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CHUCK COSTELLO

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INTERVIEW

Q: Today is Wednesday, May 29, 2024, and I have the honor and privilege of interviewing a former colleague of mine and somebody I've always admired from a distance, Chuck Costello. Chuck has had a very, very rich career and a fascinating background. We are going to get started today. Chuck, with you telling us about as far as you can go about your life, pre USAID, from conception/birth, or wherever you want to start, you're on.

COSTELLO: Okay, I was born in 1942 in Detroit, Michigan, in a pleasant residential neighborhood of small brick houses. I have a brother who is three years older, and a sister who is only one and a half years younger. I can't think of anything particularly relevant or exciting about my early years. Unlike some people who have remarkably clear memories from their childhood, starting at a very early age, I don't; but I can say that we lived as a happy, stable family for which I give all the credit to my parents. I consider I was lucky in getting born into a good family, because that, I think, gives you better health in all senses of the word and a bit of an advantage or head start in life.

Anyway, at age ten, in fourth grade, we were part of that post-war cohort that moved to the suburbs. We moved to a suburb north of Detroit and lived on a nice, tree-lined street in a middle-class community. To describe myself or my family a little bit, I would refer to us as Irish Catholic, not really that "Irish," although we always celebrated St Patrick's Day. We certainly were Irish on March 17. Ours was a practicing Catholic family that always went to Mass on Sunday, and the kids all attended Catholic schools.

We lived a comfortable enough middle-class life, but we didn't have a lot of money. We weren't members of a country club. We didn't go to Europe on vacations, that sort of thing. But I never felt that I wanted for anything. My life in the early years was centered on the family and the neighborhood. Compared to today, there was no such thing as play dates and getting driven to this appointment or that club or activity; you just went outside and looked for your friends, and your friends would always be outside too.

Q: I remember it well, yes.

COSTELLO: The front door was never locked. Our rule was when the street lights came on, you had to come home. But so, in that sense, I think it was nice. I sometimes wonder about kids today. They're so organized with all these activities, and they get a lot of enrichment; but I don't know, they sort of lack street smarts or this ability to just make up stuff to do, because we just always made stuff up and rode around on our bikes. It's almost a cliché, I suppose.

Q: Thank you for taking me back to those times, Chuck, as you described, yeah.

COSTELLO: I liked to read, trying to describe myself, I liked to read. I started reading early. I remember we had subscriptions to Time magazine and the Readers Digest, and I would go through them from cover to cover. I started reading books, but mostly outside of school it was play and outdoor stuff and sports of all kinds. Then things changed, but not in any dramatic sense, when it came time for high school.

Our Catholic parish didn't have a high school, and so the three of us kids needed to go shopping for high schools. My older brother and my younger sister ended up going to different Catholic high schools north of us. When I shopped, I took an entrance exam to a Jesuit high school in Detroit, and I got lucky or for some reason have been good at taking tests. Anyhow, I placed second in the city on the admissions exam and got a partial scholarship, and that decided the issue. That school, University of Detroit High School, was known as the best Catholic high school in the entire area. It's still going strong. I've always looked back on it saying, again, I was lucky because it was an awfully good school. It was definitely a college prep type of school that prepared me well.

Anyhow, I was a good student, and for college I applied to several schools. The University of Michigan was my father's school, and it was my school of choice. My brother went there ahead of me, and my sister followed me. We were Wolverines.

I'd never been out of the country by the time I went to college though my family used to take some long summer vacations in the car. Canada didn't count. We were right next to Canada, so I went there a few times.

Once I was in college in Ann Arbor, what can I say? In college, I had my awakening, and this is, I guess, where we start to get into where I ended up later in life. I got seriously interested in world affairs, especially as that related to U.S. political issues. That had started for me in high school.

By the time I was probably a junior in high school, I became quite a fan of Senator John F. Kennedy, who incidentally was trying to become the first (Irish) Catholic president. I had read several of his books, *Strategy for Peace* in particular, and I got interested in politics, but for some reason especially the international stuff. It was a time of ferment in international affairs and, of course, the Cold War was going on; but it was also a time when so many countries were just achieving independence. We look back on it now and you don't take that too much into account, but I mean, the whole structure of the world of nation-states was evolving radically at that time as I was growing up. Anyway, I look back now and I consider it fate, but I'm going to see if I can show you this picture hanging on the wall of my study. Can you see this?

Q: *I can.*

COSTELLO: Can you identify Senator Kennedy?

Q: *Yep, right in the center.*

COSTELLO: This is what you might call fate, and I'm a certain believer in fate. That picture was taken in October 1960 in Ann Arbor on the steps of the Student Union of the University of Michigan during a late night campaign stop where I was present.

I had already gone to see him twice, once when a cavalcade that summer during the campaign went down our main drag, Woodward Avenue. I actually even skipped school once earlier that year, when I was still in high school, to go downtown to the Veterans of Foreign Wars convention in Detroit, where he made a speech. I was on the rope line and when he walked out I was only a few feet away from him. He made a huge impression on me because he was so youthful and handsome and had made a great speech.

Anyhow, that night in October is not just me recollecting, "Oh yeah, as an 18-year-old college freshman I heard him give a speech in October 1960." That was the night that Kennedy proposed the creation of the Peace Corps.

Q: *Wow! That's great.*

COSTELLO: Can you imagine?

Q: *Wow, boy.*

COSTELLO: I'm sure that got into my blood. The picture that I'm showing you was a farewell gift from colleagues at the USAID Center for Democracy and Governance when I retired. They'd heard this story, probably more than they wanted to. They were so nice. They went to the Kennedy Library and asked about it, and they found out there was a picture in the archive. I was touched. I mean, they gave this to me at my retirement party; it moved me to tears, so it has a prominent place on the wall in my little office. That was

1960 and I was really excited when Kennedy won. He spoke of a new U.S. engagement with the world, of supporting the aspirations of new nations.

But in college I didn't get engaged in politics or international affairs, except in coursework. It was going to class, my courses, parties, trying to meet women, intramural sports. I played touch football, basketball and softball, but not intercollegiate level. So it was just typical, what again, I would look on as a typical collegiate experience. But, this was the early 1960's and ours was a very politically active campus, although I wasn't that involved. Then again, looking back to 1964, my year of graduation, was Mississippi Summer in the civil rights movement. Things were really getting hot. I was definitely supportive of civil rights activities.

But around that time a big change came in my family and some of my own ties. In 1962, my father, who was an accountant in the Finance Department of General Motors, was transferred to California and lucked out with the place. It was Santa Barbara, California, a lovely city where they had bought a tech company. Our family moved there in 1962.

Q: *Wonderful.*

COSTELLO: I thought of transferring to Berkeley as my sister did, but I went back to Ann Arbor for my junior and senior years. I had started out as an Asian or Russian studies major. These were the days of Sputnik. I qualified out of my language requirement on admission, but I took Russian and courses that would in some way relate to that. Well, when I came back after my first two years of college, I decided that was too narrow a focus.

I declared my major in political science, and took a lot of other courses in economics. I liked history too, but it was clear that once I met my science requirements it was goodbye to science or math; so I was a typical liberal arts major. I was part of that malaise that was developing there by the mid '60s, and a certain alienation, although I couldn't have identified it as such at the time. But anyhow, I finished a semester early, short, I think, four hours or something. I said, "I'm going out to California. My future is California now." I finished a few needed credit hours at UC Santa Barbara.

California certainly in those days was considered the promised land, and I wanted to be part of it. Well, I didn't know what I wanted to do really, as I approached graduation, and I thought about law school because of my interest in politics. I took the LSAT, and it was sort of like having taken the admission exam for high school that sort of decided where I'd go to high school; and I took the LSAT. I scored very high on that. I said, "Well, I guess I'll go to law school." It put me in a position to get into good law schools, so I applied at several top law schools, but most of all, I was interested in Berkeley. I was admitted there and started in the fall of 1964.

I had a couple of roommates that I connected up with in Berkeley before classes started. The three of us got a place. Law school was very exciting, very intellectually challenging, and I had to work hard at it. I look back and I talk about my undergraduate work. I was

like, I think a 3.3 GPA, which in those days, was considered quite good, not anymore, but I wasn't a four point kind of student. I'm not sure if I could have been, but I think I didn't apply myself as hard as I could have, or should have. I did well in college and didn't really have to work as hard as I think I was capable of.

Anyway, law school was definitely more challenging, and you didn't get to pick and choose the courses you wanted, and first year especially is the basics. It's really something of a grind. I mean, I can't say I didn't like it. I kind of liked it, but this was sort where I got to this turning point in my life. I found myself not happy being in the classroom. It wasn't that I didn't like law school, but I felt like, "Oh, God! Here I am going to be sitting again. I just got out of four years in a classroom, and now I'm going to be three more years in the classroom." I was anxious. I was restless, and then, I got grades for the first semester. They were nothing great, and that kind of shocked me because I'd always done well, very well, academically. I got that feeling of, "Hey, Chuck, you got to shape up here."

But I went the other direction. It was like, "Maybe I don't belong here. Maybe I want to do something else." I remember spring semester spending long afternoons driving east from Berkeley to go out into the swamps in the Sacramento Valley and be way out in the middle of nowhere and all of that. I had a serious girlfriend, but I knew that I didn't want to get married or get too tied down. This was part of the restlessness. I told her that, and broke free of any developing commitments.

There we are. I decided to apply to the Peace Corps. Of course, this ties back to what happened in 1960 I mean, and having gotten very interested in politics and in the Kennedy administration. The assassination of President Kennedy in 1963 affected me very deeply. The Peace Corps seemed like something exciting, something good to do. Looking for something like that. I got an invitation from Peace Corps Guatemala, and I didn't have any special interest in Latin America or any Spanish, but Guatemala looked kind of interesting. It was a program on rural community development.

Before we go on to Peace Corps, I have to back up momentarily to say that that was a famous year at Berkeley that I was a bystander to, not really a participant: the Free Speech Movement. Law school is up the street from Sproul Hall. I mean, I saw all that stuff going on, and heard Mario Savio speaking to the crowds of students. My roommate and I went to Sproul Hall to visit when that had been taken over, but we were afraid to get arrested because we were budding lawyers, and we didn't... We were afraid to have an arrest on our record for the bar exam. I don't think we were planning to stay, but he and I at least went to show our support and walked around there that night. The word was already out that the governor was going to call in the Oakland Police. Berkeley Police were nice, but the Oakland Police were feared, and indeed they came in the next day and busted it up.

There were also draft issues, although students had deferments and so I hadn't worried about being drafted, but I was anti-war, but not radically. By then, Peace Corps volunteers were still getting draft deferment, so it was a choice that didn't risk being drafted. I

certainly didn't want to go to Vietnam and I could keep a deferment. I went down to the naval facility in Oakland for my physical and got accepted to the Peace Corps. I was told to report in June of '65 to Philadelphia, which was to be our staging site for training.

From there, we jumped off to Puerto Rico to Camp Bradley, where our group headed for Guatemala trained, and there was another group down the road at Camp Crozier. These were former National Guard camps in the mountains in Puerto Rico and named after two early Peace Corps volunteers who had been eaten by crocodiles in Africa. I always thought that was wild, anyway. I started Peace Corps training in probably August of '65 and following that training went off to Guatemala in the fall of 1965.

Q: Perfect, perfect. Okay, well, thank you. Thank you very much. I'm going to stop.

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Q: Today is Wednesday, June 5, and I'm now in my second interview with Chuck Costello, who's gonna now take us through his five years in the Peace Corps. So welcome.

COSTELLO: Thank you, Marcy, so at the end of my first year of law school, which would bring us to June 1965, I entered the Peace Corps for Guatemala, not because of any special affinities for the place or the area, but because that's what they offered a spot to me for, and I just said, yes. So off I went to a training site that the Peace Corps had developed in the mountains in the interior of Puerto Rico, and they had two sites a couple of miles from each other, former National Guard camps, training camps. We had a group of thirty-seven people, and we were to go to do "rural community development." That was the title of our program.

We went into intensive Spanish language training, but we had other things that were part of that training, some cultural studies. We were mostly city kids or suburban kids, with a few Aggies (with rural backgrounds) tossed in there. They had us do simple agricultural things, like having a garden and also using tools that many of us weren't used to, though we weren't expected to become farmers. The idea was to familiarize ourselves, really become comfortable with rural life, and we had to do a project. I built a bed out of wood and made the springs with rope and then filled a gunny sack with corn husks for my mattress. It sounds kind of silly now, but those were, in fact, valuable parts of training. Spanish language classes, of course, trying to give us some proficiency, was the main task. But we learned, or we studied, some of what you might call the science of community development, of how to do a survey, and a few things like that.

But what we also had as part of training, and this was general, not just restricted to my group, but for almost all groups I think during those early years of the Peace Corps. We had a physical training program, what would seem nowadays automatic, with people all running and going to the gym and working out and all that. But it was considered quite something in the day, and it was put in because, apparently, these young and vigorous new frontiersmen of the Kennedy administration thought that Americans, young Americans, were too soft and we weren't tough enough to handle the rigors of life in the Peace Corps. We did morning runs and morning calisthenics.

And as part of that, we did something else, which I'm sure you've heard of. It was patterned on that program called Outward Bound. These were really all physical exercises, but they were confidence building, and they were designed to help you overcome certain fears and also to learn your limitations. We had the swimming pool part, which was drown-proofing, where you learn how to just stay afloat in the water for long periods of time. But we also, you would swim lengths of the pool, and then you'd do the same with your hands tied. Then you do the same thing with your feet tied, and finally with your hands and feet tied, and you would have to bring up a stick or something that they tossed to the bottom of the pool in the deep end.

Q: With your arms and legs tied?

COSTELLO: Yes, yes. You always had to go down to get that thing down at the bottom of the pool, a ring or something.

Q: And you live to survive all of this.

COSTELLO: I only survived because I couldn't complete that whole thing. I did the part with my hands tied. I did the part with my feet tied, but I could not swim two lengths of the pool with my hands and feet tied, and I could not go down to the bottom of the pool. Some people were good in the water. They could do that. One girl, I remember, tried so hard that she fainted in the water because she was trying to go longer between strokes and breaths. Anyway, it was good exercise. But you also say, "Hey, I can't do that." And they want you to feel that, to learn from that. Okay, some could do it, and they completed it.

Then we had rock climbing where you had to scale these rock walls or cliffs, and that was very challenging. I could do that pretty well but not the hardest climbs. Again, I couldn't do it. But you know, there's someone at the top, and you're with the rope, and then when you fall, you're not going to hurt yourself. You just swear and say, "Damn it." But that was really scary for some people. That part ended with rappelling off the face of a dam, scary, but you know you can do it.

So then the other was a survival hike. We had to trek through the mountains for three nights and not be able to have any food. We set out with water, because you couldn't safely drink from the streams. But then after that, after we'd done a few hikes in preparation for this, and did one overnight, you had to live off the land, which you could do in Puerto Rico. You'd pick bananas and you'd find fruits and berries and all that stuff. You didn't have to do the three day hike alone. That was by groups of three. Anyway, that one was fun, even though it was challenging.

And then the one that was hardest of all for me, but I did it, was where you end the pool training portion by going out into the ocean, where they toss you out of the boat, and then you just have to stay up for an hour in the ocean. And you've learned this drown-proofing technique, which is really neat. Your center of gravity, which is your butt, naturally rises, but you have to keep your head in the water, only lift it to breathe, and it's hard. You get nervous. You get scared. I almost gave up on that one, and I said, "I want to go in." And somebody on the boat said, "just a few minutes longer, Chuck, hang on for just a minute or two longer," calmed me down, and I did it. I still practice it sometimes in the pool or in the ocean. It feels really good to know you can do it.

Anyway, I'm saying more than is warranted perhaps about the "outward bound" portion of training, but I found it personally very valuable, and it also built a real solidarity in our group of trainees, because you were rooting for everybody else. "Come on. You can do it." And I think it built up our morale.

And so, we had three months of training, and I got myself up to FS-2 level in Spanish, which is considered your survival level. I felt like I could carry on basic conversation. I

have a pretty good aptitude for language. We got to come back home for a week or so, and then we went to Guatemala, and I was assigned to what in English we translated as an agrarian reform colonization project. This was a huge piece of land on the south coast of Guatemala. You're familiar with Guatemala, you're there where we'd call it: "la costa sur." You were down on the coast below the Pacific coast highway that runs through Guatemala more or less parallel to the ocean, and it's very hot. In those days, what's not true now, this was still a very isolated region.

Q: Question, who was president at that time?

COSTELLO: It was a military president.

Q: This was after Arbenz was thrown out?

COSTELLO: Oh yeah, Arbenz was thrown out in the U.S.-supported military coup about ten years earlier..

Q: Okay, alright, thanks, yeah, yeah, okay.

COSTELLO: There had been, it's funny, I can't remember the name of the President, but he had overthrown a president, I think, who had been actually elected in a controlled election, but was booted out, and this was the guy who took over and elections were scheduled for late in 1965. We arrived there in the same year they held elections. The leading civilian candidate, a popular mayor of Guatemalan city, had been assassinated. His brother, Mendez Montenegro, I think his name was, was put in to run in his place. He represented a decent political party movement that dated back to the Arevalo days.

Q: I'm gonna put you on pause. Okay. Okay, continue.

COSTELLO: Okay, the site of this agrarian reform colony, which maybe at some point I'll come back to discuss further, because I think in part, this was an outgrowth of the aborted agrarian reform efforts begun in the Arbenz days. There were two big "parcelamientos" (literally "lands parceled out"), as they were called, on the south coast, and a couple of smaller ones. The other one where volunteers were assigned is called the Nueva Concepcion, and that was former United Fruit Company land. The one where we went was called La Máquina ("the Machine"), apparently after a saw mill that once existed in the neighborhood. It started out basically as a jungle clearance exercise, something that would never be supported today by the U.S; but apparently at the time USAID even had given some support to that project by the government in its early stages.

Anyway, the area was still very raw, that's how I'd describe it, because a lot of the parcels still had jungle forest, because they'd only been partially cleared by the new owner. They got about forty acres, so consistent with notions in the U.S. of the minimum size of a farm. The good thing was they got plentiful rainfall and that was very rich soil, volcanic based soil from the volcanoes up in the mountains. Anyway, they thought that we couldn't handle it all alone, so we were assigned a partner which was fairly common in Peace

Corps early days, in various countries. There were about ten different spots in La Máquina where volunteers were assigned.

My partner and I lived in what was supposed to be the school teacher's house, a little brick, tin roof, two room house next to a nice little school house, which, of course, was empty and had no teacher. This area was meant to be like the village square because there's also a football field there. The farms were laid out along an axis, fronting onto this little dirt road. It was indeed fairly tough, but we proved that we could survive. There was, of course, no electricity, no running water. There was a well that they dug so you'd have clean drinking water. Any water you used had to be pumped, you had to pump it yourself, and initially there was no bathroom in the house, so we built ourselves a little latrine and splashed water over our heads from a bucket for showering.

When our counterpart government agency saw that *gringos* were actually doing that, they were horrified, mortified, so they sent out crews to build a tiny little bathroom off the edge of the house with the toilet and a shower and attached that by pipe to the well. They built a little tower with the water tank on the top, so we could even get running water in the house showers, but you still had to pump it. There was no mail service, no medical services, and we were like three hours by bus from the nearest town, really, so it was indeed a rough place to live. Although, amazingly enough, I was only about thirty or forty minutes on horseback to the ocean, the Pacific Ocean. So we got to go down to the ocean sometimes. The one bus line that came all the way to the end of the parcelamiento ran along that main dirt road about two miles from where I was. You could also hop the bus to get to the ocean if you're inclined to go there and swim, although you had to be very careful because there was a very strong undertow.

Anyway, the job was to go out and meet your community, do needs assessment, look for ways in which you could get your community organized to improve life. There were a number of things we found we could do just by being educated Americans. We knew how to tap into resources. I went to the CARE offices in Guatemala City. I found that they would donate metal frames for school desks for self-help projects. I got those delivered on a bus, and had talked to parents along my road to say, "if you'll bring two planks and willingness to help, I've got the frames and we can build desks for the kids in school." A lot of people participated and came one day to build the desks together. Of course, there was still no teacher, but that was my first successful community development project. I was rather proud of it.

Q: Chuck, can I ask you a question? Were you the first PCVs (Peace Corps Volunteer) in that area, or have they had experience with PCVs before?

COSTELLO: No, this was the first experience they had. My second year, it turned out, I transferred up to the highlands, and there I succeeded a volunteer and so wasn't that novel. I don't want to go into too much detail, I suppose, even though I enjoy talking about my Peace Corps experience, and that experience has stuck in my head probably more than did my four years in college or my four years in high school. Now, of course, I

remember those experiences, but the intensity of the Peace Corps experience, and this won't really come as a surprise to you, it's really quite amazing.

