating GOEIC as the single administrative authority responsible for coordinating import inspections at the ports. With its evolving, more central role, GOEIC will need to adapt its organizational structure, upgrade its management system, streamline its operations, and re-train its personnel. The product register itself will also require evolving organizational adaptation. Therefore, the

GOEIC Assessment was designed to address the mission and organizational issues, carrying out as a first step an assessment of re-engineering needs. It was to perform a diagnostic study of GOEIC to determine if it could benefit from structural reform and technical upgrading (or "re-engineering") and, if so, to make some initial recommendations as to how to proceed.

The study team:

- Reviewed GOEIC's existing mission and sought consensus on appropriate changes including those that may require changes in laws or decrees;
- Articulated the new organizational mission as explained by the Chairman, which will better serve Egypt's new trade policies;
- Inventoried current organizational structures and processes, including human & physical resources;
- Identified key constraints that are preventing or could prevent GOEIC from achieving its mission;
- Provided recommendations for re-engineering;
- Identified key managers and stakeholders in a set of interrelated departments or functions, and identified and created consensus around a set of strategic institutional enhancement issues that cut across functional departments within GOEIC.

The draft report is thorough and contains much detail about its findings and recommendations. It attempts to document and make a solid case for the importance of 1) restructuring GOEIC to better focus on new priorities, 2) improving the technical competence of its staff, 3) improving the technical effectiveness of its procedures, and finally, 4) to provide an initial guidebook for a major effort to accomplish this, should the requisite funding and technical assistance be made available. In view of its content, the MEFT requested that this study remain in draft form and not be made available for distribution.

ANNEX 2

USA Today Article Describing Stuart Callison Dissent Memo

Bid to shift Pakistan aid criticized

USA TODAY – 10/12/09

Official: Stability is compromised

■ Memo: usatoday.com
■ 42 hostages freed, 8A

By Ken Dilanian
USA TODAY

WASHINGTON — Special representative Richard Holbrooke's bid to shift U.S. aid rapidly from American contractors to local Pakistani organizations will "seriously compromise" the effort to stabilize Pakistan, a U.S. diplomat says in a confidential message to senior State Department officials.

The memo, obtained by USA TODAY, comes as President Obama is poised to sign legislation that would triple non-military aid to Pakistan in an effort to battle its growing Islamic fundamentalist insurgency and economic crisis.

Underscoring sensitivities about the U.S. role there, the $7.5 billion aid package has drawn fierce criticism in Pakistan because of the accountability provisions Congress attached to the money, such as requiring Pakistan to show a commitment to fighting terrorism.

Pakistan's government also has complained about the use of U.S. companies to run aid programs. USA TODAY reported Oct. 2 that Holbrooke has been moving to push more aid money to the Pakistani government and local groups.

The problem, according to the memo by C. Stuart Callison, an economist at the U.S. Agency for International Development (USAID), is that Holbrooke is canceling successful programs run by U.S. contractors while moving to give large sums to Pakistani organizations with shaky financial track records.

Holbrooke, the top civilian overseeing Obama administration policy on Afghanistan and Pakistan, has asked to personally approve every project funding renewal involving U.S. contractors, Callison wrote — and "the disapprovals already received are shockingly counterproductive."

Few Pakistani companies and charities can comply with U.S. accounting rules, Callison wrote.

Deputy Secretary of State Jack Lew said the administration makes no apologies for wanting to shift aid money away from U.S. contractors in Pakistan, but "we're not going to do it so quickly that it causes disruption."

Callison sent the Oct. 2 cable through the so-called "dissent channel," a process designed to give the secretary of State access to opposing views. He confirmed its authenticity but declined to comment.

ANNEX 3

Stuart Callison Dissent Memo

DISSENT CHANNEL October 2, 2009

TO: S/P – Anne-Marie Slaughter, Director

FROM: USAID/EGAT/EG – C. Stuart Callison

SUBJECT: Dissent Channel: Contradictory Objectives for the USAID/Pakistan Program

1. The following is a Dissent Channel message from C. Stuart Callison, Ph.D., Sr. Development Economist, USAID Bureau for Economic Growth, Agriculture and Trade, Office of Economic Growth, to the Director of Policy Planning (S/P), for action under 2 FAM 070.