I realized that my best chance for doing things to help improve the community was in agriculture. Again, having the advantage of being educated, being able to read, I got hold of some books and started reading up on issues that were affecting the families in my area and found Newcastle disease was a big one. I don't know if you are familiar with that name, but it is a very deadly epidemic disease that hits chickens, is very contagious, and it kills them. So people, they were going through an epidemic and everybody said "what can we do? All our chickens are dying". People depended on them for nutrition as well, mainly for nutrition, because there wasn't really a market otherwise, so for eggs and meat.

I said, "I found that's a disease that's easily prevented by vaccine." I got on the bus and rode three hours to town after having talked to the families. It's a vaccine that has to be refrigerated, and there was no refrigeration where we were. I had a styrofoam box with some ice in it to keep the medicines cold, and I said, "we'll start just before dusk on such and such day." It's a very simple treatment. You use an eyedropper, and you just squeeze a drop into the eye of the chicken, and the chicken is protected.

They didn't know about such things. They never heard of that. People were sort of in place, and I started down the straight, narrow dirt road. Of course, these were all free-running chickens, they didn't have chickens with chicken coops. I laugh now because I'm a city boy, and I look back with great pleasure at these little tricks about rural life that I learned that were part of getting something done as a Peace Corps volunteer. Chickens roost. They roost in the low branches of trees. You go to the farm, and before it gets dark is when the chickens roost. That's why we call them roosters. Once they're in the roost, they're roosting. They're docile. You can just reach up onto the tree branch, grab hold of the chicken, squirt a drop in the eye, and put them back on the branch. Bing, bing, bing.

All done in the space of, I think, two nights, maybe even one night, went all the way up and down the line and vaccinated the chickens. That gave me a lot of credibility, and it was something very much appreciated by the farmers because we did save the chickens in the area. The real point here was that one farm family couldn't very well do this on its own but by coming together in organized fashion they could all achieve something important for the whole community.

Hopefully, the idea was that now you know that there is a fairly simple way to prevent this disease, and you can either always, as a matter of course, vaccinate all your chickens, or, if you see Newcastle developing, be quick and vaccinate everything. The idea of going into town and having the ice box and all of this and that was novel for them; but we did it and it was a successful effort. I think it helped build up a sense of community because these weren't people from a village somewhere else in Guatemala. They came from all over, so they didn't have much of a sense of community. They didn't know each other at all previously. This built trust and cooperation.

Anyhow, then I got into pigs, with a link to another U.S. NGO and earlier PCVs, quite relevant because the school project got help from CARE. The Newcastle exercise, no, that we did on our own. You could buy that stuff commercially.

Q: *Okay.*

COSTELLO: For starting to work with hogs I got help from a fellow PCV, a farm boy from Minnesota. We had about half a dozen of them in the group overall. They were really our valuable assets because they knew stuff about agriculture, and most of us didn't. Anyway, this guy was also assigned to La Máquina and was within bicycle riding distance. We all had bicycles to get around in. Another departure from earlier Peace Corps groups who got to have pickup trucks, but then it was decided that separated them way too much from the people. Anyway, we had bikes, and occasionally I borrowed a horse from my neighbor across the road.

These are mostly corn farmers. I mean, everybody was growing corn mainly, and there were a few tractors already because they had plots that were big enough for that or hard enough to farm by hand if you had the whole parcel cleared. There really wasn't much in the way of farm labor around for hired hands, the way you would find in so many other places in Guatemala. Anyway, these farmers grew corn and around harvest time truckers would come into the parcelamiento and buy corn. This was the famous or infamous "middle man" who bought cheap and sold dear once they hauled away the farmer's corn.

This fellow Volunteer said, "Well, we have a saying: 'walk your corn to market.'" I said, "What does that mean?" He says, "feed it to the pigs," and so we contact an earlier PC group up in the highlands that had been sponsored by Heifer, an NGO based in Arkansas. They had gotten some purebred animals and were working with hog production. We learned that we could get a bred gilt. Now, I doubt if you know what that term means, but a bred gilt is a young 'virgin' female hog who's been impregnated for the first time, but she's full size. She's going to be a mommy for the first time. Under the Heifer program, you get an animal, then you have to give away a gilt from her first litter, so that you pass it along to keep things multiplying.

We got a bred gilt and built a decent pig pen for her near our house. Again, I told the community, working with the farmers, "we're going to get it, and I'm going to give out all the piglets for free, but you have to build a proper pig pen and not let this pig run around in the mud. We'll have a feeding program. You can feed them all the corn that this hog needs. These are genetically high quality pigs, Hampshire breed from the U.S., but they need some protein supplements. You'll have to agree that we're going to buy some protein supplements and together with the corn as carbohydrates you're going to get a two-hundred-pound hog within six months (to them this was utterly unbelievable); and these will be such desired pigs that the buyers will come by truck and pay a top price." Anyway, I got very much into livestock production, but of course I've left out quite a lot of other things that I did while I was there.

On the personal side, I once contracted amoebic dysentery, a bad case, and lost twenty pounds in the space of a day and a half, and had to get put on a bus to town so that I could get treated and stay at my Peace Corps rep's house for a few days. Another time, when my sow started having her piglets, naturally it was during the night, and there was a huge rainstorm, and I went out to bring them in and put them in the little bathroom/shower that we had in the house. There was a loose piece of wood with a nail on it by the pen that I stepped on, so I had to get evacuated by a tractor (our dirt road was often closed during the rainy season) out to where I could catch the bus and then ride three hours into town so that I could get an anti-tetanus shot. Life was wild at times.

Q: That's a novel, evacuated by tractor. I like that.

COSTELLO: Yeah. These are all stories that I suppose any Peace Corps volunteer could tell, but the intensity of the experiences and these feelings was really something very meaningful for me.

Q: This would be a logical point, if you'd like to say, what were the takeaways from this experience that influenced whatever you did once you joined USAID?

COSTELLO: Well, yes, I definitely want to come to that, okay, but I've only covered year one of my Peace Corps experience. Once we'd shown that we could survive in the parcelamientos, staff decided that we were over-populated by having two volunteers at each site, and they wanted to thin us out. And as it happened, a volunteer in the Highlands in San Juan Chamelco, Alta Verapaz about a half hour bus ride outside of Cobán, was finishing. He was part of that group that had been working with pigs. He had a pig-raising and co-op project going on up there. Since I'd become the "pig man" of our group, they asked me if I would be willing to transfer up to that site, which I agreed to, and that's where I spent my second year.

I went from a totally rural Ladino coastal environment to a cool, rainy highlands environment in a village. It was just a few houses, but there was a little town square with a one-room city hall and a small marketplace and a store, one store for the entire village. And, of course, a large old church. The people in town were mostly indigenous people (*Indios* or Indians, following the terms used then), but a number of Ladinos as well. Only dirt roads and corn plots around almost every *rancho* (straw-roofed, dirt floor, wood-stick house).

But then once you got outside of that immediate area, it was 100 percent indigenous and really quite isolated, 'quote-unquote' backward and very poor. There were no roads, so no vehicular traffic out into those areas. I lived 'in town,' and I had a little two-room, wooden tin roof house, like the kind you would see in the American rural South, back in the day. I had a housekeeper, same as we had down on the coast, an Indian woman who would wash the clothes, get my food from various places and cook.

Every once in a while, in La Máquina, we'd make a trip to the city to buy non-perishables that we wanted. So up in Chamelco life was certainly easier. I had a bus stop, two buses a day going to Coban. That was in the town square, which was very easy to get to, and the

cooperative building was only about a ten minute walk from where I lived. It was a much more comfortable lifestyle, if you will, and both down on the coast and in Chamelco living was cheap and you could survive and even save some money on your seventy-five dollar a month allowance. Up there in Chamelco most of my work was through the co-op. but I also did work with a wonderful basic literacy program in which elementary school grad indigenous girls and women would be trained to be bilingual teachers for literacy programs.

They would go out to the isolated rural settlements, and so I supported them in various ways. In fact, the daughter of my housekeeper was one of those teachers, and she did what they all do once she started work. She got a pair of shoes to wear, and she got a wrist watch. Those were the classic signs of joining the modern world. She stayed indigenous, and so she wasn't trying to stop being an Indian, but she spoke good Spanish. She still dressed in customary indigenous clothing. She had grown up close to town where Spanish was also used, but she spoke her native language Q'eqchi'.

It's funny. I don't have nearly as many in the way of vivid memories from my second year, as I do from my first, in some ways. The first was more intense and it was more social, because there were enough other gringos in the general vicinity. PCVs could get together from time to time. We developed some relationships, social relationships that were just among ourselves, that were also quite meaningful. Whereas at my second site I was all by myself.

Q: Can I ask you? You went from living with another Peace Corps volunteer to being alone and then not having other American English speakers around, and you also had a housekeeper who spoke Spanish. But in a lot of your interactions, it was Q'eqchi', right? How were you able to deal with your work, or did most people speak Spanish that you interacted with?

COSTELLO: In the area of the town, typically the men could speak enough Spanish so that we could talk in Spanish. I didn't learn enough Q'eqchi' to really converse in Q'eqchi'. I was still working on Spanish, but I just learned greetings and that sort of thing, and a few bad words and so on; but the women typically even in town didn't speak Spanish, but I worked mostly with men. How it was in those days. When I'd go out to the aldeas, which wasn't that frequent, but when I'd go, I would have to be accompanied by either one of these young women as a teacher or some colleague from town, from the co-op, typically, who could translate for me.

Again, I was tapping into available resources that I knew about. I borrowed a projector and a generator and some films from USIS in the capital, and had them brought up to me on a bus. I would go out to aldeas, to meet at dusk, and would project against whatever surface we could find. We also carried a sheet because in some of those places, there was no vertical white surface of any kind to use to project onto. Anyway, a couple of men from the aldeas would come in with a tump line, and one would carry the projector, and another would carry the generator on their backs. They just take off and on the mountain passes I could barely keep up with them. But then it's set up, and I would show films, and

this, of course, was a huge hit. I was even a little bit reluctant to do it, but they loved the film. They'd never seen films before, never and so I had a film on basic sanitation, washing your hands, boiling your drinking water, that sort of thing. They loved it. It was in Spanish, of course, so we had to try to get somebody to add in keywords. They just watched the pictures and the movement. They were fascinated. And as soon as it stopped, I said, "do you have any questions?" And they would say, "please run it again. Please run it again.'

An even bigger hit was another film from USIS. I don't even remember if it was really a teaching film. It might have been just a cultural film about Guatemala. It was Indians at Lake Atitlan going about their lives. These people were just fascinated by seeing people like them on-screen, and so that could open it up to any conversation about the importance of health for your kids or you should try to get literacy, attempt literacy. These teachers can help you do it. Those were some of the things that I did.

There was an early guerrilla insurgency movement in those years that had started after the overthrow of the elected government in the early 60's. This was again post-Arbenz, about ten years later, and it had started in a Ladino area in Zacapa. They were small groups moving west from that region and passing through, and so it was supposedly dangerous to go out into the aldeas. But I always felt that if I was with local people, I didn't face any danger, or maybe I was reckless, I didn't care. They would say, "Yes, we had some of those people coming through here, but we never let them stay, and we didn't want anything to do with them." I don't think they wanted to listen to any political speeches. This was probably 90% an ethnic reason, because the guerrillas were Ladinos, and they didn't belong there. and they didn't call them Ladino. They had a word in Q'eqchi' for Ladinos meaning "chicken man." That's what they called them. With that, let me stop, and I will next time, just sort of close out my Peace Corps experience as a volunteer, and I'll tell you more about how that really impacted me later on in my life and career.

Q: *Great. Well. Thank you. Thank you very much.*

COSTELLO: Always a pleasure.

Q: *Today is Wednesday, July 17. This is our third interview with Chuck Costello, who finished his last interview in the midst of telling us about his experience as a Peace Corps volunteer in Guatemala in his second year in the highlands. So Chuck, welcome.*

COSTELLO: Thank you. I do want to start out this interview by taking stock a little bit about what I've said earlier. I want to provide a little bit more context, perhaps, or

direction or narrative theme. The earliest conversations about my childhood, my family, growing up, all of that education, up through college- there's not much to change about that, it just gives any reader an idea of who this kid was. The significant development that we've gotten into now in my life, that I think of as ultimately life changing, is going into the Peace Corps.

I'll back up only slightly. I think I mentioned it earlier, that while I was in high school, I did get interested in politics, current affairs, as I was fascinated by President Kennedy. I was present on the campus at Michigan in Ann Arbor by chance the night that during his campaign stop in October of 1960 where he proposed the creation of the Peace Corps. As fate would have it, I'd say, I ended up in the Peace Corps. When I was making that decision, I certainly thought back about what had happened that night. But I was interested in politics and I remember when I graduated from college in the summer before starting law school, I became an active volunteer, but like a close part of the staff of a congressional candidate in California. I went off to law school thinking I might get involved in politics, run for office later, so it was a serious interest, and I would consider myself at least the terms we used those days, whether or not it fits now, as a liberal democrat. I was certainly a big supporter of President Kennedy and his administration, and the assassination hit me very hard, in a personal sense.

Well, I went to the Peace Corps. I spent the first year, slightly less than a year really, down on the south coast, which is the Pacific Coast area of Guatemala which is very fertile land. I've already talked about that. I was in a so-called agrarian reform colony. I discussed things I did - got involved with livestock and agriculture and some school events. Anyway, I wanted to now add in the dark side, which will also permeate that Guatemala experience, and will be revisited when I went back to Guatemala in the 80s, as you say, as Mission Director. There was a low level insurgency going on in Guatemala at the time we were there, we didn't-

Q: What years did you talk? Remind us what year?

COSTELLO: 1965, mid '65 to mid '67.

Q: Okay, thank you. Okay.

COSTELLO: Although it was not supposedly active down on the coast where we worked, it was active up in the northeast of the country, in the Zacapa region, actually. The later insurgency would be mainly in the western highlands, the indigenous part of the country. Anyway, there was a community leader who had been the person who called the meeting when I first arrived at my site and introduced me and my partner to the community. He became a key contact for us. During the campaign later in 1965 they were having a transition from military rule to so-called civilian rule, although the leading candidates were military. Two of the main candidates were both retired army generals, and this was, however, meant to be a return to civilian government.

The third candidate was the brother of the former mayor of Guatemala City, Mendez Montenegro, who was the leading civilian, real civilian candidate. He had been a popular mayor in Guatemala City, and he was the candidate of the Revolucionary Party, which was a real political party that had arisen with the 1948 revolution and Arevalo's return to Guatemala and taking over as a civilian president; *partido revolucionario* it was called in Spanish. The military and right wing saw this former mayor as too popular, too likely to win, so he was assassinated. But the party continued, and they chose, they put forward his brother as their presidential candidate. This was the scenario.

Anyway, one day, this would probably be September, just a couple months after we were there. The man that I referred to was our community leader who lived about maybe a kilometer down the road from where I lived. His two young boys one afternoon came running to my house and saying, "they've come after my father. Can you do something?" And I had seen a military jeep go past my house on the road not too long before that time. There were soldiers sitting in the back with their rifles pointed out. I said, "Well, yes, I'll go down there." I said, "what did he do?" And they said, "he ran into the cornfield to hide." And so I went down there, and by this time, the soldiers had left. They hadn't found him. That was pretty shocking because it was pretty obvious they'd come to kill him, well, arguably, to arrest him, but that's not the way things worked.

That was a real dose of Guatemalan reality in terms of the political culture and the kind of society it was. It was very sobering. I learned later that this group answered to the more right wing general running for office, who was after him because he was known to be somehow a supporter of or some connection to the less right wing, but still military general candidate. The right against the right one wasn't right enough, so let's go kill his supporter in this area. I thought, of course, it was directed against the civilian candidacy. But amazingly enough, the civilian won, and there was a bit of a political opening in Guatemala. Not that much, really, because behind the scenes, the military still ruled, and on all questions of security, the military had a free hand.

Anyway, the other thing that also happened down on the south coast was, well, two things, one night or one morning I awoke to find that on the school wall down the road, just a bit, really, on the same square acre's worth of compound where my little house was, someone had painted on the wall during the night, "yaquis fuera de aqui." So we were the Yankees. That was pretty shocking. Looking back I was still pretty naive. I mean, we were very welcome in the community. No hint of anybody opposed to our presence. And just never took this very seriously. Took pictures of it, and had other volunteers come by. Nonetheless, it was real evidence of anti-government activists moving around at night.

You got to take a picture, and laughed about it, because they didn't get the word Yankee right. It should be "Y, A, N, K, E, E," right, kind of like the English word. They wrote Yaquis, "Y, A, Q, U, I, S," Yaquis. Well, Yaquis is an indigenous tribe in Mexico. The joke was, are they mistaking us for Yaquis or trying to drive the Yaquis out of here? But they don't even know what a Yaqui was, anyway. We made a joke out of it. It was serious business, I guess being way out in the countryside. There's no protection of any kind of

physical security or protection for us where we live. We laughed it off. Nothing happened ever.

Well, the other thing, though, is that in what's called urban center number one, which is the main little settlement near the entrance to the larger colony, *parcelamiento* as it was called "parcel land" in Spanish. One morning, there were seven bodies laid out in the sun where all the buses stopped. They were announced to be *subversivos* who'd been found in La Maquina, the name of our colony, or *parcelamiento*. There was, in fact, some active subversion, or subversive activity going on. Although, I use the word subversive carefully in a qualified sense, that's what they were called in Spanish, *subversivos*. It could have just been political opposition to the government of some kind, or just political activism of a more or less neutral kind. Maybe they complained about something, who knows? Or maybe there was a group and they got intelligence about it. It was stated that they had been captured in a raid in a swamp down near the western edge of La Maquina, where it met the Motagua river. It was low-land swampy, not too far, really, from where I lived.

Anyhow, that was the story. We were getting plugged in there, and as I had said earlier, there were half a dozen or more of us overall in the *parcelamiento*. We would pick up on all the local talk and get pretty well plugged in. We heard that the real story was they went around with military and jeeps at night, all over the place, and they had selected targets, and they grabbed these guys in their homes, their shacks, because these are all little wood-stick, thatched roof shacks, and executed them. And then they brought the bodies to show off, where everybody who had any business or was traveling would see them, and the word would get around. That was the location of the administrative headquarters for the zone.

Q: *A question, Chuck, any idea why these people were selected?*

COSTELLO: Well, I don't know. They were called *subversivos*. There was an active insurgency, not anywhere near where we lived. Although there were a number of the settlers, the parcel holders or owners, who were originally from that part of the country. Maybe there were some linkages. I rather doubt it. I mean, I suspect that it was people who, for one reason or another, were considered troublemakers or who had shown some anti-government political sympathies, inclinations, or maybe it was just a sweep by one of these military candidates to go after the other guy's. Yes, there was an active insurgency but not in our part of the country. We ended up later thinking that we met a few of these young people, university students who might have been involved in the insurgency, which did have a nexus in the capital, not that we were ever involved with any of them, but we'll never know.

We first took the official story on its face, only later heard that it was a cover-up. The fact that whether they grabbed them in one spot or picked them up in a lot of different spots, they were certainly executed. They didn't shoot them all in one place. Maybe that was part of the story too, that there was firefight, but no. There were very, very ugly things happening.

For someone like me who was interested in politics, I couldn't really claim development yet, but development à la Peace Corps, this was quite a lesson in how much you view of a government and how a government operates, whether or not it serves the people, and whether or not there's any freedom of speech or activity in the country. At the very localized level, we could do things, but I began to see we better not be complaining, because we had lots of things we wanted to complain about, like no mail service and the ag extension agent never would come by, and all of this. We had no teacher in our school. The school was empty.

That one I did pick up on, and I went with a group of men to the Ministry of Education in Guatemala City to say, please send a teacher to school. But the school had been built as part of the project infrastructure and never staffed. I already referred to a school desk construction project that we put together. But there was no school, no education, none of the kids were in school.

There were no health services. Nobody could get any health care. There was no mail service, so you were cut off. For parts of the year, the little road that connected us to the rest of the world was shut down, except for tractors, because of flooding during the rainy season. Anyway, those were part of my learning experiences as a Peace Corps volunteer about the real world, in addition to some nice little projects that I did along with the community.

Q: So Chuck, could I ask during the time you were there were any Peace Corps volunteers in harm's way, hurt or killed?

COSTELLO: No, although, because of the, again, the kind of things that we naively laughed about, because the political temperature had risen so much as the election neared and there were concerns about political violence, and the Peace Corps had learned of these so-called *subversivos* operating in the area where we were working, that there was a call sign, an evacuation protocol established for us, and that we were to tune in to Voice of America broadcast on our little radios. Everybody, almost everybody, had brought portable radio shortwave and we were to tune into Voice of America for Guatemala at five o'clock in the afternoon. If you heard "all cowboys should come to the corral" that meant you got to get out of there. There was really a safety protocol.

There was concern about our safety, though, I swear to God, even now thinking about it, we thought it was more or less a joke, but so we tuned in for a few days and never heard it. We found it hard to get reception and all the rest. I know I did, and I think most everybody else did too. We had other things to do at five o'clock in the afternoon, and we stopped tuning in. Anyway, nothing ever happened there or anywhere else to the Peace Corps or other Americans. The call never went out for the 'cowboys to come to the corral.'

But yeah, there were security issues affecting poor, helpless Guatemalans, but even potentially affecting us. As for health, I think I already mentioned that I got amoebic

dysentery and lost twenty pounds in a day, and the road wasn't open, so I got out on a farmer's tractor to where I could catch a bus.

But now we've moved on to "I'm up in the highlands," not the western highlands, but central Guatemala, also heavily Indian. I'll keep using that word just out of habit, because we use Indian in Spanish and we use Indians in English. I know that the politically correct term nowadays is indigenous or Mayans or something, but those weren't the terms in use, and we certainly meant nothing bad in using those terms, at the time that was standard common usage.

Anyway, I was assigned up to Alta Verapaz province, which was more or less north or northeast of Guatemala City, but a long, long bus ride on a road that was good, paved highway at first and then, not so good, but supposedly, yeah, paved road up to the provincial capital, but it would take like six hours by bus, I guess. Coban was the provincial capital, a small city. My site was San Juan Chamelco, forty minutes outside of Coban.

It was a *municipio*, so it had status as a town officially, but I'd almost call it a village. We referred to it as a 'village in the corn fields,' because even for the people who lived in the so-called town, most of them had little farming plots with corn planted, and so you couldn't really tell you were in an urban area. There wasn't really anything that you would call a city street beyond the square, the central square, which was ringed with houses and the church. Alta Verapaz in the settled areas is mainly higher-altitude coffee country, so up around, give or take, 5,000 feet elevation. Hilly and mountainous by and large. It's a cool, moist climate, quite nice, really.

If you go straight north, you'd eventually drop down to the lowlands, tropical lowlands and get into the Peten jungle. If you went east, you would go down into a beautiful long valley, the Polochic Valley, which would end at Lake Izabal and the Caribbean. In those days it was a very isolated area. Once again, you're in the jungle, but the area where I lived and where most of the population lived was in that central part of the province. Coban, I guess I already mentioned. Let me just stop there. Coban was a sleepy city, but it had grocery stores, little ones, *tiendas*, that sort of thing, and a couple of places to eat, but it wasn't much of a town itself.

Now, San Juan Chamelco, like most towns, had both the saint's name and a traditional or indigenous name that everybody used. My town is San Juan Chamelco. Everybody referred to it as Chamelco. My site was Chamelco, and I lived just off of that main square of the town that I mentioned, in a little wooden house, a three-room house with a tin roof on a steep slope going down into a wooded valley, and no settlement down there. It ran down eventually to a creek. Anyway, it was quite a different place. It was indigenous, not Ladino. It was semi-urban, although I would think of it as just out in a rural area in a little town; but down on the coast, I was in a very rugged rural area, although, as I mentioned earlier, quite fertile.

In Chamelco, the people there were a few indigenous farmers, back then, who had some little plots of coffee. That's expanded nowadays, I'm told. In those days, if you had a little coffee, it was probably for family consumption, and you just had a small plot, whether you're on the edge of town or farther out, and you're subsistence farmers growing corn and beans. There were some people in the larger area who had farms (*fincas*) that grew coffee, but those were not owned by indigenous people. They would be Ladinos, or even people who considered themselves white or almost European, because the region has a very interesting history.

A lot of the coffee industry, if we can call it that, the development of a global coffee or external coffee industry in Guatemala was led by English and German commercial and farming interests. People could come to a Caribbean port, go along Lake Izabal, and then make what must have been a horseback journey up Polochic Valley until they got up into the elevations for coffee. There were some people I knew, one family, a very rich family. I just happened to meet the daughter, because I was a gringo. They had a big coffee farm and coffee processing facility near the city. These people were rich at the time, but I don't remember their name for sure.

I think they still had their German name, Düsseldorf, or some such name. They used to like to go to an apartment they owned on the East Side of Manhattan, and take their Indian maid with them. This was a real elite but they were still living on their farm, although I'm sure they had a place in Guatemala City and had a place in New York. This was really wealth. There were other coffee regions and this wasn't what I would say the richest coffee area, which would be on that middle belt in the central and western part of the country, between the western highlands and the South Coast tropics. That area would run along more or less the elevation of Lake Atitlan and Antigua, that's where they had the really big coffee *fincas*, and that was really quality coffee land. Although, up where we were, there was still good quality Arabica shade coffee.

Anyhow, I followed a volunteer who had some aggie background, and I was considered, by this time, a self taught Aggie with pigs because of my work with pigs on the south coast that I talked about earlier. This guy was involved with a couple of earlier Peace Corps groups that had sponsored or worked with a U.S. NGO called Heifer that supplies quality livestock to poor farmers overseas. In Chamelco, they undertook quite a big project, started a coop, and had a little building to store corn and stuff, and got an ambassador's grant of the kind your father paid. Gave out 3,000 dollars so the coop could buy a hammer mill so we could make our own livestock feed for the pigs. We had the little building, in what was still part of what you would consider town. It was a five to ten minute walk from where I lived, and on a ridge just above the road leading into town, where the buses come in from Coban.

We had the co-op building, and then we had what was called the breeding station. We had two boars, they needed males, and we had, I can't remember, four to six females sows, the needed female partners and we ran a pig raising operation in which the co-op members, of which there were some twenty or so, which, curiously enough, was a mixture of Ladinos and Indians, which is quite unusual in Guatemala. It was more Indian than

Ladino. There were few Ladinos involved, and they tended to be not coffee farmers, but farmers in the area who are a little better off.

Anyhow, all the farmers and the members had to meet the requirements of our coop, which was that you had to build a proper pig pen, which meant a hard floor, not dirt, usually concrete, and a proper pen. You couldn't let your hogs run around, which was obviously the usual practice, and you had to agree to follow a feeding schedule which included buying concentrate, if you know that term, dry food for hog feed from the coop. The co-op would give you a complete blend of feeds and then the co-op would offer you health services. Would make sure they were all vaccinated and castrated for fattening up and that sort of thing. It had become known that there were really good pigs that could be bought from Chamelco. Some buyers were from Coban or Rabinal, a town that was the capital of the next province. They'd send word or just show up that wanted to buy pigs, and would buy a truckload of pigs from our co-op members, and we just say, okay, we have some pigs, and the pigs would fetch a very good price. It was very good quality, livestock meat. Of course, because of the genetic improvement with what we had brought in, we could get pigs to market in six or seven months, which was comparable to what you could do in the U.S., whereas there with pigs that were mainly fed with table scraps and stuff, they foraged for themselves. God knows when you would be able to fatten a pig and up enough to sell, although sometimes those were raised to be able to eat. It was a protein source, and most of the time people didn't buy food.

There were, in a certain sense, trade-offs. If you were a member of the co-op and playing by the rules of the co-op, it was because you had decided to earn money for your family, and you'd have to invest six months into a pig before you'd see your profits back. It was demonstrable that you could make good money, a really nice cash return when you sell your pigs. It was a nice setup that was my main job, was to sort of act like manager of the co-op, although we had a local employee who wasn't really managerial level, and we had a board of directors for the co-op and all that.

I would, almost every day, I guess, I'd go over and check on the animals and do stuff like that, and go over to the co-op building to see about production but then I'd get involved with other Peace Corps-type activities as well. There was an Italian priest at the church, and we became friendly because he was trying to help people, he had what we'd call a mini-tractor, and he was trying to do some improvement for farmers there. I linked up with him on some stuff with potatoes. Independent of him, as I recall, we planted some small fields with alfalfa, because that's a terrific high protein grass feed for livestock, for pigs. We were going to try to get people planting alfalfa. We did some work with potatoes, because they weren't used to potatoes, but it was a good place to grow potatoes.

I worked with some of the farmers on various things, but I also got hooked up with the bilingual education program, the indigenous girls, young women or teenagers who had been or were sixth grade graduates. They had entered the bilingual training teachers program. I got introduced to that because of the Indian woman, who was my housekeeper, and had been for the previous PCV (Peace Corps Volunteer). She had been favorably influenced and gotten her daughter into that program. This is an aside, but one

of the benefits of Peace Corps that is little recognized is that you often find out later that very humble people that you interacted with somehow opened their eyes to their own futures because they saw hope or that there was something other than what they had witnessed or experienced and really made something out of them.

So her daughter got into this program, and she introduced me to it. I went out from time to time with some of the other teachers just to show up. Really, I didn't do anything, but it was always much appreciated. And to have the gringo there made for a big draw or caused some excitement. And then I found that I could access written materials that would be useful to the teachers. I'd find stuff when I'd go into Guatemala City from time to time and bring that back to help them. What else? I think I repeated the Newcastle chicken vaccine program that I got involved with on the coast, but work with the co-op was my main thing, and I expanded in ways that were really beneficial to the co-op.

But in later years, not immediately, but I came to regret, or I'll tell you, the feelings I had, certain guilt feelings, maybe was that we did, the co-op had no one within its own membership who could really manage that thing as a modern business and it wasn't big enough to hire an agronomist or somebody else to manage it. The way things were I don't think they would have had faith or trust in handing it over to somebody else that they didn't know and have confidence in, whereas they did with Fred before me and with me.

But I saw the possibilities for this co-op and started running it as a more sophisticated enterprise, telling everybody about it. I got this Morrison Feeds and Feeding book that I mentioned that I'd gotten on the coast from an Aggie fellow volunteer that tells you all about how to raise livestock and how to feed them. So I just studied what kind of recipes I could make. I made high quality feed recipes that we could source and bag at the coop, but nobody else really knew how to do that. And when I left, golly, I mean, they still knew how to do the things that I was doing, but was it really sustainable? I don't know.

There was one co-op member who was Indian, but had become sort of a town person and a commercial trucker. He had a small truck, the only truck in town, and he was a key member of the co-op. I said, go down to a town that is down towards the coast, and buy and fill up your truck with cottonseed meal from the cotton gin there, and bring it back, because we can get that cheap, and it's a terrific protein supplement for our grains in the feed mix. I knew how to do that in a sophisticated way that locally they didn't. In some ways, I'm condemning what was a wonderful Peace Corps project. I don't know how long it lasted, but I doubt that it is a going concern now. I mean, there were some dairy farmers in the region, I don't think any in our immediate town environs, but they heard about the co-op and started buying some of our feed, a cattle feed mix different from our pig feed.

For the co-op, the word would get out. Dairy farmers in the area contacted the co-op because in those days, that's changed, since there was no prepared feed or concentrate, as we'd call it, available in the store on sale in Coban. And so if they wanted to get it, they'd have to get it from Guatemala City, which would be expensive and expensive to

transport. We started offering a concentrate made at the coop, not for our members, but for dairy farmers in the region, and they loved it.

They were getting good quality feed and at a good price, and we were making good money off it. In that sense, again, this was a really cool thing that we were doing. As I look back on it, I think we were just operating above their grade level, if you know what I mean, in really keeping it running as a successful business. But anyway, I was very proud of it, and the co-op was very popular.

This is just one of these other little stories I like to tell. We had an annual fair in town, and there would be all kinds of festivities and a lot of drunkenness and parties and some fireworks and a few booths that were put up. The co-op put up a booth, sort of advertising why it is good to raise pigs and do it in a more modern way, and just to PR for the co-op, so we literally or check me, literally. I instructed that we build a little booth there, and we took two of our finest pigs from the breeding pen, boars, and washed them down really nice. We had mainly a Hampshire breed, which is a black pig with a big white stripe or belt across the back. I literally powdered their stripes and their ears, and they were beautiful. People loved it. It was a fun time, because the fair itself was a different sort of enjoyment, because it was a drunken revelry for a couple of days, and the co-op was a huge hit with our booth.

I laugh thinking back that I literally washed my pigs and powdered them. These were big three hundred pound hogs. Big pigs by any means. But of course, we always kept our pig pens clean and swept and the hogs washed down. We were running a good operation.

Anyhow, going back to the issue of insurgents or *guerrillas* we talked about on the south coast. In my area, out in the *aldeas*, the little settlements or hamlets or whatever the hell you would call them, places where there'd be, maybe eight or ten, fifteen, huts around a stream or something, where people were living, they did tell me that there were some of these foreigners, or not foreigners, but what do you call them? Non-locals? I mean, they considered these people foreigners, but they were apparently moving from the area, quite a ways from us, but reachable by foot over a week or more, moving through the mountains. They were part of that guerrilla activity that was going on in the 60s, but they never stuck around, never. There was, as far as I know, there wasn't any real activity by the military going after them, or any fighting or killing, or any assassination, so that sort of thing where I was.

But it was a tragedy foretold, because when the big insurgency broke out later in the 70s, late 70s, early 80s, after the earthquake, it was centered in particular in the Indian western highlands. It was very active in my area too, in Alta Verapaz and Baja Verapaz. The army organized this "civil defense corps." That was an anti-insurgency tool, a major one used by the army, where they conscripted local people and sometimes gave them weapons or otherwise said, take your shotgun and machetes and set up little checkpoints on the entry on the roads going into towns, and also sent them out sometimes as part of the search and find or search and destroy activities of the military. My area was quite affected later on, but not while I was there.

Anyhow, I started thinking about what would come after the Peace Corps. Here I'm tailing off on my Peace Corps years, those were still the years of this Mendez Montenegro, civilian government. There was, I think I told you about minor political or *guerrilla* movement through our region, but basically it was quiet and calm, and I didn't do a whole lot of thinking or anything about anything surrounding me, at least, in my region, while I was there.

A lot of the people were desperately poor, and except for a few houses and Ladinos near the square, everything else in town was what we would call shacks or huts, not even wooden shacks. We would call them *ranchos*. They were houses built out of sticks and twigs tied together with twine, bark, with grass roofs and no floors, no running water, no electricity. If they were really primitive, they would be sleeping on the ground. This was even in what was considered the town. Many of the co-op members, when I would go to visit their home, they'd be sleeping on the ground. They cook all their meals on the ground from a fire they would keep in the middle of the hut.

This was really extreme poverty, and that was part of the real exposure to what extreme poverty is like, compared to anything that we as Americans or I as a young man had ever experienced, and it made quite an impression on me, really did. Indians that were a little better off, they would have a wash basin, somehow that was the type you see in rural areas that were built out of concrete. They've gotten a little bit ahead, and they might have a table or something. But in the Q'eqchi' language, there's no word for table.

Q: *Interesting.*

COSTELLO: They're adjectives or not adjectives. What do you call it, like a 'the' before a noun like house, their word was *li*. *Li*, this, *li* that, so, *li mesh*. Their words typically ended in hard sounds or consonants. *Li mesh* meant table. The word table in Spanish is *mesa*, it would be *li mesh* and lots of their homes didn't have any tables. None. There was another word that escapes me. I guess I've made my point. It was like house or some other very common word that you would just expect to be in any language but they had used transliteration of the Spanish term. Anyway, that was what it was like. Yet we had, I lived more comfortably in many ways than I did on the coast.

Down on the coast, they built these nice little brick, concrete block houses that, with the duralite roof that I think ultimately were meant to be for the school teacher who was supposed to live there, but there was water from a well. I already said that they took pity on the gringos. All the wells worked, they had a storage tank at the top of the well so we could pump up water, and then get it piped to a wash basin, so in that sense, we had running water.

In Chamelco, my little house was comfortable enough. It was a wooden house, or what we would think of as a wooden shack, with a tin roof, wooden floor, wooden walls, totally unfinished, but it was in good condition. There was a little balcony built out over the back, and a walkway where you get to the house, because it was down a bit from the

central square. We had something that was way ahead of our time and you hear about nowadays. We had mini-hydro, so on a fast running stream in the mountains near town a generator had been installed, so we had electricity at night time, not during the day, as I recall, but at night, we had some lights.

My house was owned by a Ladino who didn't live in the town. He was a brother of the guy who had a little house next to mine, you got one light bulb per room. I was able to have one light bulb in each of my three rooms, and had used a kerosene stove for cooking and had a connection to the water source. I had a running water faucet in the kitchen and had an outdoor shower and latrine just past the house, so long as I was willing to take a cold water shower, but I could shower whenever I wanted. Anyway, it was a very simple life. One of the good things about the Peace Corps is, I think a lot of us learned is, you don't need a fancy lifestyle. You don't need so much stuff. You can live simply and live well.

Of course, I also had the benefit of a woman who was all of four foot, seven inches tall. She was barefoot, traditional, but spoke passable Spanish. She was my housekeeper. If I needed something packaged by way of packaged foods, I could get that once every couple of weeks. At least I'd take the bus into Coban. We had one bus daily, and I'd bring that stuff. Otherwise there'd just be an informal market in the square where she'd buy the vegetables or other such things, and she'd make tortillas.

Using tips from our Peace Corps manual, I took a lard can and built an oven, and so she could also bake bread, because I didn't want to eat tortillas all day, every day. She would bake little loaves of bread for me, and I could get bread in town when I'd go. Anyway, she made fifteen dollars a month, and I got seventy-five dollars a month as my allowance, and I paid ten dollars a month rent, so I had fifty dollars of disposable income and could save money.

Q: *Very good.*

COSTELLO: Like all Peace Corps volunteers, you wanted to do some traveling, so you had to save money. Anyway, I look back upon that time very fondly. Nearing the end of my two years, I began wondering what I would do next. By this time, I was thinking that I wanted to get into development, and I had been interviewed with some visiting academics in Guatemala for the Ford Foundation International Development Scholarship. I think those people were impressed hearing from well-educated American college graduates who've been living outside the capital for a couple of years to be able to talk to us and talk to me in particular.

Q: *Today is Friday, August 9. We are continuing the interview with Chuck Costello, who has now finished two years as a Peace Corps volunteer in Guatemala, doing two very*

different assignments, and is moving on in his Peace Corps career both to Washington and then to Colombia. So Chuck, welcome.

COSTELLO: Thank you very much, Marcy. I wanted to say at the outset here that I have thought about our conversation today. The fact that these are supposed to be useful in some way to people who want to learn more about development issues, development experiences. I just wanted to preface comments today by saying that perhaps I was too much into telling war stories, or peace stories, as I like to call them, more just my own experiences and almost personal memoir style. I'm sure I'll keep doing that because I like to tell stories, but I will try to give a little bit more emphasis to what might be underlying themes or threads throughout this career that have some relevance to readers and hopefully utility in looking at development issues, because I feel strongly about those issues, and that is indeed how I spent my career.

Okay, we are now approaching the summer of 1967, a long time ago, and I'm finishing up my two years as a Peace Corps Volunteer. I am wondering what to do next. I was thinking of going back to school, graduate school and I interviewed in the capital city once with a visiting professor with Ford Foundation, or some similar foundation that they were sponsoring graduate scholarships in development. I thought I might do that. My interview went well, and I was offered or awarded such a scholarship, and then I would have to go ahead and apply at one of half a dozen or so schools that were participating in this program.

When I found myself procrastinating a bit about doing that, it made me realize that I was still in the mode that I was when I decided to leave law school, not wanting to sit in a classroom and not do academic work. I wanted to be out there working with my hands, so to speak. I also interviewed for a- I'm sorry, I'll take it back- I did an interview with my Peace Corps director and associate director, who supervised me. They asked me if I was interested in a new Peace Corps Fellows Program, and when I heard about it, I said yes, and they recommended me for it.

I was very pleased by that, and I was accepted. The Peace Corps Fellows Program is one in which Peace Corps would select from finishing volunteers, or what we call returning volunteers, PCVs (Peace Corps Volunteers), and offer them an assignment, hire them, in other words for an overseas Peace Corps staff position or Associate Directors overseas, running Peace Corps programs somewhere, but with a year of internship in Washington, DC first, and that was attractive to me.

I accepted, and it turned out to be a really interesting year, and things fit together nicely because my best friend from the Peace Corps in Guatemala lived in Kensington, Maryland, near DC. He had been tapped to become the Peace Corps Guatemala desk officer in Washington, DC. We said, "hey, let's do this together." I moved in with him at his home when I came back from overseas. Although that didn't last too long. We moved out and got an apartment of our own in Georgetown.