2. The USAID Mission in Pakistan is receiving contradictory objectives from S/SRAP. On the one hand it is expected to achieve high impact counterinsurgency and broad-based economic development objectives as quickly as possible, especially in those areas more susceptible to radical Taliban recruitment. On the other hand it is asked to do this by working through national and local government channels and host country contractors and NGOs, and not through U.S. contractors and NGOs, to avoid the overhead charges of the latter and to improve the institutional capacity and legitimacy of government agencies and local institutions. These are all worthy goals and USAID can achieve them all. However, they are contradictory objectives without a reasonable transition period for the latter.

3. Directing an immediate shift away from U.S. contractors already on the ground to local implementers without an appropriate transition period will seriously compromise the more important requirements for quick counterinsurgency and economic impacts. Changing course instantly means that much of the action needed to meet the more substantive US strategic objectives will be suspended for many months or a year, if not longer, since not many local counterparts are yet able to deliver the necessary technical assistance to local levels, nor even to pass pre-award financial management audit requirements to receive project funds or grants.

4. Incremental funding actions, normally approved at the USAID office director level, now require Ambassador Holbrooke's personal approval. This approval process has been difficult, time-consuming and extremely frustrating for an already overburdened Mission staff, and the disapprovals already received are shockingly counterproductive to priority USG counterinsurgency (COIN) and economic development objectives. They have had a chilling effect on all decision-making by Mission staff, who know better than anyone else what will work and what will not work in the Pakistan context.

5. Now I hear about plans to cancel all prime contracts with American consulting firms and contract Pakistani firms instead. This would set back the USAID program and delay the accomplishment of USG objectives, instead of achieving more rapid results. Such policy decisions seem to be based on an inadequate understanding of the nature of economic development activities, the requirements for local institutional capacity building, the operational requirements under which USAID must function and the amount of time it takes to design and obtain approval for new contracts and/or project activities.

6. I strongly recommend that S/SRAP allow the current USAID/Pakistan program to continue in transition mode, adjusted as well as possible to the new COIN mandates but not be required to cancel contracts mid-stream. Large amounts of new funds are coming on line and it will take considerable time and effort to design new activities that will make wise use of that money. Meanwhile, the existing contracts can be used effectively to pave the way for the desired new approaches to doing business. The money spent on contractor overhead during this transition period would be very small compared to the negative impact on COIN objectives of the disruption caused by contract cancellations.

7. Based on past experience in Pakistan, very few Pakistani firms and NGOs can currently satisfy the stringent financial management audit requirements for USAID project funding. Recently, one of Pakistan's preeminent financial institutions for wholesale microfinance, the Pakistan Poverty Alleviation Fund (PPAF), did not pass the financial management audit for a micro-lending activity and had to return half of its $5 million grant when one of its local partners misspent the funds. Now there is talk of giving PPAF a grant of up to $50 million before its management and financial systems have been strengthened to address internal weaknesses related to managing funds. The Khushali Bank did pass its financial management audit but failed its performance targets, despite very active monitoring and oversight by USAID staff. Building up the capacity of Pakistan institutions to manage project funds and implement the desired project activities is a worthy goal, but it will take considerable time and effort before they can successfully contribute to shared US-Pakistan objectives. Meanwhile, the U.S. consulting firms can simultaneously pursue project activities and help build that local capacity without bringing USAID development assistance to Pakistan to an abrupt halt.

8. Ambassador Holbrooke recently denied incremental funding for several USAID activities in the Federally Administered Tribal Areas (FATA). This program was launched in 2007 to support the objectives of the Government of Pakistan for development in this troubled and strategically important region. USAID spent many months working with counterparts, including the FATA Secretariat, the FATA Development Authority, and the local political administration, to support the Government of Pakistan in order to assemble a meaningful development program comprised of the following elements—mostly using Pakistani groups and firms for implementation in ways which do not identify them as being funded by the USG, for their own safety:

- Strengthening government institutions to improve service delivery
- Expanding economic opportunities, creating jobs, and increasing productivity
- Improving maternal and child health
- Improving teaching standards, upgrading teacher training institutions, and providing essential equipment and supplies to raise overall quality of education

- Addressing the needs of displaced people affected by the recent conflict and military operations, as well as rapidly responding to natural disasters.