Well, the Peace Corps Fellows Program was one of these in which they tried to prepare you to assume a leadership role, and loosely speaking, maybe three months assigned in one office after another. I worked in a planning office. I did another tour in the evaluation office, where I got to go with a senior ex-Peace Corps official to do a month-long visit to Bolivia evaluating the Peace Corps program in Bolivia. I did a training assignment where I was sent down to the Camp in Puerto Rico, where volunteers were being trained to work with them, and I did a recruiting trip once. I traveled with the Peace Corps director out to California, in fact, to Fresno for a commencement address there and some other meetings.

All in all, I got a nicely rounded experience, and it turned out to be a very fateful time in the U.S. in Washington. The assassination first of Martin Luther King Jr, and riots in Washington. The Peace Corps intern group organized a back alley food supply channel to Washington east to Fourteenth Street. The National Guard had been called out and were camped on the lawn of a high school across the street from our apartment on upper Wisconsin Avenue. There was a lot going on.

I had a friend from Peace Corps days, the boyfriend, later husband of a fellow volunteer in my group who was at the State Department. He had family connections with, not the Kennedy family, but what we might call upper crust society on the East Coast. He knew some people who were working on Bobby Kennedy's campaign. I went to a rally and then a meeting after the DC primary at their house. They were usually at the command center, and he put me in touch with one of the top guys. I almost joined the campaign because the California primary was coming up, and that was a crucial primary election, and they said, "Well, come out to California." I knew the congressional district that I had worked on in 1964, which included the city where my parents lived, Santa Barbara. I thought this would be a perfect fit. I decided not to because I prepared for this Peace Corps thing, and I wanted to do it.

And so I said no, and I do believe in fate, because, of course, right after the night of the primary, Bobby Kennedy was murdered, and Lyndon Johnson, earlier that year had announced he wasn't going to run. Wow. It was a wild year, riots in the streets, and by great coincidence, I was traveling the next morning to Fresno with Jack Vaughn, the head of the Peace Corps. We came through Los Angeles, and Bobby Kennedy lay dying in the hospital. There was a lot going on, and these things influenced me greatly in terms of what I felt I needed to do about my own life, and what my role, however minor, might be in the world. And so having made one decision not to do something, it really cemented my decision to proceed with my Peace Corps assignment.

Late that fall, actually, shortly after the election that Richard Nixon won, I went off to Medellin, Colombia, which in those days, wasn't a famous city. I replaced an outgoing associate director there, and it was a tough assignment, as it turned out. It was a wonderful place to live and work. I loved Colombia and Medellin. A lovely city and the natural beauty of that whole area, the climate, nice people, but the director had somehow lost control of his program, as it was put to me. Peace Corps volunteers, as you know, many readers will know, sometimes have quite structured roles as teachers in schools, but

very often quite unstructured roles. To some extent, you have to sort of work yourself into your job at the site where you're assigned.

In the case of Western Colombia, my region, a lot of volunteers had drifted into the city, away from their site. When I got there, I found that half the people weren't where they were supposed to be or where I expected them to be. There I was at only twenty-six years old, supervising in the loose sense of that word, the way you supervise Peace Corps volunteers. I had a problem on my hands, and I decided that I needed to get people back out to the *campo*.

Q: Chuck, can I ask you, what was your specific responsibility there? Or maybe I missed it.

COSTELLO: As an associate director for the Peace Corps overseas, you get a geographic assignment. Occasionally they have, like at headquarters in the capital, somebody who's looking over a science education project or something that has a bunch of volunteers around the country, so then you're called a technical representative. Typically, they carve up the country into geographic regions and depending on how big the country is and how many volunteers there are, you assign associate directors out to a regional capital somewhere.

In my case, I covered Antioquia, which was a big department in the West and then the two departments to the north, which came out of the mountains down toward the coast, and that was Cordoba and Sucre. My job was to provide support to those volunteers and try to see that they maintain relationships with any of the counterparts, with Colombian government agencies that they might be affiliated with, and try to see to it that they're satisfied and happy, but also gainfully employed in a loose use of that term. I did find that I had a lot of volunteers that seemed to be just hanging out in Medellin and associating with each other a bit too much, and occasionally caused a little bit of problems with weed and the like.

I started sending people back out to their sites, and that made me not too popular, but the staff was pleased. I mean, my Peace Corps Director in Bogota because he felt like the program needed something like that. I tried to develop a good rapport with my volunteers as well, even if sometimes I was trying to get them out of the city back to rural areas, and a big part of the job involved traveling. I mean, you go out on the road, you visit your volunteers, see how they're doing, offer them some advice, or try to line up some kind of support or connections for them, for the things they're doing.

I had a Jeep Cherokee, and I just traveled all over Antioquia and the two other departments I mentioned had volunteers working in a variety of different programs. It was quite a mix, actually, I won't go into great detail on it. But later, because of a staff shortage or gap for a while, I picked up two other departments to the South that were also what we would call the highlands, or mountainous, Risaralda and Pereira, two cities, Manizales in particular. That was my job. I was enjoying it. I think growing into it, and we had a good staff, I thought.

Once every couple of months, we'd get together and exchange notes in Bogota and so as I got closer to the end of that time, I really began to think about what I might do next. Peace Corps, at least in those days, I think it may be true now too, at least to some extent, it was not seen as a career. They didn't want to get a permanent bureaucracy built up, so overseas assignments or overseas staff got Foreign Service reserve limited appointments. I was actually in the Foreign Service, but with a time limited appointment of five years. When you came in, they said, that's going to be it. After the end of my two years, or coming close to it, I had gotten quite serious about going back to school and thinking about, as we used to call it in the Peace Corps, a 'real career.'

I was also quite attached romantically to a woman I had met there, and was trying to decide whether I would leave her behind or try to keep up our relationship. I made the two decisions at once, one was to go back to law school, and I had checked with the school, and they said I'd be more than welcome. I left in good standing, and they'd be happy to see me come back. Two, I asked the woman to marry me and move to the States. That's what we did, and went back to the U.S. in August of 1970 and started, or restarted law school at Berkeley Law. So that was sort of the end of Peace Corps, but during my time in Peace Corps, I had also kept up this interest in development, and being on staff allowed me to look into development issues a bit more and meet people on the Colombian side and deal with issues beyond the village level, if you will.

Q: Chuck can I ask you either now or a little later, because you have been with the Peace Corps a long time, if you could share with us your key takeaways from your Peace Corps experience?

COSTELLO: Sure. Well, first of all, I'd say the Peace Corps changed my life. I'd led a nice middle class, American life, or maybe using what's popular today, "white guy privileged existence," but at a turbulent time in American life in the 60s, as I went into college in 1960. But the Peace Corps exposed me to a level of poverty and human struggle that I had never experienced before, and it affected me quite profoundly. I think I always had quite a social consciousness that I attribute to my upbringing, my parents, my family life, religion and the schools I had attended. But in the Peace Corps, certainly, where I was in the mid-60s you really got your nose rubbed in it.

Where I went in the first year down on the coast, South Coast of Guatemala, I was really out in the boonies. The government provided nothing to the people. There was no school. There was actually a school building. No teacher assigned. It was like a one room school. There were no health services, nothing. If you were sick, you were on your own. There was no real public safety in the sense of law enforcement. So it was like the Wild West. I didn't see people go around shooting each other, but I mean everybody, every man carried a gun. I could understand that, because there was no police to call, no nothing if you needed to defend yourself, so it was like the early days in the U.S. when we had reason for the Second Amendment. The kids all went around barefoot. Nobody was vaccinated.

Yet, there was hope there - I don't like to call it true agrarian reform - but it was an agrarian colonization project that did offer hope in the sense that people got about forty acres worth of very fertile land. There was some future for them economically, even though there weren't many tractors, so people were still clearing their land by using machetes, and harvesting their corn the same way. They lived a very primitive life. I mean, I think by and large people were getting enough to eat, not necessarily a good diet. What I'm trying to say is that I realized how little opportunity there was and how much they needed help.

I didn't like calling it that, I never liked to think of the Peace Corps as "help." Yes, you were trying to help people, but it wasn't, I never looked at it as a social welfare program by any means. What you're trying to do is bring some things, ideas, even some connections, but you are change agents, you're going in there trying to help them get a break. How to improve their lives by pitching in yourself.

I mentioned earlier some of the things I did while I was in the Peace Corps. None of them were earth-shattering or life-changing. Yet, they did help build a sense of community, a feeling that, hey, if we work together, and we'd call the equivalent of a PTA meeting and get parents together, and we'd say, we really need to get a teacher for this school, and how do we go about doing it. We really need to get postal delivery at the bus stop of the intersection closest to where our farms were because there was no mail delivery. I mean, you were so isolated that you had very little access.

Then later, the second year, when I was up in the highlands, I lived in a village, so it wasn't nearly as isolated. Yet, the indigenous areas, as it was once you left this town, which was still 80 percent to 90 percent Indian, what we called a 'village in a cornfield,' once you got outside to the *aldeas* or settlements. I mean, those people were really poor subsistence farmers and had no access to any kind of government services whatsoever and yet, every once in a while, you came across something that the government was doing that was promising. They had started this bilingual promoters program taking young Indian women, sixth grade graduates who could speak Spanish as well as their native tongue, and turning them into bilingual literacy teachers who would go out into the rural areas. I tried to link up with some of them and do things when I'd go out with them sometimes, or just help them connect with each other and access resources that might be available to them in the capital city that I could share.

But people would sometimes come to the little wooden 'shack' with a tin roof where I lived off of the tiny town square. Mothers, Indian women carrying babies or small children who were very sick and asking if I could help, and why? Because I was a gringo. I like to think of it as gringo, but part of it was that I had white skin. They wanted help, and this foreigner, the one they knew of as Don Carlos, he's a gringo, so he could help. Well, of course, I couldn't help, I couldn't start treating patients, and I only had this tiny little medical kit for myself that the Peace Corps always gave out to volunteers in case of emergencies at their site. It broke my heart. It broke my heart to see children dying with nobody to help them.

Those are the impressions it made on me that led me to international development as a career, because I said, somebody needs to try to help change these lives for the better, and some of it's right there at the grassroots in the village, but some of it, and this was as I was becoming more thoughtful, was, hey, these government structures have to change. Hey, the Ministry of Education shouldn't be assigning teachers nationwide from the office in the capital, and so on and so forth. I carried that with me into my decision, of course, to work with Peace Corps later on, which I did find very satisfying because I still had this real connection to the village level and grassroots work, but I was also operating at a somewhat higher level with contacts and connections with counterpart government officials and so on and so forth, and had a role in planning what the next cohort of Peace Corps volunteers should be working on, that sort of thing.

Q: Can I ask you a question. So yes, clearly that was a great influence. But you went on to law school. So you went on to law school with what objective? Was there an objective there of using your skills going into development, or were there other reasons?

COSTELLO: Well, that's an excellent question because it was definitely a fork in the road. Although I had a real interest in development, I didn't necessarily foresee a career in development. The Peace Corps was its own special beast. And as I said, you were told not to look for a career in the Peace Corps. Okay, I could have looked in other areas, perhaps right, to continue along that same path, but I had started law school and decided I wanted to go back to law school.

Q: Were you familiar with USAID at that time?

COSTELLO: I was familiar with USAID, yes, but only slightly. I got a few materials from USAID, and more from USIS, which was still around then, and I had them more so in Guatemala, when I was a volunteer. Then, when I was on staff in Medellin I didn't have any contact really with USAID programs out there. Okay, there was at the time a U.S. consul based in Medellin. I kept in contact with him, but our work didn't overlap, and to use today's popular word, I thought he was kind of weird. We didn't hang out together at all. When I went back to law school, it was to finish what I had started, and to become a lawyer.

At first I just thought of getting back into harness, and I was recently married. I was motivated and much more focused than I had been six years earlier. I wasn't thinking much about development. But later, as I started thinking about jobs, and I must admit to a mercenary reason as well for law school, I felt, hey, if I'm going to start a real career I need a credential. I need a graduate degree. I think I was interested in the law, and it goes well with politics that I'm interested in. So go back to law school.

It was also with the idea that I wanted to get a good job with a decent salary. I'd been on the low end of the income totem pole with jobs that didn't pay particularly well. I was recently married. My parents had paid for my first year in law school, but by the time I came back, I didn't want that. I was using up my savings and cashed in a life insurance

policy, that sort of thing. I was looking for a job that would pay well when I finished school, and I figured law school would be good for that, okay.

As I went through law school, it turns out that birds of a feather do tend to flock together, and my wife and I met a couple. He was in law school, she was in grad school at Berkeley, and both of them had been Peace Corps volunteers. And so we hit it off, and he became a close lifelong friend, and then another guy, who'd been in the Army, and so he was a little bit older too, and married to an Italian woman. Another guy that I met was a Vista volunteer in the U.S., and so we had that kind of connection or affinity.

What's the right word to use, a word used often then was Chicano for Mexican American, but that's fallen out of favor. But the Latin identity, let's say, and the presence, the physical presence in greater numbers, was taking hold at the law school. They'd formed an association, the La Raza Student Association, and I asked to join that, and they looked at me kind of oddly. Nowadays, I don't know if anybody who reads this will remember, but the word of the week or of the month is "weird." They looked at me like I was kind of weird. What was I doing? I wanted to join La Raza, and I told them about myself and I showed them that I spoke better Spanish than most of them, and so on and so forth. I was married to a Colombian woman, and so I became accepted in that group. That wasn't development, per se, but it was sort of a linkage, again, into my prior life, in some sense.

Then I started to get interested in law and development, and I did a book review on a big tax law reform proposal written by a Harvard professor, the Musgrave Commission, that had gone to Colombia about the time I was there. They wrote this lengthy report, but I got hold of it and found I could digest it, and it interested me quite a bit. I thought, a good understanding of reality in Colombia. And what would be good policy choices.

Anyway, my friend who was an editor of the Law Review, asked me if I would review that book for the Law Review, which I did. I felt really good or proud of doing that and then, in a third-year seminar, we were tasked with doing a thesis. I don't remember if I sort of bootstrapped that same tax issue into my thesis or not, I should be remembering this, but I don't. Anyway, I wrote a development law-related thesis paper which my professor advisor thought was really good, and that again, made me think that, okay, maybe there's some connections here between being a lawyer and being involved in development.

Then between second and third year, instead of looking for a summer position with a firm we drove to Cuernavaca, Mexico to attend a summer program on Mexican law with a local university that was sponsored by the University of Houston Law School. It was very interesting and gave me a look at law practice in an international context. Also, lots of fun to travel in Mexico.

By this time, I was sure that I wanted to see if I could get an international practice. At the time, unlike now, there wasn't that much on offer on the West Coast, and most of the action was in New York. My grades in second and third year were high, much higher than in that earlier first year, and that's where I did get an offer from a big law firm in New

York City, a Wall Street firm. I wasn't all that keen on going to work for a corporate law firm on Wall Street, and yet, that was the best paying offer that was out there. I liked that. The idea of going to live in New York seemed kind of exciting, and that was where I figured I would get a chance to be involved in international practice because I saw that the firm had quite a few international clients.

I became an associate at Sullivan and Cromwell in New York City, starting in the fall of 1972 and practiced law there for three years. We loved living in New York City, and I found the work at the firm to be a really good apprenticeship. It was quite demanding, challenging, and of high quality, and it was in some ways a nice ride because we represented big name clients, mostly the big investment banks, or several of them, like Goldman Sachs, and my work was mostly on initial public offerings of stocks, so we'd get to travel first class and stay at the best hotels.

For somebody who wasn't used to that sort of luxury it was fun. However, you had to work your ass off, and it was a real grind. And after a while, a year or so, I realized that I didn't want to spend my legal career, the rest of my life, doing that kind of work, and that I wasn't willing to do that to get a chance at the 'golden ring,' as we referred to a partnership, which you get considered for after usually seven years of work as an associate at the firm, as you moved up in rank. Besides that, I didn't get to do any real international work of the kind I was hoping to do. I got to go to Venezuela once, Mexico once, because my Spanish language came in handy for them as I was representing an American client who was doing a deal for one of those big companies. It was really still New York-based.

Law and development began to appeal to me more, and I started thinking that, okay, I was going to leave S&C, as it was called. I was thinking, well, will it be for another private firm or a company or the government. In retrospect, I think I might have continued my career as a lawyer if I had ended up in the litigation group, but I was in the corporate practice group, because I find ever since anything that relates to litigation is much more exciting. The idea of doing trials and arguing cases and all, but I never did that. Anyhow, I got a headhunter, and I started doing interviews, interviewed with a couple of firms, a couple of companies, and I didn't find anything all that appealing, but I would have taken one of those in the end.

However, I started looking at the US government internationally, and so the State Department Legal Advisors Office and the Office of General Counsel at AID became my targets of interest. I made contacts with both, but AID appealed to me more than the State Department because of my interest and background in development. I went down to DC and interviewed, and they liked me, and I liked them. I mean, I was coming from a good legal background, some overseas living, and language skills. Also, maybe the "old boys" network kicked in. I think it's still around today but works for both "girls" and "boys."

Q: What year were we talking about?

COSTELLO: I'm talking about 1975. Anyhow, the connection I'm talking about is that the lawyer in GC, the shorthand for General Counsel's Office, who was handling recruiting was also a graduate of the law school at Berkeley. "Oh my God." He was happy to see somebody from Boalt, as it was called then, and that made for a nice connection. The general counsel, who was a political appointee, had ties to what we would later call the moderate wing of the Republican Party in California. He was a political appointee who had been involved in the Nixon campaign, somehow the good guy. He liked the California connection too. Let's just call it the California connection.

Anyway, there was a hiring freeze at USAID at the time. Here I'm sort of telling stories, but I think people should understand how some of these things work from the inside too, because it had to do with how I got hired. Although I thought I was hired strictly on merit, and I would defend my candidacy on merit, there was a hiring freeze at AID. Kind of thing you're familiar with, Marcy, and so they said, "Oh, gee, we'd like to bring you on and we have several slots open, but we don't know if we can do it." But this guy handling recruiting took it to the GC, the General Counsel, who said, "Okay, we want Chuck."

There was a political figurehead as the head of USAID who was the owner of the Parker Pen company. Dan Parker was the Administrator. He was not hands on. I never really got to know him. But there was a famous Deputy Administrator, John Murphy. Johnny Murphy ran the agency, and so the GC went to Johnny Murphy, and he said, "Look, I know there's a freeze on, but this guy's really good, and he's got overseas assignment potential for us, an interest in that," because General Counsel's Office does have overseas postings, and that was one of the things that interested me in thinking of going to work there. Johnny Murphy gave a waiver on the hiring freeze, and they offered me a position, but said I'd have to wait some three months for security clearance and to get the paperwork cleared so that they could really bring me on board. Blah, blah, blah.

I was almost through the door, and I was excited, so I left my job in New York and moved down to Washington, stayed for a little while again with a collection of law school classmates and friends that we were friendly with, who had started the same time I did with law firms in Washington. They put us up, and then we got an apartment, and then we took off for Colombia and visited with some of my wife's in-laws. Her aunt and uncle had a beach house in Tolu on the Caribbean coast. We went up there and chilled for quite a while, and then I began to think, "they're never going to get a hold of me" and reached back to Washington. And they said, "Oh yeah, the clearance. Somebody lost the clearance papers. We're going to have to go find out what happened to the clearance." Oh, my God, and so on. Then they got back to, "okay we got the clearance papers, so we can give you a start date, a month from now." You know how it goes.

Anyhow, I started work at USAID and the opening slot was in GC Near East where we had a team of, I think four, maybe five, lawyers, and we did the business of the Near East Bureau. This was 1975 after the opening in the Middle East of Kissinger, there was a lot going on, and a week after I started work I was sent off on TDY to Damascus, Syria. which had been totally closed off to the U.S. government and AID. Now USAID had reopened. The Embassy was in a house at the time, and there was a USAID project

development officer in the basement developing a water infrastructure project for Damascus.

We were doing loan agreements in those days when I was sent out to learn about the project and all of this and that. And I went out, actually, two or three times, and it was exciting. I mean, this was really big stuff going on, and to open up the program in Syria that way was, was really big. They had just installed a mission director there who was very kind to me, Gordon Ramsay, and took me under his wing. I was thirty-three years old at this time, and he invited me to stay at the director's residence when I came on TDY, which made it nice. Damascus was an interesting place, but it was a police state then, and never quite escaped that. Here we are in 2024, it's still a police state, and it's still the Assad family.

Some of these authoritarian regimes can hold on for a long time, and their means are well known, but this was part of a big opening. Egypt was opening too at the same time, and the head of my office was handling Egypt, which was the big one, and so I was tasked with another lawyer who you may have actually gotten to know, Bob Meighan, who handled Syria and Jordan. We both traveled to those countries. I'll tell one here, an anecdote that I can't resist because it stuck in my memory.

I was out there once with someone you know very well who was in the LA Bureau at the time, Terry Brown, who was a Capital Development Officer. He was put in charge of this project that was being designed, and he and I went out on TDY to Damascus a couple of times. There's another story of something that happened with Terry that amazed me in Damascus, but it was too spicy to tell. So this maybe was the first visit, and I was staying in a small hotel.

Every morning they'd serve you apricots, which are called *damascenes* after Damascus. I learned why, and developed a liking for apricots from Syria. Anyhow, there's no lock on my hotel room door, so I said to one of the young staffers, after a couple of days, I said, "makes me a little nervous. I can't have stuff in my room, and I'd like to be able to lock it up." And he said, "No, don't worry. You don't need it. We don't lock the doors here. You don't need to worry. Nobody will steal something." And I said, "Yeah, I have some stuff there that is sort of confidential even." He said, "Look, don't worry, if anybody goes in to steal something from your room we cut their hand off." This was a true statement by this guy. Anyway, in the world we inhabit, you come up against some things that impact you. This was another one.

Well, anyhow, to make a long story short, the loan agreement never got signed. The guy who was put in charge of it, on the Syrian side, was so afraid of what would happen to him from dealing with the Americans that we'd negotiate and agree on things and set the next stage, and we'd come back the next day, and he would reopen the issues we'd already settled. And so after a while, I realized that this probably isn't going anywhere; that wasn't my decision, but it was accurate, as it turned out, that the relationship never warmed up enough so that the U.S. and Syria became, shall we say, friendly.

I covered Jordan and went there a couple of times. It was quite different; it was also an authoritarian regime, and was still the same family then, as now, rules the country, the Hashemite Kingdom of Jordan. King Abdullah and it was his father before him, they always maintained friendly relations with the United States, and the U.S. looked out for Jordan. I went down to Jordan several times, did my work on projects there, and I had a very exciting, challenging, interesting period of two years, 1975 and 1976 in DC, in the general counsel's office.

In August of 1976 my daughter was born, our first child, but I was also starting to angle for an overseas assignment, which is what was the real attraction of working at GC: to get back overseas. There, I was looking for assignments that might open up in Latin America. I was fortunate in that there was a slot opening there, and there was another key connection in the Latin America Bureau, just like the Deputy Administrator's office in my initial hiring. There was a key Deputy Assistant Administrator. By this time, I had gotten to be known by people in the Latin America Bureau a bit. That Bureau was really run by its Deputy Assistant Administrator, rather than the political appointee AA, a very capable guy who, I'd say, became a legend in the Bureau, that was Marshall Brown. I said, "Look, I want to go to Latin America."

Q: *Oh, Buster.*

COSTELLO: Yes, "Buster." Marshall Brown was his real name but he was known by everybody as "Buster Brown" (note to readers: that nickname was the name of a well-known shoe brand for kids), and the assignment got brokered out between the General Counsel's Office and the Latin America Bureau. The lawyer was based in Santiago, Chile, but the program in Chile wasn't as active anymore. I don't recall specifically the reasons for the change, but the Bureau and GC agreed that they wanted to change it to more of an Andean focus, and the posting was changed to La Paz, Bolivia, with coverage of the Andean countries. That was to be Regional Legal Advisor with responsibilities for all legal issues and the Missions in Bolivia, Peru, Ecuador and Colombia. Off we went with one personal issue relating to my daughter's health that I'll pick up on when we start, and we'll be in Washington late in 1976 going through the clearance process for posting to La Paz.

Q: *Excellent.*

Q: *Today is Wednesday, October 16, and it's been a while, but I'm back on with you, Chuck, and looking forward to the continuation of your fascinating story. We're going to pick up on some of Kenya that you discussed the last time, and then move into your position as mission director to Guatemala in the early 80s. So Chuck, please go ahead.*

COSTELLO: There were a couple of things that I recalled about my time in Kenya that I wanted to include, so let's add them back in. One is that USAID was quite involved in the kind of project that was a mainstay of USAID back in its early years that was beginning, I think, to sort of fade out or transition out by the time I was there in Kenya. That is these

major institutional relationships with American land grant universities and funding for agriculture and agricultural research in which candidates from developing countries, we'll use Kenya, faculty members would go to the U.S. to study, get graduate degrees.

Really, I think the aim was for them to get doctorates, PhDs, to come back, and then form the core of the faculties at their universities, again in their own country, and then become the long term generators, creators of new agriculture technologies, with the benefits of agricultural research, in food production. Unfortunately, I don't think that those ended up working too well. The problem being that the scholars from, again, we'll say Kenya, who'd come to the U.S. and then get such a good preparation for doing, above all else, of research, they would come back to their universities, and they were never adequately funded for research.

Research being a long term effort, and one input, you can't guarantee immediate payoffs, and usually involves quite a bit of investment in equipment and the need for inputs into research effort. The other big problem was that, if you come back from the U.S. with a PhD having to then accept a public or state university salary is not very attractive. In one sense, you're overqualified, not that you're overqualified, but that your employer is under qualified. You don't get the money or the support, the money by way of your salary or the research support you need to really do what you're now capable of doing.

This was something that we saw later on in Ecuador, where we had money to use with a private foundation, but trying to do the same thing. These people could make twice as much money on the private market, and so even if they were fairly dedicated to their job, you couldn't build a good, solid faculty on a sustainable basis. In Kenya that was Edgerton College, and we had a big program there, since renamed, that was a colonial name. It's now Daniel Arap Moi Agricultural College, and I hope that the school is doing well. We thought our project was successful.

But looking back on that particular project, or projects of that sort, I certainly hope they were helpful for development, but they weren't the big, long term, sustainable kind of development investment, I think that we had hoped for. They were very popular in the United States because the university, American universities, loved them and lent political support for that kind of program. It typically involved the land grant universities in the United States, which really did have an awful lot to offer. Well, end of that addition. The other thing that I wanted to mention-

Q: Can I come in for a moment? I might be getting this incorrectly, but one of USAID's most effective investments, in my opinion, has been providing training in the United States and then working with universities to then establish programs overseas business schools and others, and building up the academic capability in the university. I'm curious as to why you're dubious as to whether it was effective or not.

COSTELLO: Well, because of agriculture, the research efforts of state universities in most developing countries, especially the poorer ones, were weak. We could take Brazil as an exception, for example, but most of them, they didn't or wouldn't. They didn't have

or wouldn't put the money into funding, institutionally, a serious agricultural research effort and so the the projections for what you could get might be really good, but that the countries didn't, I guess I'd have to state it, but didn't place a high enough priority on research development in agriculture to fund them. I think what their answer to that would be, well, we had so many other things we needed to do. We just couldn't afford it. Of course, if you have highly trained professionals who could make more money elsewhere, if they feel they're not getting the support they need or deserve, then they're likely to leave.

Q: That's a good point. Okay, thanks.

COSTELLO: I think that's what has happened in a lot of cases. Okay, the other thing I wanted mentioned, and this relates to the question of USAID-Embassy relationships, is that the ambassador I served under in Kenya, William Harrop, was really good. I think it showed the importance of a good ambassador. I mean, we, I thought that our relationships with the embassy were quite good and the embassy itself seemed to be well run and how would I put it, the atmosphere you know about the embassy was pretty positive. He was just excellent at his job. He's a career officer, and later went on to serve as, I don't remember the job title, but as head of the Foreign Service personnel system. He was really seen as very good, I guess, at building talent and organizationally. It's not always the case. Bad ambassadors, or, shall I say, weak ambassadors, can create a lot of problems based on my own experience.

I mentioned these two points and saved the most important thing for the last. And I can't imagine that it was something that I didn't mention last time we talked in the last interview, and that is that there was an attempted coup while I was in Nairobi. It was a pretty significant security scare. The coup failed in just a matter of a day or so, but we really saw it firsthand. I'm going to sort of back up to the technology of yesteryear; and I may have said something in our last interview that I need to retract a bit, saying that there wasn't much of a security issue there.

We didn't think of a political security issue there, but street crime was indeed a problem and concern about home invasion was a problem. All the residences had safe havens installed in their houses, and we had these radios that looked like car batteries. They're so big and heavy and we had a radio check protocol once a week, you had to use your radio to call into Post One, the marine post at the embassy, to make sure you could be in touch in an emergency.

Q: And indeed, that had not changed in '89 to '91 every Friday we checked in.

COSTELLO: Okay, good. You still had it. About the time that mobile phones were coming in. Right, anyhow, we got blasted by a signal from our radio one morning early, and it turned out that a coup was underway, and we saw several vans. They were what we called the safari vans for tourists, those like a big VW van that was even zebra striped, going up the street right in front of our house on Riverside Drive with automatic weapons and men with guns pointing out the window. They had commandeered a number of these

vehicles as part of the coup attempt, and they were driving around trying to take over the city.

We had a lovely old house dating to the colonial period, with a large, three level, descending backyard that ended at a creek. There was a creek bed running along the back of the property, and we didn't notice it at the time, but we learned later that that's where the soldiers attempting the coup were moving down toward their main target. It was just a hidden passageway down in a ravine that ended up on the highway near the public radio station, TV radio, which was their target in order to take over the communications in the country, and no doubt, broadcast their message and tell everybody to stay home or whatever.

Q: Quite a story to tell your grandkids.

Yes, that literally physically, those came up very close to us. We all then, of course, stayed at home, not going into the office. I don't recall if it was all over in a day, I think it was over in a day, but maybe it was another day, I think, before we went back to the office. The coup had been put down by some units called into the capital, and a kind of a SWAT team from the police as well.

Anyway, the USAID offices were on the top floors of a bank building downtown, Barclays Bank. I know now that they are part of a newer embassy complex. Our executive officer went in to check out our offices, and where the elevator doors open, there's a little kind of a hallway, or not a hallway, but what would I call it? A space, almost like a reception area, that would then open into our offices. There was a low brick wall there with good sized windows looking out over the streets, and he found a man lying dead on the floor who had been dead for one or two days, blood all over, everywhere on the entrance to the office and where the elevators had opened.

It turned out, sadly, that it was a janitor who heard a noise or shooting in the street and went to the window to look out, and there was some kind of a sniper or rifle man who looked up or watched maybe for snipers on the roof. Who knows what? Anyway, the poor man just looked out, was looking out the window and ended up dead and by a fraction of an inch because the windows had aluminum frames, and we later found saw that the bullet had hit the aluminum frame, and it being soft metal, had gone through at a very sharp angle, because we were up ten or twelve stories, and beneath it was brick wall. By a fraction of an inch, it was the difference for that poor guy between alive and dead.

Anyway, the coup attempt failed, but it was quite a significant event that I recall, and at the moment, and even after having given it some thought, I don't remember well the full significance of who was behind the coup and whether it reflected a Kikuyu attempt to reassert primacy under the Moi government, but it shows the instability that exists in so many of the countries where we work, and that always has serious negative effects on development programs.

Everything sort of freezes up for a while, or there's a period of retribution, whatever, as the focus becomes on rooting out or getting back at those who tried to take power. All right, that would end Kenya. I'll repeat because I think I've said this before, but I'll be brief. I was having a very good time working in Kenya, enjoying my work. We had some very good programs in rural development. It was the first senior management assignment that I had taken, this was when I jumped the fence from legal to program.

Q: Can you give me a moment?

Q: Today is Wednesday, October 23, and I'm continuing to interview Chuck Costello. Chuck is going to focus on his time in Guatemala—his first mission directorship at a pretty turbulent time. Welcome, Chuck.

COSTELLO: Thank you. I think I left off saying that I was enjoying my work, living in Kenya, and expecting to get “home leave and return to post” orders and spend another two years in Kenya. But it didn't happen.

Q: All right. On. Go ahead.

COSTELLO: I was expecting to take home leave and return to post for a second tour in Kenya. But late in 1982, I got a message from Washington about Guatemala that I felt was an offer I couldn't refuse. I was asked to transfer to Guatemala and become mission director there. It was my Peace Corps country—I knew the country well and liked it—and it would have been my first mission director assignment. I was forty years old, and so within the AID [United States Agency for International Development] hierarchy and the career Foreign Service, it would be pretty significant to head up a mission at that age.

So, I accepted, and I learned afterward that a mission director who had been named, not me, came through Washington, met with Administrator [Peter] McPherson, and after the interview was no longer headed to Guatemala - something went wrong in that meeting. The deputy assistant administrator in Latin America, Buster Brown—as he was known—was asked for new names and proposed me. And so, my name was put forward, and McPherson, whom I had met during a visit to Kenya, okayed it, and so we left Nairobi late December '82 to spend Christmas in the United States and have a little bit of leave time before going on to Guatemala.

So, I arrived there in January of '83, and the background in Guatemala—and that apparently had entered into Peter McPherson's decision to make a change in mission director—was that the government, military-led government, but ostensibly elected civilian president of Lucas García, who had been elected in 1978—and a new election was due in 1982—there was controversy and violence surrounding the election.

An instructor from the military academy by the name of [José Efraín] Ríos Montt, who was close to a lot of junior officers who had studied under him, in March of 1982 deposed the outgoing president, who hadn't yet finished his term following the election. He deposed the government and took over as the head of a military junta, and didn't take long seizing power for himself, dismissing other members of the junta, and ruling alone.

Well, this was a very big event in terms of its importance and impact in Washington at the time, because we were now in the middle of the raging insurgencies in Central America. Guatemala's insurgency was going strong in the highlands, and the government was seen as not doing a very good job in terms of suppressing it, and was also known for brutality and violence in its methods and was accused of serious human rights abuses.

And, of course, you had a major civil war in El Salvador, U.S. actions by that time to oppose the Sandinista government in Nicaragua, with counterinsurgency activity being sponsored in Honduras. So, Central America policy was a very important foreign policy issue in the United States, and with the election of President Reagan in 1980, it had taken a very sharp turn to the right in its approach to Central America policy. The Carter administration was initially fairly sympathetic to the revolution in Nicaragua because it overthrew a long family, military, civilian, sort of dictatorship, the Somozas, but that soured.

The attitude towards that government soured in the United States because the government became very friendly toward Cuba and took on a stronger leftist tinge, and was seen now as being—by the Reagan administration—as being dominated by communists or too far left, and that they were also providing military and other support to the rebel guerrilla forces in El Salvador next door. The Salvadoran Civil War was one that the Reagan administration was very involved with in supporting the government in office against the rebels.

So, Guatemala was, in a certain sense, an outlier because even though there was an active insurgency, the military seizure of government and the poor human rights records in Guatemala had built up a lot of resistance in Washington against Guatemala, even though the Reagan administration initially considered the Ríos Montt government as being one that was an attempt to overthrow a very corrupt and brutal government and was seen in quite positive terms. But it was viewed differently in Congress, mainly by the Democratic congressional majority.

Anyway, the main point I want to make simply is that it was a very, very heated policy issue in the United States, and for those of us in the field, it was being played out in how we did our jobs, whether we got funding or not, and who were seen as our friends or not our friends in the same countries in which we were working.

So, I arrived in January of '83 in Guatemala, and Ríos Montt's government had been in office for about nine months, and had a big campaign going of three parts: they had a symbol of a hand held up with three fingers, and it was, "I don't lie, I don't steal, and I don't abuse." I can remember that one, but it was, ostensibly or at least the way they tried

to project themselves as they wanted to fight corruption, clean up the government, and, of course, they wanted to prosecute the war better. His policy towards the insurgency was one in which he said he wanted to bring services to the rural areas—in a sense saying, “We understand your grievances, and we have to reach out.” On the other hand, there was an armed uprising of significant magnitude going on out in those same areas. So, he put it in terms of a slogan that was, “beans or bullets,” with a certain alliteration either in English or in Spanish. In Spanish, it was *frijoles or fusiles*—beans or guns, but the gun side of it quickly became dominant, and they adopted—more so than earlier—this “scorch and burn” strategy, where they would go into areas and really displace villagers and do a lot of destruction in villages.

That sort of thing created a lot of displaced persons—refugees who fled north to Mexico, and a lot of bloodshed. And of course, they claimed they were just killing insurgents, but history afterwards documented well that there was major killing of non-combatants—that they killed more civilians, supposedly sympathizers of the guerrillas, than armed fighters. They adopted a view that if they were having trouble in some area that meant all the Indians in the area were guerrillas or guerrilla sympathizers, so they would just kind of go in and lay waste.

Q: At this point, I assume the embassy, through its special intelligence, is aware of what's going on, right?

COSTELLO: Yes.

Q: How did the embassy have the U.S. government handle this?

COSTELLO: Well, the U.S. government had a difficult relationship with the Guatemalan government. The United States was supportive of the counterinsurgency efforts of the Guatemalan government—not necessarily the way they were prosecuting the war—but the U.S. military assistance to Guatemala had been suspended and blocked. So, the United States wasn't providing—directly—any support to the government—military support to the government—unlike, for example, El Salvador, where there was large, a lot of military aid, and on a limited basis Honduras, although Honduras didn't have a serious insurgency. But a lot of money was already going to the so-called Contras who were trying to challenge the Sandinistas militarily in Nicaragua. So, the U.S. government was, I guess I'd say, supportive of Ríos Montt; but Ríos Montt was very prickly to deal with, and very nationalistic and very self-righteous. His government wasn't, I think, doing as well as he claimed, either in fighting the guerrillas or in managing the government.

I was there starting in '83, and we had a significant portfolio of projects concentrated—as the USAID program had been for quite a long time—in the Western Highlands, which is primarily indigenous, rural, and by far the most marginalized and poorest part of the country. That had been the emphasis for some time of the USAID program. But, the AID program—again, I may have to do more research, if I can find it to back up the dates and timing—but we were blocked by Congress statutorily from providing direct assistance to

the government, so we were working with various NGOs [non-governmental organizations] and doing things through them.

We had a pretty good-sized portfolio of projects, especially in agriculture, health, and education, with the government that were ongoing and that we continued. But, we didn't have any economic development or assistance programs going with the private sector. This annoyed the powerful private sector because, especially in El Salvador the United States was pouring a lot of money in through a private foundation called FUSADES, and was providing big money through the government for balance of payments support, and similar activities in Honduras and Costa Rica, which didn't have an insurgency problem but also did face economic crisis because we're into the '80s.

This would become known as the "lost decade," or the debt crisis decade, as all the countries faced serious balance of payments problems. Well, the Kissinger Commission had been formed, that's called officially the National Bipartisan Commission on Central America, which was an administration and congressional effort to see if they could square the circle on military assistance and economic assistance in the region. The Kissinger Commission—it became known as that early on and has remained so because of the prominence of its chair, Henry Kissinger. They came down to Guatemala as they were making a swing through the region. And—

Q: So they were—I was in Honduras when the Kissinger Commission came. I had the good fortune of being the backstop. It was early '84 [October '83].

COSTELLO: October '83. Okay, that sounds right. October '83. Our ambassador, Ambassador Chapin, somehow had a feeling that he was going to be replaced because of Kissinger. I don't know whether he had some past with Kissinger or what, but he went to a meeting of all the ambassadors in El Salvador at the end of '83 or early '84; and sure enough, he left post early in February of '84.

But I have to tell a story that's of importance to me and my own career and experience, and also, ultimately, for our program, for the benefit of readers. USAID Administrator Peter McPherson was very proactive—just generally speaking—but in this Central America arena, especially so, and would make frequent visits to the region—sometimes just coming down on the weekend. He'd appear with a small suitcase and no aides—all by himself—and would say "no staff support." Just saying, "I'll be in town." Sometimes he'd stay at my house, as opposed to a hotel.

And at this time there were strong connections - we're getting closer to the end of the first Reagan administration, with presidential elections again in 1984 - with the political right in the United States very interested in and involved in the Central America issues. This was what I would tend to call a "Cuban connection" out of Miami with people with close ties to powerful figures in the Guatemalan private sector. So, there was a very strong, what shall I say, anti-insurgency, anti-communist emphasis to U.S. policy, but there wasn't military aid, and we (AID) had very limited economic aid, I was only getting limited funding.

Anyway, while Ambassador Chapin was still there—so this would have been late ‘83—and Ríos Montt was still in power, we had the murder of a Guatemalan employee of our bilingual education project and several Indigenous people. Several people, mainly women who had hitched a ride in the back of a project pickup truck from the village down to the main highway, were said to have drowned in an auto accident when the pickup truck went off the road into the river. Well, I did learn through shared intelligence from our military attachés that, yes indeed, they’d been murdered.