This program clearly supports USG COIN as well as economic development objectives in Pakistan. To shut parts of it down seriously impedes the achievement of those objectives.

9. The USAID/Pakistan Economic Growth (EG) portfolio consisted of two energy projects (Energy Policy and Energy Efficiency), Performance for monitoring and evaluation, and four interrelated private sector development activities: Jobs, Firms, Entrepreneurs and Trade. The Jobs project is to set up private sector-led training and employment systems that will integrate youth into the workforce. The Firms project will help firms in 10 key industries with a strong potential to grow and to add workers, including the agriculture sector, and will reach micro, small, and medium enterprises to add value to their products, increase exports, and create jobs. Entrepreneurs directly target the vulnerable population in remote areas where the Taliban have been gaining a foothold by providing economic opportunities for 120,000 micro-entrepreneurs, a largely unskilled and uneducated population at risk for extremist influence in the absence of alternative income streams. The Trade project will address inefficient trade policies, illicit trade, infrastructure needs to strengthen Pakistan's transit and cross-border trade with Afghanistan and facilitate trade with other high potential regional partners. These are well designed projects that will positively impact economic growth and employment generation in Pakistan. Their relationship to a rational COIN strategy in the Pakistan context should not be open to question, and they are all designed to build local capacity to carry on these activities as soon as possible, while the U.S. contractors are to phase out.

10. The Performance project was well designed to satisfy USAID's requirements for project monitoring, reporting and evaluation in a uniform and coordinated manner across all the EG projects and to keep the Pakistan public informed about what they were accomplishing, instead of requiring each of the several EG contractors to do so on their own in a less easily coordinated way. The project design was so well conceived it was highly praised as one other USAID Missions should try to emulate. Ambassador Holbrooke decided to end this project forthwith, ostensibly because it was being implemented by a U.S. consulting firm, although only 3 of its 28 or so employees were American and the rest were Pakistani (who received pink slips during Ramadan!). Now, since these are still USAID requirements, the Mission is forced to backfill them in much less satisfactory ways.

11. Scopes of work for a large, high priority EG agricultural development program, including livestock and dairy, horticulture, farm systems (for basic grains) and policy reform, have been under design for more than a year. They were almost ready for contracting. Under the new COIN guidelines they must now be redesigned in an attempt to use Pakistan instead of U.S. contractors and to start with small farmer organizations and local government management units, instead of using reliable U.S. consulting firms to organize the effort. This will result in considerable delay before USAID assistance to Pakistan's agricultural development can begin, which is unfortunate for a counterinsurgency effort that must rely on increasing rural productivity, employment and incomes for success. Pakistan's most backward areas will be the hardest to reach with the

new limitations on contracting.

12. USAID is used to changing directions and emphases during political transition periods or when conditions change on the ground. However, in view of the time it takes to design and obtain approval for new projects, the better, more normal practice is to make incremental changes to existing projects in compliance with the new directions, but to keep them going until new projects can be brought on line with new funding. In the case of Pakistan, with the urgent need to achieve results as quickly as possible, the disruption to on-going activities of current S/SRAP procedures and plans is extremely damaging to USG objectives. The relatively small amount of money that can be saved by prematurely ending U.S. contracts is greatly exceeded by the delay and damage it will cause the program.

13. I have limited my comments mostly to the EG activities, as these are the ones with which I am more familiar; but I think they are also pertinent for much of the rest of the Pakistan program. It is one of the best suites of development assistance activities I have ever seen, in my 35 years of experience as a development economist with USAID projects around the world. Ambassador Holbrooke should have some long discussions on how best to implement COIN and economic development programs in Pakistan with USAID staffers on the ground, who are knowledgeable about conditions there, to learn why he should not dismantle the existing portfolio without a reasonable transition period.

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