Ambassador Chapin, to his credit, took this quite seriously. Though he hadn’t been a very active supporter of the AID program, he really made a strong protest, and I admire him for it. He made strong protestations to the government about what had happened and wanted to see the truth come out. And of course, the government didn’t want it to be known and was covering it up. So, Chapin got a bit crosswise with the Ríos Montt government, and that made things more difficult.

Anyway, where in effect it impacted me was that late in ‘83 or early ‘84 I was in Washington on consultations and so was Ambassador Chapin. He set up a meeting with Peter McPherson, so the three of us met in McPherson’s office and discussed the situation in Guatemala. Chapin was very critical of the government, and he said that we should suspend all assistance to Guatemala—the AID program. That wasn’t U.S. policy, and it certainly wasn’t what AID had articulated or proposed. So, here I am sitting with my big boss—the head of AID—and my immediate boss—my ambassador—and he turns to me and he says, “Chuck, you agree, don’t you, that we should cut off all the AID programs now?”

And I gulped, and I said, “No. We’re not providing new assistance to the government now, as it is. That’s enough.” And of course, he didn’t like being directly contradicted, and the meeting ended badly. He later really took it out on me in my performance evaluation for that year, saying that I was inconsistent with policy or something in Guatemala, although I was the one who was consistent, in fact. But it was a memorable event, and it certainly led to a tough relationship for me in-country with my ambassador.

The killings of those people in the bilingual education program—and others actually had been murdered as well, although they weren’t so directly associated with our program—but also in that office in the ministry in the capital, we suffered a gruesome tale of a woman who was abducted off the streets in Guatemala City by men in a white van—the “white vans” had become famous as the vehicle used by death squads. I hope I haven’t told this story. If I have, stop me, and we won’t repeat it.

Q: You haven’t.

COSTELLO: The teacher, a Ministry employee, her twenty-one-year-old brother, and her two-year-old son were found in a ravine outside the capital city in their crashed vehicle. She didn’t know how to drive, and she didn’t have a car, nor did her brother. It was highly unlikely that she was alive when that car went over the side of the mountain because the

two-year-old son, who was found dead with her, had his fingernails missing. It was one of the most gruesome things that I can remember experiencing as part of the reality of these regimes. He'd obviously been tortured in front of her, and then they took the three, put them in the car, and pushed it over the cliff.

There was another murder case involving the same project when General Mejía Vítores was head of state. I think he was actually head of the army at the time—he led a coup, a violent coup, in early 1983—I'm sorry, in '84—geez, I'm getting things mixed up here.

Q: Don't worry, you can always fix it up later.

COSTELLO: I'm referring to my notes. Ríos Montt was deposed in August 1983 by [Óscar Humberto] Mejía Vítores, head of the army, and we learned later that part of it had to do with the fact that junior officers were pressing hard to be protected from exposure for their conduct of the insurgency; and the incident with our bilingual education project Ministry employee highlighted these abuses. Anyway, Ríos Montt was out and Mejía Vítores came in and—

Anyway, that case later became the subject of a series of articles by a *New York Times* investigative reporter who followed up on this story because it had gotten some play in the U.S. press as well. He did a brilliant exposé that got to the bottom of the whole thing. But we also learned that Mejía Vítores—an army general—

Q: So I'm going to put you on.

Q: Okay, perfect, definitely recording. Go ahead.

COSTELLO: Okay, for the record, we just took a minor break, a short break, and I thought to myself, here I am the USAID [United States Agency for International Development] Mission Director, speaking about my experiences, and I realized that I'm talking 90 percent about the politics of Guatemala and U.S. interests in Central America, how they impacted; because so much of our development aid also was tied up with State Department debates, if you will, and also the fierce debates going on in the U.S. about what direction policy should take, and then how those played out in country.

In Guatemala, we're now into the Mejía Vítores period in late '83, with Ambassador Chapin [Frederic L. Chapin] having departed. Things at the Embassy really calmed down, the DCM [Deputy Chief of Mission] was a great guy, Paul Taylor [1981–1984]. He became chargé for six months, and was really good to work with, and a very sensible guy.

I'll try to get away from all the politics going on in the country and get back to the basics of our program. I said earlier that it was concentrated geographically in the western

highlands, and that was very much the case. The south coast region of Guatemala is lowlands, by and large, and an area with a lot of large farms. The eastern part of the country tended to be mountainous, with a lot of small farmers, but it was very Ladino, and it was better off in a relative sense, I guess. The western highlands, which you just go thirty minutes outside of Guatemala City to the north and to the west, and you're getting into areas that are heavily indigenous, and the farther west and north you go, the more isolated they become. A lot of these places were extremely isolated and very, very poor and received little or no government services, really.

The AID program, for quite a long time, had emphasized work in the highlands and actually, it was quite a good program. This was more like the 'basic human needs' era that started in the mid to late '70s, I guess, in AID, so it was focused on poverty alleviation.

We had this basic education program, bilingual education, that I described earlier that was in areas where little or no Spanish was being spoken, in which the ministry would send normal school-trained sixth grade graduate teachers, mostly women, but not all, to indigenous communities to teach first two grades in these schools in their languages, and it was proving to be very well received and quite effective, although it had a serious political downside because this was seen as somewhat subversive by the military, as communication being used in that program was almost all in Indian languages, so they felt like they didn't know what was going on.

It was one of our project employees, of course, from that program, who was murdered. Anthropologist and linguist Patricio Ortiz Maldonado. He disappeared along with three Indian women near San Ildefonso Ixtahuacán in Huehuetenango on Feb. 9, 1983, and we learned that he was selected because some years earlier, some mine owner in Huehuetenango had complained about him for labor activism of some sort, and so his name was on a list that the military intelligence kept in the palace, literally in the palace in Guatemala City, called the archives, "*los archivos*". It was known to everyone as "*los archivos*."

Q: Can I ask a context question here? So yes, bilingual education had been going on for a while, but this was with the government, not the private sector. When you came, was that program put on hold, or was it continuing? Because you said, in '83 you were working primarily with NGOs?

COSTELLO: The bilingual education program had started before I got there. We may have added funding to it, I can't recall. We weren't providing new assistance to the government, so that would mean no new project starts. I can't remember precisely if that meant we were stopping new funding additions to projects that had been incrementally funded. I think not. I think we were certainly able to use all the money in our pipeline.

Q: Okay, thank you.

COSTELLO: And this young man who was murdered, unfortunately, his name was in the

archivos. His name was sent in from the town where he had stopped in to visit a project site, and out of caution - fatal error - he checked in with the military lieutenant there so that he wouldn't be seen as a suspicious outsider in town. But the military guy apparently viewed him suspiciously anyway, and the name went to the archives. The answer, known colloquially in Spanish, was the order you might get back "*archivarlo*" (archive him), "put it in the file." It meant "kill him."

They said "*archivarlo*," and so that same guy, the lieutenant in that town, the next day, or within a matter of days, was the one who shot and killed him and the women in the back of his pickup truck who had hitched a ride to market when he had left town and was down out of the village at the crossroads with the Pan American highway. That was a controversial program, in the sense that the military viewed it very suspiciously. We went to the government, we went to the military side of things, and got them to issue an instruction out to base commanders that said, "there are people out there working with the ministry and bilingual education, and they're okay, don't bother them." Luckily we didn't have any more incidents of that sort.

But it was the fact that it was directly targeted to the indigenous population in indigenous languages, with an indigenous insurgency in those same areas, and the military's paranoia; that's what led to it, and it made, as I've described here, the AID relationship to the Embassy and to government relations highly relevant and intense. But let me add that the program was getting excellent results in terms of student reading and much less student dropout. The Indian kids could transition into Spanish language instruction by third grade. Hold on one second. Can you pause?

Q: Okay, continue.

COSTELLO: My point that I want to make in discussing the political relationships in such detail, and USAID program involvement, and my personal involvement, is that the AID program, that bilingual education program, in fact, got mixed up with U.S. human rights issues towards Guatemala, attitudes towards the military government, restrictions on AID, so on and so forth. Our Mission, my Mission, I'll call it mine, we were good at getting out to the field, I tried to go to the field often, and pressed officers to make sure they were too. In the Education Office, Don Easum and Frank Fairchild were the ones managing this program, good at getting out to the field, and had good relations reaching out everywhere where their projects were working.

They were getting sensitive intel from villagers about what was behind this killing. And the people in the field, they wanted to get the truth out. They didn't trust anybody, with good reason. I discovered that they were stuffing notes or reports into pumpkins and other sorts of produce the Indian women were bringing to market and bringing it into Guatemala City. And, of course, there were military checkpoints on the highway in those days, that sort of thing. This was a bit too much for an AID program. I said to them,

Q: I love it. I love it.

COSTELLO: "It's not our job to collect intel. But fine, I'll pass this along." I really didn't have much of a relationship with the CIA station, but with the military assistance Milgroup and the defense attaché I had a good personal relationship and they were more open about this, and it was from them that I learned that this was some of the backstory to what was going on. Anyway, the bilingual education program was good. We had previously built a lot of elementary schools in the western highlands in an early era where USAID used to do a lot of construction, but our main emphasis was on small scale agriculture, where we had really good programs going of small scale irrigation systems, gravity fed, where the farmers that had joined together would provide the labor for installation of a gravity fed low tech system, and in connection with it, would do terracing of the hillsides.

As you know, Marcy, but others reading this might not, the whole western highlands is a very mountainous area, and the indigenous population had, in effect, been pushed there, though they'd always lived in the mountains. But as the good land was appropriated by others, they were reduced to very small scale, generally subsistence agriculture in the mountains, and we could get significant productivity gains by use of terracing, or even better, terracing and small scale irrigation for growing traditional crops as well as crops for the market.

This argument I had so many times with well meaning people, about how we were destroying the lives and culture of these noble Indians by taking them away from growing corn and beans, and they're going to end up starving. Well, we were very conscious of that, and farmers who participated in our programs would have enough acreage, improved acreage, devoted to corn and beans to be able to maintain their yields and still have an acre or two of land on which to grow high value crops, mainly vegetables, and earn a cash income.

And this notion that they were happy the way they were is nonsense. They jumped at the chance to be able to make some money because they needed it for a better life for their kids, for school fees, for any health care, and for building a decent home, literally on their land. It was the major thrust of our program in the area, and it was very successful and in high demand. We also had a program in health and family planning. A lot of family planning activities and trying to upgrade the capability of health posts in rural areas and the medical supply chain.

Meanwhile, as I mentioned earlier, the private sector was grumbling that it didn't get a lot of money, and they weren't offering much in the way of any development proposals, but they wanted to see a private sector lobbying organization get funded, because this was billed as part of the defense of the private sector under attack by communists who were trying to take over their country. A Cuban American, a PSC personal services contractor, that I hadn't even asked for, was sent to the mission from Miami, and he was a wild and crazy guy, but his task there was to promote the private sector. He engaged with private sector groups and started making all kinds of promises and talked about big programs that weren't possible to fulfill, and I think that made them further unhappy.

I made a speech before a private sector group that was later reported as not friendly to the private sector, even though I clearly stated, because I've been back over the transcript, that the private sector is the engine of growth, and that's what's going to grow the economy, and that's what we want to see. But I described the aid program in Guatemala, or what it looked like, and they didn't like the looks of it, because it was focused on western highlands in the poor rural population. And they didn't like the fact that I didn't promise them a lot of new money. Anyhow, things started to change.

Well, I'll talk about myself a little bit more. When I first got to post I had an office in the Embassy, though the AID offices were across the street in another building, and I don't know quite why the AID director had his office there, but he did. Maybe the ambassador wanted it. I don't know. It was quite an unusual arrangement. First thing I learned was that the wall that was repaired in my office that fronted on to *Reforma*, a main avenue, had been repaired because an RPG, a rocket propelled grenade, had been fired from the street at the Embassy and hit there, so you get some idea that there was a serious security issue.

And I did have a full-time bodyguard all during the day, and then a different bodyguard at nighttime assigned at the house. There were real concerns about security, and AID had gotten for the mission this really super Jeep Cherokee wagon that was made into an armored vehicle that we called the 'Bondmobile' because it had smoke grenades and sirens and steel rim tires and all this stuff, and we laughed that I got my ten minutes of fame when Kissinger was in town with the Kissinger Commission because my vehicle was assigned for his use while he was in town. We had good laughs over that. But it was terrible in the mountains because it was so heavy.

I was supposedly, like any senior embassy official, not supposed to go beyond Antigua the first year and a half or more that I was in country, maybe even two years of my four years there. All trips outside of the city had to be reported to the Regional Security Officer (RSO, the security officer at the Embassy. But that was really intolerable to me, I couldn't manage my program that way, and so I would go to the field as part of a trip that would be announced by my agriculture officer, or my education officer or something, and wouldn't use my vehicle or my driver, and I'd go out. And I didn't think I was being reckless because our people hadn't had any trouble going out to the field, but the security situation in the country definitely was tight, was tough, and we certainly had to take care, exert caution.

I've given a thumbnail sketch of the AID program and an awful lot of talk about the politics of Guatemala, and maybe we'll end there for today. I'll give a concluding remark now, which is that Mejía Vítores, the de facto president (1983–1986), I never got to know him well, although I was with him several times, but I never had a one-on-one or a long conversation with him. He didn't assume the title of president. He said, "I wasn't elected president, and I didn't overthrow a president who was elected." He deposed the guy who committed a coup, Ríos Montt (1982–1983), who was ousted in a coup by Mejía Vítores, but Mejía Vítores didn't declare himself president. He called himself Chief of

State (*Jefe de Estado*), which I thought showed surprising humility.

I had watched from the balcony of my offices as airplanes were strafing the presidential palace because that was a violent coup, although it was over in a hurry. He announced that they wanted to transition to a civilian government, which was, of course, very well received by the U.S., and he was processing the counter insurgency, still, in a very tough and brutal way, and I wouldn't say that human rights conditions really improved on that front, but he had re-established internal stability in the military, apparently, because that's what had led him to move against Ríos Montt and topple him. Anyway, he called first for a Constituent Assembly in 1984, that was the Constituent Assembly election in July of 1984. That was about one year after he took over, and this really was welcomed by the U.S. government. It didn't change much for our program, though, we were still not seeing a lot of money, whereas, the Central America Initiative, which flowed out of the Kissinger Commission, this bipartisan approach of a massive billion dollar AID program to Central America, Guatemala was not a full participant or full beneficiary at that time.

Q: Let me, since I'm quite aware of what was going on, I went to Washington from Honduras in '84 and my principal job was to implement the Kissinger initiative. And we suddenly had piles of money, and we launched a very large program in Guatemala. Now this might have been after you left. I was there in '85, '86, you left in '86?

COSTELLO: Yes, you see you're getting a bit ahead of yourself, because the Constituent Assembly was in July '84 and was followed by presidential elections in December of '85, and Vinicio Cerezo [1986–1991] took office as president in January '86.

Q: Today is Wednesday, October 30th, and we're continuing to interview Chuck, who has a lot to say about Guatemala, for good reason, and he's going to continue sharing with us his experience as Mission Director in Guatemala. Welcome Chuck. All right. Go ahead.

COSTELLO: Good morning, Marcy. We were just at an important transition point for Guatemala when we ended our last discussion where Vinicio Cerezo had been elected president (1986), and we were about to witness the transition from military rule to elected civilian rule, but there are a couple of important things that I left out. I will have to backtrack a bit to make sure that they're included in the conversation. We're in '85 or '86. '85, I guess it would be.

One day I got word from the embassy that we were all supposed to go to the airport, to the old wing of the airport, and I guess that was the only wing at the time. Anyhow, the old airport terminal to greet the commander (General John R. Galvin) of SouthCom

(United States Southern Command), the U.S. military base in Panama at the time. The then-ambassador (Alberto Martinez Piedra), a conservative Cuban-American political appointee, decided to do it with full protocol (formal diplomatic and military honors). The country team, the senior officers of the embassy, myself included, all went out to have a receiving line to greet him.

He landed in, I think they call it a C-22, the military version of a Boeing 727, and that was something I remember because he landed it like it was a helicopter or a light airplane. They suddenly swooped out of the sky and made a sharp bank and landed. Anyway, we greeted him, and there was a little bit of a chat with the embassy people. Then the ambassador went with him into another room, privately, with some Guatemalan government officials.

I wasn't aware of who was there, but it being a very formal visit from four-star U.S. General, head of SouthCom at a time of a lot of military engagement in Central America, my guess was that was that General Mejía Vítores himself, the head of state, probably appeared for the meeting. The meeting lasted half an hour or so, and then he left. I think that was the meeting where they decided to use false documentation for an illegal American arms transfer that was later uncovered.

For any historians who want to review this kind of information, I want to talk about another visit from SouthCom, but my memory isn't good enough to recall whether it came before or after the visit from the commander of SouthCom. It was a visit that came via Honduras, where the U.S. had an operating base (Palmerola Air Base, now Soto Cano) at that time that was being used to support the anti-Sandinista efforts, the Contras (U.S.-backed Nicaraguan rebel groups). Two helicopters came in from the base in Honduras, landed, and I went with the ambassador on a hair-raising flight west on a foggy day, so that the pilots were flying through the gaps in the mountains below the fog, and they weren't familiar with the terrain. The pilot was flying and had a navigator alongside him who was reading the terrain map and telling him, "Turn here, turn here, go to the right, left." It was scary. It was really scary because we could barely see where we were going. Anyway, they did a great job of flying there. I think they were Apache helicopters, they were big ones.

We went out to Quetzaltenango, where we were to meet with the commander, the army commander, Guatemalan army commander of the military base outside Quetzaltenango, where we had lunch and talked about the insurgency. I don't really get into those conversations, I'm just sitting there listening. The main topic was really focused on the Ixil Triangle, as it became known, which was a roughly triangular shaped area in northwestern Guatemala, mainly in the department of Quiché and mainly a K'iche' speaking Indian area, and a center of the insurgency. Insurgency was very active there. These were very poor communities, remote communities, had very little in the way of services from the government, and the Guatemalan government wanted to bring more in the way of opportunities to the population there.

But the plans they had in mind were very reminiscent of the strategic hamlet operations in Vietnam. In other words, to fight the insurgency you drain the guerillas of their sympathizers and supporters, or with a different viewpoint of that same situation, you bring them all in from those areas where they're being exploited by the insurgents, and you provide them with safety and protection. Then, of course, that leaves the remaining population out there considered subversives, and that then the military would have a freer hand to go out, I guess again, using a Vietnam War era term of go out on 'search and destroy' missions.

We got back in the helicopters, and we went out to a site there in the Ixil triangle, and there was a settlement there of people who'd come in or had been brought in from surrounding regions, and they had some of what you might loosely call, vocational training shop set up, and there was some feeding programs. The idea for our visit was to see if we could provide development assistance activity to such settlements that were called in Spanish, aldeas modelos, or model villages, and so we visited for a while, talked with people.

We were due to fly up to see something more up in Quetzaltenango farther northwest but we went back to Quetzaltenango. Fortunately, it was still very foggy, and we couldn't go with the helicopters further north, and so we returned to Guatemala City. AID, the Mission, didn't have any plans or any budget for such activity, but we got word that this was quite a strong government request for help, and that we should try to respond positively to it. So the mission started to work on a proposed project of sorts that would cover some of these model villages, so called.

This was back in the era where you'd remember, Marcy, but our other readers won't, that the project approval process between a Mission and Washington involved sending in a preliminary proposal that would get a review, and then you would get a go ahead or not, to prepare the final project paper, which would again be reviewed and approved or not in Washington. Later, much of this authority was delegated to the field. But at that time, this project information document known as a PID, would go to Washington, and then the second stage would be a PP or project paper.

Q: Chuck, I remember when I joined AID in '78 there was a third one. There was the PID, the PRP and the project paper.

COSTELLO: Wow, all of that has changed. I went to Washington, as was the custom, to present a project document in a meeting with a review committee headed by either the Regional Bureau Chief or the Head of the Development Resources (DR) that normally reviewed projects. I went up and made the presentation, and there was a problem with it, in that we didn't have very good development rationale for it and even if you took at face value what these projects were supposed to achieve, you couldn't really find much. I found myself in a difficult and awkward position because it wasn't something the Mission had wanted to do, and we didn't have any money for it, but I'm assuming that something would be added to our budget to cover this.

But I didn't have a strong argument to make, and AID/Washington was very skeptical about this, and they're in a freer position than I was to show their skepticism and sort of take our proposal apart on the merits. Truth be told, I never wanted to do any activity like this. And of course, everyone was aware of the underlying political rationale, or, let us say, the circumstances of this proposal.

To get to the point, at the end of the meeting, the meeting chair disapproved the PID. It was rejected, and the State Department Guatemala Desk Officer, who was present for the meeting, because State obviously had quite an interest in this proposal, went directly to the office of his boss, the Assistant Secretary for Latin America, who at that time was Elliot Abrams. Abrams was very upset that this PID proposal had been rejected by AID Latin America Bureau and went immediately to AID Administrator McPherson's office to protest this and saying that he wanted to see the Administrator overrule the bureau because this was an important project of great interest to State.

Abrams, of course, was a very active and powerful Assistant Secretary, controversial, however, for reasons that came out more into the open later on. McPherson took it under advisement and then consulted with someone that he trusted for advice, (actually someone with whom I had a close relationship dating back some years in AID) who called me and grilled me about project, and asked whether this was really for development benefits of the indigenous recipients, which were, of course, the focal point of the AID program in Guatemala, in the western highlands. I had to tell them that all this was really part of an effort to sort of come up with measures to deal with the problem of insurgency, and that it looked a lot like the strategic hamlet approach in Vietnam.

So I must admit, not a strong defense myself of the project, though I had presented best arguments for it in the PID review. So he went back to McPherson saying that this wasn't really a project that AID should be doing. And so McPherson wouldn't overturn the LA Bureau decision on the project, and that meant that Abrams would have to go to the Secretary of State to try to get the AID Administrator overruled on this issue. George Shultz was the Secretary of State then.

Anyway, McPherson always maintained good relationships with the Secretary and with White House political staff. Abrams blinked, he didn't appeal to the Secretary, and so McPherson's decision stood, and the project never went forward, an outcome that I'm glad occurred because these were areas where, arguably, you were protecting the inhabitants, but in fact, they were locking them up. I mean, these were more like confinement areas, and the plans that they had talked about or that we had to use to try to gin up in a project document didn't make much sense at all, and were unfeasible, or half-baked like a weaving project for textiles for an export market. This is way off in the mountains, not even accessible by road. Anyway-

Q: Can I just interject? I find this interesting. So in 2014 I went up to the Ixil triangle, to Chaul, to visit the weavers, who are amazing. They're among the most beautiful weavers. And we took a hike and had lunch with the family, and went to one of the model villages. Thirty years later. Sorry, I couldn't resist. Go ahead.

COSTELLO: Oh, there was a model village, huh?

Q: Oh yeah. It was still there. I don't think it was operational, but we were taken to see it. Sorry, go ahead.

COSTELLO: These really were settlements where the people weren't free to leave. It would have been awful for us to use development assistance money to try to deal with a captive population who are being put there for purposes of waging what in reality was a scorched earth counter-insurgency or anti-guerrilla campaign. That's something I hadn't recalled before, and it was really a pretty significant activity. Again, a story of how my experience in the AID program in Guatemala was inevitably caught up in the foreign policy priorities of the 80s in Central America. End of story.

But there's another one, similar, and here I'm going to toss in something that I can't verify, but having learned a lot of things in later years about what was going on with the Contras and U.S. military aid, some of it illegal, in violation of U.S. law. I'll use that as the backdrop for a different activity. I've referred to the visit of the SouthCom commander.

I think my suspicion of what really happened in the discussions with SouthCom Commander and Mejía Vítores was to get the Guatemalan government to sign off on a transfer of weapons that, supposedly, were coming to Guatemala. I don't know the facts closely enough. Apparently, around this time, the Guatemalan government signed off as the recipient of some used weapons that the U.S. had given to some other friendly government, and that they were now going to be sent to Guatemala.

Well, it was a cover for sending those weapons for the Contras. There was an illegal transfer of arms and that did come out later, but I'm only speculating that it was a reason for such a high level and important visit, but it was followed up again. But it generated another special project that we were asked to do. It would help the government and be more clearly developmental, but it was never part of our budget or geographic area of focus.

It was to help overcome an electricity shortage in the city of Escuintla, which is one of the larger cities on the south coast of Guatemala, about an hour south of Guatemala City. We were told that the U.S. would try to help solve the problem there, and that we would be able to get some extra money to do it. To give a more positive spin to it, without remembering the exact time relationships of these things, in July of '84 you had the Constituent Assembly, and Mejía Vítores then had made a commitment to ending military rule and holding free and fair elections. Although the AID program was still quite limited, he was seen favorably for a lot of things in Washington. One might argue, if again you look at this as to when exactly some of these things happened, it could have been to show some support for him, or more likely the other reason behind it.

We did another PID, and I went to Washington and defended it, and it was approved and went through very quickly. It was a very unusual project. Not of the kind that we were

doing at all in Guatemala. It was a million dollars to buy a used, decommissioned electric plant in Columbus, Ohio, and have it sent to Guatemala and installed there. That's exactly what happened. It was approved, and the equipment was shipped down to Guatemala.

I remember going to the inauguration with general Mejía Víctores. I didn't go with him, but, I mean, I was present and he went, and there was a good publicity splash about it for the government, and AID got credit for this. And I remember the inauguration well, because there's an awkward picture of me and Mejía Víctores doing the traditional Latin *abrazo*. We had to give a hug to each other. And so there's the picture of me with my head turned, looking like, 'Oh my God, what am I doing here?'

That was the other project that I wanted to mention. It was clearly one that never would have been part of our regular program, but we didn't have any reservations about doing it. It's like windfall, that's how it goes in AID. Sometimes, for various reasons, you get some extra money, and you're glad to take it if it's for a good purpose. And that was the case here.

Q: Was Mejía Víctores seen at that time, and then in retrospect, in terms of the role he played in putting down the insurgency?

COSTELLO: Well, the insurgency was still going in full force, and it hadn't tailed off. They weren't getting any closer to peace talks yet. Things were really rough out in the countryside. It didn't have the same ideological fervor of the Rios Montt period. Rios Montt was, you could almost call him a messianic figure, and there were religious undertones to his presidency. A lot of the evangelical Christians were involved. He was himself evangelical. So it was in some ways, like a crusade. It just wasn't the same under Mejía Víctores, especially after he said that he would call a Constituent Assembly, followed by elections for president.

The focus shifted more towards the political opening. Even though the situation in the campo may have been, or was, probably just as bloody. And if we look back upon it now, it was still very much of a scorched earth campaign, where the indigenous populations generally were considered as sympathetic to the insurgency, and therefore you had to treat them very roughly, which meant killing a lot of them, even if they weren't combatants.

The other thing that I inexplicably left out of that latter half of 1985 was that, after the Constituent Assembly elections were held and went well. There were no major concerns with whether they were rigged or anything like that, and there was no major effort by the *guerillas* to disrupt that electoral process. I remember during that time in July having a visit by a CODEL (Congressional Delegation). With the very strong interest in Washington on what was going on in Central America, we got an awfully lot of CODELS. We saw a lot of visits, and this one, as I recall it, was the chairman of the House Appropriation Subcommittee, a very powerful figure, Dr. Clarence Long of Maryland, known universally as Doc Long, a Democrat. He came with his chief aide, whom I knew from my previous assignment as AID Legislative Counsel in DC.

As a side note here, it turned out that my job as legislative counsel was a very valuable experience because I was quite knowledgeable about how things work up on the Hill and which committees are important, and what the back and forth is between staff and members, and so on and so forth. Personally, I knew quite a number of staffers who came down and made visits. I forget this guy's name, though I close my eyes and I can see his face very clearly. Anyway, I took him out to the field, and we were west of Quetzaltenango in the highlands, and the Constituent Assembly actually was underway. I think we were in the town of Quiche. This guy expected to see all the villages on fire and the people in displaced persons camps, and fighting on the highway.

Maybe if we'd gone off the road and two hours up into the mountains, you might have seen that. But, I mean, we were traveling on the Pan American Highway. But there was trouble in those areas too, at times. He expected to see a violent environment, and instead, he saw people going to the polls and a lot of election activity, and he was pleasantly, very surprised about it. The thinking about Guatemala was changing, and that's the point I wanted to make here. There was a transition that was underway and it was starting to be recognized in Washington.

And again, as I've said earlier, this was mainly, but not exclusively, Democrats versus Republicans on the Hill, and the Democrats controlled the House, certainly. I think they controlled the Senate at that time as well. The next step as the elections were set up, was USAID's offer to assist, to give election assistance. This was in 1985. This was the kind of work that AID hadn't been doing much. There may have already been some activities of election assistance elsewhere, but it was certainly the first time ever in Guatemala, and quite a radical, new thing. We provided some technical assistance to the election commission, and we had support for the Boy Scouts, I think it was, to bring in ballot boxes securely.

I remember that the then-Assistant Administrator was Dwight Ink, and he was down in the country at the time. We went to election centers and the main election office at night and it was really exciting. I mean, there was a lot of excitement around the fact of a real election being held. The Boy Scouts were trusted as a good way to, you know, preserve the integrity of movement of the ballot boxes. It was a pretty cool setup, and Cerezo won the election.

But I would like to say, before we talk about him as President, that he was a leader of the Christian Democratic party, a party that was of some importance in Central America in that period, seen as a centrist, or center-left party, perhaps. Important in Costa Rica, and certainly important in El Salvador. They assumed the presidency there with Duarte, President Duarte, who became very important from the U.S. point of view. The Christian Democrats were a party that had some existence and credibility, but had never held the presidency in Guatemala.

Cerezo, in I don't know what year, but somewhere within the ten years before 1985 or when the elections were held, was in enough trouble that he went into exile and went to

Washington and lived out on Old Georgetown Road in Bethesda. The same kind of death squads that I described earlier in connection with army death squads from the *archivos* had tried to kill him, but he was lucky. He escaped. I don't know the full details of it, but he went into exile in the United States and only came back a year or so before, maybe even once the elections were being called. I do recall that before the elections, he was favored to win.

Another one of the many CODELs that came was one headed by Congressman Steve Solarz from New York, who was on "our" subcommittee. A very active Democrat, who had been very involved in the transition in South Africa, was a leading voice among the Democrats who were against military rule. Very articulate, very outspoken, he had quite a microphone or platform in Washington. I recall when he came to Guatemala, we had a breakfast meeting at the ambassador's residence. This was Ambassador Piedra by now, who was in Guatemala.

I'll just tell a little Foreign Service story that might be of interest. Fun historical anecdote. Solarz was a good tennis player and liked to play tennis, and he'd go on his trips, and he'd ask if they could set up a tennis game for him. We took charge of that. The USAID Controller was a good tennis player. I played tennis too. Wasn't all that great, but I knew who was who in the USAID/Embassy community for tennis.

So I said, "Yeah, we'll set him up with Tom." And Tom came to me, and he said, "What do I do, Chuck? How do I play it?" And I said, "Play to win. You're not being asked to gracefully lose." And he laughed because he really was wondering if he was going to get instructions from me to do otherwise. I was sitting with Solarz and the ambassador, and this is really, I think, after the breakfast, or just before it started. It was a very small group of people. And so I said, "Oh, did you have a good tennis match?" And Solarz said, "Yes!" and I said, "Oh, how did you do?" And he said, "Oh, we split." And so that meant that they each had a set. Well later, when I asked my guy about it, I said, "Yeah, how was it playing?" And he said, "Yeah, well, I beat him 6-3 the first set, and we were tied 2-2 in the second set when we ran out of time." And I thought, 'Okay, for Solarz that's what you call a tie.' He was known for a big ego himself. He was destined for greater things, supposedly in the House or in national politics, but it didn't quite work out that way. Anyhow, that's of no real significance to our story here, but shows life in the Foreign Service and things you deal with for visitors.

But there is one more story here. A very interesting one because the CIA station chief was in this conversation, and there was a lot of speculation about whether the military would really hand over to a civilian government, and that Cerezo, the lead candidate, at one point, the military had tried to kill him. And so Solarz asked the head guy from the CIA, he said, "Well, what do you think really stands between Cerezo and assuming office?" And the reply was, "six ounces of lead," i.e. that they might decide to kill him.

So that's what it was like in Guatemala in those days with the AID program. Our engagement was, as I've said before, woven together, not the word I wanted, but woven together in a way that you couldn't undo. Because the politics that would drive what

might happen in the AID program with the Kissinger Commission funding if Guatemala were able to successfully navigate the transition from military to civilian rule might all just turn on six ounces of lead. Well, luckily, nothing like that happened and Cerezo was elected in by a good margin. And I keep wanting to get into the presidency, and I keep finding that there were things that I hadn't adequately covered before.

I have to back up again. AID had a project for lending for agricultural development projects, but it was really more likely these would be larger firms looking for bank financing. It was a project already ongoing when I got there, and it was being run through the Planning Commission, which was supposed to be able to field projects that would come to it. Eventually, if they thought they were good, and approved them, then the Central Bank would have a discount window so that a bank lender could then discount the loan through the central bank. Well, the Planning Commission was a terrible counterpart. They didn't know how to do any of this stuff and weren't really inclined to do it. The Planning Commission had unsurprisingly perhaps, a statist mind frame.

They didn't think this was really a private sector development finance project, or perhaps they felt that loans should go through the government's agriculture bank, the state-owned bank as lender. Anyway, that project was dead in the water and as part of an effort to more efficiently manage our portfolio and get things going more dynamically, and because the policy direction for the administration was to give more assistance to the private sector, to develop the private sector, I wanted to get this project going.

Although I didn't have money to throw around for private sector interest groups, I thought this was an area where I could make something happen. I developed some contacts in the private sector and got to know the head of a finance institution, not a commercial bank, but finance lender, and talked with him about what it would take to get this program in effect moved over into private sector channels. He was very receptive to that. We had lunch a few times, and I recall that at some point another guy joined, so we had a threesome. And we started talking more broadly about development policy.

That guy's name was Rodolfo Paiz, of Paiz Supermarkets. He was one of the sons. There were several sons of the family. The father was the founder of the leading supermarket chain in Guatemala. So this was a very wealthy and prominent family. Well, Paiz wasn't interested in the development finance lending activity, he wanted to talk about getting the Guatemalan economy going again. The Guatemalan economy was in bad shape. At that time there was a serious balance of payments shortage of foreign exchange, and a black market for dollars had developed.

Guatemala had, forever and ever, a fixed exchange rate tied to the dollar at one to one. This was a matter of immense pride for the Guatemalan economy, or for those who, shall we say, dominated and controlled the Guatemalan economy, in terms of showing the stability and strength of its currency. We got into a lot of discussions about what might happen by way of policy change in Guatemala, and what AID might be able to work on with them if the transition to civilian government turned out successfully.

Well, the transition did turn out successfully. These two guys turned out to be close to Vinicio Cerezo, and one was active in the Christian Democratic Party, the other, not really. But I had developed a really good working relationship with them, and I tried to plan ahead for what the Mission might do in the transition. At one point, they suggested that I meet with Cerezo and talk about a recovery plan for the Guatemalan economy because they were very hopeful of getting a big injection of American aid monies if the elections turned out okay.

This was not a person I could just go and visit on my own. I cleared it with the ambassador, who said it was okay, and he didn't insist that somebody from the embassy go along, which pleased me because the meeting was set up privately, sort of among friends, and so I didn't want that. I wanted it to be seen that way as well, as rather unofficial. We had a meeting, and it didn't go into detail on economic policy choices. Really, it was just more or less a friendly chat for a while, and I enjoyed meeting with him. As I reported to the ambassador, I just took it as a signal that if they won the election, they were really hoping to look to us for help early on to get a good start.

But I mention it now because it was somewhat significant in terms of how AID Mission Directors often work informally in policy circles outside of the visible management of a series of AID projects in various sectors, if you're in an important country, especially if it involves important foreign policy issues. Even if it didn't, if AID was involved, and in the 80s, AID was involved a lot in economic policy issues going beyond just projects like particular projects in health or education or agriculture, because most of these countries were facing severe economic crises.

AID would play a role, and even if there weren't grave matters of national policy that affected our foreign policy, if you're an AID Mission Director, to do your job well you need to cultivate high level counterpart relationships. The AID Mission Director in Peru was doing the same sorts of things as the AID Mission Director in Kenya, and they were doing the same sorts of things that I was doing. I'm not making myself out to be super important, but the things I mentioned are of particular interest because this was sensitive stuff at a very sensitive time.

I had professional relationships with half a dozen ministers in Guatemala, anywhere where we had project activity. It was important for me to have some kind of tie to the minister, and I can cite a different sort where we had to use it in a negative way with the Minister of Education, the same one that we've talked about, whose ministry we've talked about a lot in connection with this very troubled bilingual education program. I was informed that he had commandeered one of the project vehicles that was being used in the project for field trips. It was a Jeep Wagoneer that he had taken over for his own personal use, had sent the car to have all the windows tinted black, and was sending the car every afternoon over to the offices of the planning commission to pick up his mistress after she got off work.

This is the kind of 'intelligence' you pick up if you are well plugged in. I wasn't doing any surveillance of the minister or anything, but you let it be known that the integrity of

the AID program is important. Then counterparts who are trusted counterparts see the importance of that, and who oftentimes have to live with corruption inside their own ministries, get word to you. I think they take pride in working as counterparts in AID projects. That kind of stuff doesn't go on, or at least we make serious efforts to prevent corruption in our program.

Q: What did you do in that case?

COSTELLO: I'm preaching right, but I'm defending AID's stewardship.

Q: Yeah, but what happened?

COSTELLO: I didn't have a good relationship with that minister. Just a few formal meetings with him in his office. He was still a professional contact of mine. We hadn't successfully developed a close working relationship. There would be other ministers that maybe we would go out to the field together, or there'd be an inauguration of a school, but with him, no, I didn't have a close relationship. I said to someone that I knew would get the word back in the ministry that USAID had learned about this and was displeased and wanted it to stop, but I didn't want to have to confront him personally about this. I figured that once the word got back that we knew and were expressing displeasure, that the car would be returned to the project.

Well, that didn't happen, and that made me mad, because that was disrespecting USAID on a matter where he should have known better, and when he was called on it would have just said, "Whoops," and realized he couldn't get away with it. But corruption at high levels, in Guatemala or elsewhere, the high-ups feel very entitled and enjoy a great sense of impunity. They think, 'I'm a minister, I can get away with that, screw you.'

Q: Chuck, you certainly did what made sense. But wouldn't you be subject to critique from an auditor coming in? Finding this?

COSTELLO: I thought I could have done something like that, calling in our Inspector General's office.

Q: When the auditors came in, what would they have said about the way you handled it?

COSTELLO: Oh, well, let me finish saying how I handled it. Again as a case in point of how it's important to cultivate and maintain good working relationships with senior counterparts, I knew the central bank president and had met with him a couple of times to talk about the exchange rate problems, although we weren't in a position to help them at the time in spite of the fact that elsewhere in Central America AID was providing large cash transfer grants to help countries deal with balance of payments problems and keep their economies afloat.

I went to him and I said, "I haven't been able to solve this problem, and I'd appreciate your help, and so can you tell the minister that we'll suspend disbursements under the

agreement until this problem is solved” He said, "Don't worry. I'll take care of it,” and in days the vehicle was returned to the project. Just an anecdote, but again, all in the life of a Mission Director, and things that happen in the country in Foreign Service or what you face at times in running your Mission and implementing your program. And that's how I dealt with it. End of that story.

We still haven't gotten to the start of the Cerezo presidency, but we've really laid the groundwork well, or prepared the ground well for that, and some of these things that I covered today, especially in the last half hour or so and in particular with reference to Mr. Paiz and Mr. Linares, the banker, will reappear very quickly when we get into 1986 when Cerezo takes office in January of that year.

Q: Yes, excellent.

Q: Today is Wednesday, November 6, and we're continuing our interview with Chuck Costello about his fascinating time in Guatemala.

COSTELLO: Continuing with our discussion about Guatemala at quite a symbolic time here in the United States. It's the day after our presidential national elections, with the victory by Donald Trump.

In Guatemala, the election in 1985 led to the victory of Vinicio Cerezo, candidate of the Christian Democrat Party, and was seen as a reform candidate, I suppose, certainly he's seen as not belonging to right wing political groupings in the country, didn't have the support of the powerful private sector, but was a popular figure, and I guess I would say charismatic as a politician. He was a good orator, a handsome man with curly dark hair, very curly, something quite unusual among Guatemalans, and they gave him a nickname of *El Colacho*, 'the curly haired guy'. That was a very friendly sort of nickname.

He did win handily, and the military, the Mejía Victores government, had made clear that they would honor the results of the election, although, many people in Guatemala and outside the country, based on Guatemala's electoral history, weren't so sure at all that if a candidate that the military didn't like were to win, whether he'd be allowed to take office, whether the election would be voided somehow, or the military would continue. Cerezo. Stop, please, stop, back up. I lost my train of thought. I was thinking I had said too much.

Q: Wait a second, sorry. Oh, that's such a moment

COSTELLO: One important fact is that Cerezo had some history with the military. He was targeted by one of the hit squads, or death squads of the military at some point years previous. I don't recall how far back that went, but he went into exile in the United States for some years as a result. He didn't really have support in the military, and there was concern about how they would take his victory.

But Mejía Vítores was true to his word. I'll give him credit for that. He was intent on handing over the reins of government to an elected civilian. One of the big reasons was that the country was in an economic crisis. The economy was in bad shape. There was a shortage of foreign exchange, and the government was running a serious deficit. The military was understandably getting blamed for this, and people were eager for a change at the helm.

I think he felt that the position and prestige of the military was at stake, and for most of the traditional military leadership in Guatemala, that was the most important thing of all to maintain, so that they could, in fact, ultimately retain power in the society and over the government. In this case, maybe it meant stepping back from holding actual power.

Cerezo took office, and that immediately changed the position of the Guatemalan government *vis a vis* the U.S. government, the return to civilian rule, and what was seen as a free and fair election was heralded as a victory for democracy and it fit well with the administration's policy in Central America to defeat any of the leftist insurgencies, including the one in Guatemala. Now to be able to show that Guatemala had an elected, democratic civilian government, giving it much greater legitimacy.

The big question remained is to how much civilian or presidential control Cerezo and his government would have over the military and whether or not they'd continue to prosecute the anti-insurgency civil war, more or less as they had been doing. Cerezo, himself, that I recall from a meeting with the Administrator later on in Washington where I was present, he referred to that element by saying he had 'half the power,' meaning by that, he didn't have much real control over internal security policy, and the war went on with continued problems of extreme violence.

The political concerns in the U.S., especially on the Democratic side, were certainly eased, and there was support on both sides of the aisle for getting behind the new government and trying to help it. The U.S. was not providing any military assistance to Guatemala. So that whole issue, which was very troubling, of course, human rights, etc, wasn't specifically on the table.

We expected to get an increase in our assistance levels for Guatemala, and we certainly did. It was the so-called Kissinger Commission. More formally defined by the administration as the Central America Initiative, and this was an outgrowth of the Bipartisan Commission on Central America. There was a sort of package of activities that were included that would satisfy both congressional Democrats and Republicans, I guess, and certainly the executive branch.

We began to plug into those. One of them that was really quite new and proved to be extremely popular was a short-term visitors program that funded visits to the United States by people from the country that wouldn't have been part of the traditional visitors programs that previously were really mainly for high level visitors. This program involved reaching out much more broadly to the community, and I hope it did a lot of good. It certainly was popular in Guatemala and got quite a bit of publicity, and was very,

very well received because of the program emphasis that USAID had in Guatemala. We had a good outreach to the rural areas, which are typically underserved by any program of that sort, and got to send to the United States, I couldn't tell you now just how many, but hundreds of people from all walks of life, and with I'd say, predominantly rural areas, which is where we had our best connections.

Q: Tell us a little bit if you were, if you recall about the kinds of trips they've made, the topics that they looked at, or you may not remember; it was a long time ago.

COSTELLO: I don't remember well exactly what most of these visits involved but as I remember, they were well designed. It was a lot of contact with U.S. private voluntary associations and NGOs that were working in education or service sector, or things like maybe voter education, or looking at elections, or visiting some farms, or agricultural extension services, things that were pretty down to earth which were useful, though, would be virtually impossible to actually measure the impact that any of these exchanges would have developmentally in Guatemala as a result. They were certainly very positive, and they did help establish more in the way of people to people contacts between the U.S. and Central American countries, and of people who otherwise wouldn't normally get a first hand look at the United States and what our life is like and what our society offers.

I'll add one thing here, with the benefit of hindsight, was that even though there was immigration from the region to the U.S. at that time immigration as a political issue, as a sensitive issue in the United States, was not nearly as strong as it has become in recent years. In those days it was seen mainly as an issue with Mexico, but in the 80's and into the 90's, because of the civil war in Guatemala and economic conditions, the movement to the United States really did get rolling. Quite a few Guatemalans more, most of all, Salvadorans, came to the United States legally or illegally, mainly illegally during that period of time.

We're now into early 1986, as we anticipated, we did get build up in our budget, but we weren't in a position to sort of just ramp up with new projects. It takes a while to get projects designed and put into place. Again, without remembering the specifics of our budgets, I think what we were able to do in the near term was to get some plus-ups in existing programs and projects to be able to expand them. That wasn't necessarily a huge change.

In fact, in this time frame, which I'm referring to as the first year of the Cerezo government or the year 1986, the focus of the Mission shifted to macro-economic issues. USAID in Guatemala hadn't been involved in macro-economic issues for some years, unlike during that same period a heavy involvement in so-called cash transfers or program assistance, non-project assistance to El Salvador Costa Rica, and to some extent, Honduras to bolster, to prop up the economies in dealing with an economic crisis that afflicted the whole region.

Fortunately, I did have in the Mission, a professional PhD economist, Mary Ott, who did a terrific job. She was actually an agricultural economist. The government asked us for

help in dealing with the economic crisis and an economic policy reform program that they had in mind. They wanted to use it to leverage IMF support for the economic situation in the country, especially the pressures on the exchange rate. A pretty strong black market had developed because the official exchange rate at one-to-one was overvalued. There was a shortage of foreign exchange on the official market.

So I turned my attention to that in a personal sense. I guess we can refer to the program emphasis of USAID at that time, on the one hand as plugging into the Central America Initiative and really ramping up a number of different project activities, yet on the other at the same time attempting to deal with the major economic crisis. That issue factored strongly into a posture on the part of our government of trying to help this new government get a good start and get control of the crisis. This is where the high level contacts that the Mission Director should work to build and maintain around the country paid off because the two of the private sector relationships that I had built up turned out to be really important because one man, 'Fito' Paiz, was named Minister of Finance in the new government. The other one who led a development finance institution, Federico Linares, was a key policy architect that I had met but didn't know as well.

We started working closely with them, with Linares and Paiz in the lead for the government on discussions; and myself and Mary Ott and maybe a couple of others at the mission went to work on a policy reform program. Surprisingly, there wasn't a lot of embassy involvement in this. I'm not sure exactly why, but that the administrator, I'm sorry, the ambassador, Ambassador Piedra was a political appointee from the conservative Cuban community with ties, strong ties, to the Reagan administration back in the States had blessed our work, or our attempts, our undertaking, let's call it that, with the government. Well, it became quite an incredible exercise.

I had tried hard to educate myself on economic policy issues so that I could be a really useful participant in these discussions, because I did, along with the Mission economist, take quite a direct part or role in this and the Guatemalan government. The economic reform policy program was actually drafted for them by us in the USAID Mission. Mary Ott was the architect of the program, and very talented. She herself is not a macro-economist with her PhD, but was in agricultural economics, but she was just very good and she dealt very effectively with the issues the government faced. It was the kind of package that you might expect in which the government was going to raise interest rates and float the exchange rate, the currency exchange rate and have a fiscal deficit target to meet, and a range of other policy measures that made for quite a comprehensive reform package.

We 'walked it' one morning after the government had blessed it. These two guys I've mentioned were clearly taking the lead on it, and we went to breakfast with the ambassador at the residence one morning and showed it to him. And he claimed to be a political economist, although I don't think he fit that very well with the expertise needed. Anyway, he blessed it. The government was very transparent. I was really pleased and impressed. They then announced the program that they were planning and published it in

the newspapers. The whole package was there. There was a lot of pain involved for the economy, for people in the short term. They were certainly gambling to a certain extent.

In the U.S., we had a thirty million dollar budget, a plussed-up new allowance for program assistance, a balance of payments grant for purposes of meeting the foreign exchange shortage crisis. The amazing thing, this is anecdotal, but really quite amazing, the government economic cabinet went into session, and Mr. Linares called me on the telephone from their meeting to say that they had run into a problem, and that the Monetary Board, the *Junta Monetaria*, officially the governing body for the central bank, was resisting raising interest rates as much as the program called for.

I believe it was to raise the interest rate to 16 percent which at the time would represent quite a big increase. It was curious. I only learned afterwards that the real reason, or at least what I concluded was the real reason they were resisting higher interest rate wasn't out of any kind of critical view towards the policy choice with the public and the rate being set at that level as part of the program, but that at the 'high level,' let's just call them that, 'influential senior figures in the banking world and the private sector,' that they themselves were big borrowers from the banks that they owned or had relations with. It was that they felt that they themselves would get pinched too much by these higher interest rates to bring the cost of money into line with demand.

I got on the phone to Washington and spoke to my immediate boss, the Assistant Administrator for Latin America, who was Dwight Ink at the time, and he was very concerned by this, and said, might this upset the whole program? I said that from my point of view, it wouldn't do that. I responded to Dwight Ink's concerns, saying that it was still a very good program overall, and that it would be well received by the IMF, which was also a very important factor. So he said, "Okay, you will have to talk to them again and try to hold the line. Ultimately, we want to see this get approved by the government."

I talked to Mr. Linares again a few minutes later and said, "It's really disappointing if they won't go to the 16% level that was the target for the program, but dropping that interest rate two percentage points to 14% won't kill the program, and we'd still support it." And he said, "Oh, that's terrific. It's really important by way of a minor concession; with that we'll be able to get the whole package pushed through." Which they did, and it was very successful in stabilizing the economy.

We fairly quickly disbursed the thirty million dollars; they floated the exchange rate, and the IMF followed in behind and liked the program that the government had proposed. From the point of view of how USAID, or even the U.S. government, I'd say, does business overseas, I consider this to be (I don't like to trumpet my own horn), almost a radically different and better approach. Because instead of having a program agreement with the host government of the typical variety loaded with conditionality of "you have to do this, you have to do that, you have to do the other" for the economic policy changes being called for, we helped them draft their program, and they were prepared to enter into a good program.

So it wasn't as if we drafted the conditionality involved, and instead of having it laid on them, we helped them draft what, again, the U.S., or I personally here, would call a good, high quality economic policy reform package, and they took ownership of it from the beginning. That helped sell the package, not just to donor agencies, but in the country, and it wasn't seen as an imposition, certainly not by the U.S. government. The language of our agreement just basically said, 'Here's the package, and the Government of Guatemala agrees to carry it out.' It was a really good partnership. Maybe it was just good luck. I think that we handled it skillfully, but there was some luck involved, I guess, in that we, the Mission, had at a senior level, personal, professional, close relationships with some of the key actors on the Guatemalan side.

That was an important development, and one that really helped the government in its efforts to get the economy under control, and meanwhile in the other areas the U.S. was able to, USAID mission in Guatemala, we were able to beef up our programs with higher funding levels. Now, as I said earlier, we're now at the beginning of the Cerezo government, the first half of 1986, and so new programs wouldn't just automatically pop up and be ready to implement.

The private sector, the organized private sector which by that we really refer to the interest groups *CACIF* by its initials in Spanish, the acronym, and some of the other interest groups were very strong, very powerful groups, and were not supportive of the government, although, to give them credit. I think that they realized that some reforms were needed, and they didn't put up a huge fight against the government policy package, but they did not see the Christian Democratic government as friendly to business. It was their view that they were somewhat leftist, that they were going to beef up increased government spending, and they were suspicious of the roots of the Christian Democratic Party as being reform-minded, shall we say.

Anyway, the private sector expected that the opening up of U.S. assistance would lead to a flood of money coming into private sector hands to play around with. I use that term deliberately because it wasn't as if we were talking with them about some real, private sector-oriented AID projects for development. I had already done what I could with our existing portfolio, although I didn't get credit for it. There was a discount window, a program run through the planning commission for lending programs for medium-sized enterprises. That was going nowhere, and I got it switched into private sector financing organizations and banks as eligible institutions with a discount window at the central bank, and that started to move and became a successful private sector-oriented lending program.

But we didn't have any new flow of money to go to private sector groups of the sort that was such a big thing in El Salvador. I guess I'd say in Costa Rica and Honduras, I'm not as familiar with it, but this was all for the private sector, and here I'm putting words in their mouth in Guatemala, this was all about the fight against 'communism' and the U.S. administration's strong 'anti-communist' policies. To fight these insurgencies and possible left-wing or extreme communist takeovers of government.

The private sector in Guatemala was very powerful and nonetheless would argue that they were in an existential struggle for their continued existence, and so put it in a neutral or objective way, that's how I think they would describe it. Clearly there was a hope, how would I put it, a more directly self-interested expectation that they would start to see a lot of AID activities that would move money into private sector groups' hands, and we had a working group that was starting to cook up stuff like that that the deputy director was chairing, but the money wasn't there. We still hadn't seen these big infusions of money, so there wasn't much money to play with anyway.

What I'm building up to is that the Mission was being characterized as 'anti-private sector,' which wasn't at all true. I had become a target personally as being too close to the government, being too cozy with the new government; and indeed, the USAID Mission did have a close working relationship with the new government, something that I thought was very positive, very good for Guatemala and the U.S., and certainly good for getting results from USAID programs and our resources. Something was going on behind the scenes and the ambassador was very sensitive to anything critical that he heard from private sector groups. He had a monthly breakfast with private sector leaders and heard criticisms of USAID. I don't know, still to this day, don't know everything that was going on, but there was a lot of stuff going on in the background.

The Deputy Chief of Mission, who was a career officer, had pretty much announced to the rest of country team that the ambassador didn't know anything about his job and that we should listen to him instead to get the story straight and not pay too much attention to some of the things the ambassador might say, which was pretty unusual thing to hear from a DCM, vis a vis his ambassador. The DCM was kind of a friend to the USAID mission, at least we had good working relationships with him. I thought I had a pretty good personal working relationship, but I'd later describe him as a 'frenemy.' He told me, sometime in these first few months of '86 that at a cocktail party reception at the embassy residence that the guy who was head for CIA for activities in Central America was there and had said to him: "You've got to get rid of the USAID Mission Director;" and he passed that word along to me, which I found very shocking, but filed it away.

There was something already brewing, at least, that's, I mean, like I say, I still don't know just what it all was, but the always sensitive topic of land reform was being discussed in Guatemala, even though the new government hadn't announced any significant agrarian reform program. But USAID, well before my time, had commissioned a study in Guatemala of land tenure was published as a book, Land and Work, and it pointed out the highly unequal or inequalities in the land tenure structure in Guatemala, which were really quite extreme, but it didn't really call for a big agrarian reform.

However, in the eyes of the powerful private sector, especially the landholding agricultural sector, there was language in that book that they found objectionable and that was too lenient on its treatment of the agrarian reform program that led to the counter revolution in 1954 with U.S. CIA support for overthrowing the former government. I was asked about it often and by the press and stuff, and I even ended up, with permission of

the embassy, of giving a big, long interview to leading newspaper on the subject, which then published it as a Sunday special supplement, my picture on the front cover.

I thought I handled myself well in the interview., The publication came out to be just fine, so that was responsible journalism. They didn't try to put words in my mouth. There was nothing radical or really controversial, but the fact that it was in the news was apparently unsettling enough to some of the private sector groups, again, thinking that the U.S. was pushing an agrarian reform, which was not the case at all.

We did have one small project that I liked very much, but apparently, or may have scared people. It was a small land purchase program run through a grant of a million dollars to the Penny Foundation, which was a well known foundation in Guatemala, started by a banker, which was to try to help poor groups, farmers, mainly indigenous people, by as the name implies - Penny Foundation - helping them start saving in very small amounts, and providing loans to them that would enable them to buy land. They had a pilot project that was small, was a group of Indians from the Chimaltenango area, who wanted to buy a *finca* in the coffee belt, not that far from Lake Atitlán; and this was a 'willing seller, willing buyer' transaction. They as a group purchase it with the loan through the Penny Foundation and themselves pay for the land they bought. The money from our grant wasn't really allocated for land purchase. It was to help, excuse me, plot the land and to provide some basic road upgrades and do things that would be investments for productive use of the land. But who knows? Maybe that was seen as a Trojan horse. I don't know.

Anyway, the private sector was not happy that aid money wasn't flowing immediately. I wasn't holding it back or didn't have it, and we continued our close working relationship with the government and support for the government. Without turning this story into a shaggy dog tale, I left Guatemala in July of '86, I was due to go on home leave at the end of '86. I was there for three and a half years. I'm sorry. I'm mixing up my time. I came in the beginning of '83 and we're now in the middle of '86, so I was into my second tour.

I was called over to the embassy late one morning. There was the ambassador and the DCM for a private meeting, and the ambassador gave me the final, ultimate decision-making authority that ambassadors hold, that was to declare 'loss of confidence' in me, which was the formal way in which you get fired. He said I was out as Mission Director.

He didn't open it up by saying we have serious issues we need to talk about. He came right to the point. I don't have a favorable opinion of him, but for reasons beyond what he did to me. But even then, I considered him a weak ambassador, really, overall, as did many people. After that, what little discussion there was was really in the hands of the DCM, but there was mention that we were not supporting the private sector in the way that he wanted, even though, as I say, we didn't have any money to start showering on the private sector.

I did later learn pieces that fit together. I learned most of this through the DCM and private conversations afterwards that the head of Project Hope in the U.S., whose name

escapes me at the moment, was we had a grant in the health sector in the western highlands with that NGO, and it was headed by Bennett, was the name. The brother of another very active Republican, prominent Republican in Washington, whose title escapes me, Bennett, and this was the brother Bennett who headed this group, who was on a first name basis with President Reagan.

He appeared at my office one morning without an appointment. He was in the country and was due to have lunch with the ambassador, apparently. Maybe he thought I was in the embassy, and he could just see me there, but I had, long ago, moved my office from the embassy over to the AID building. Someone said that 'so and so' was here to see me. I didn't know who it was, and I kept him waiting about ten minutes, and he was apparently very annoyed by that, and perhaps more so by the fact that when we met, and my health officer Liliana Ayalde was in on the meeting, someone who also went on, like Mary Ott, to a distinguished career in AID and State.

We talked about the program that they were carrying out, and the program was okay. I mean, it wasn't necessarily a great program, but, I mean, it wasn't a problem program; but he was very direct and very insistent in his meeting with me to tell him that they'd get a new grant, that they'd have a follow-on grant. Well, that would have been a dereliction of my responsibility, to just say, okay, you'll get your money, and so I equivocated. I said, "Okay, we'll certainly consider it, and we'll look at, we'll evaluate the program, to make a decision." He didn't get the yes answer that he was quite obviously looking for. He complained about that to the ambassador, I was later told, at the lunch because the DCM was, I guess, present at the lunch.

There was another one where we were, and I personally, quite mixed up in U.S. politics, with a prominent family, socially prominent and politically active family. Later, one of the sons later went on to be mayor of Guatemala City and President. I had met these people, or people from this family, just in official social events. Didn't know them because of any program relationship with USAID, but the matriarch of this family was very Catholic and very engaged on the issue of family planning and anti-abortion. We had no program supporting abortion, but as part of our family planning, we did have a project that had run for many years for family planning with a private medical organization NGO in Guatemala, providing access to birth control to Guatemalan women and health care, including sterilization at times if women requested that.

Well, she learned of this program and didn't like it. She or her family had some kind of connection, I don't know quite what, to the Bush family. George H.W. Bush, of course, was the Vice President of the United States. This complaint was carried into his office and was then relayed down to Guatemala, and the ambassador was a very pious practicing Catholic, very ultra or very conservative. He on his own, or maybe with some connection with this woman or her family, had objected to the USAID family planning program; but he did not try to make me cancel the program. It would have been quite improper for him to try to do so on personal grounds. Yet, that's it.

The AID Administrator, Peter McPherson, dispatched, I think, a professional and personal friend who was on White House political staff to come down and pay me a visit in Guatemala. I think he probably had a request from McPherson to check this out first hand, see what the story was. To some extent, I knew there was something going on, but not quite how serious it was. I go on at perhaps too much length about this, but it was these political influences or impacts on the program that I think it's important to put on the record. You might argue, really not useful developmental history for USAID senior officials, personal oral history. These were significant events, certainly years later, I look back on them as having had an important impact, not just on me, but on how a USAID program played out, and how it was implemented, in some cases for better, and I would argue, in some cases for the worse.

I met with this guy whose name I can't remember now, and I think he dated back to the Ford administration, which was when Peter McPherson started in Republican national politics, because he worked in the White House in the personnel office during the Ford Administration. This guy told me, "stay close, stay close to the Minister of Education," because it was known that I had complained about the Minister of Education and his misuse of project vehicles. He said, "try to stay close to him." Keep your enemies close in other words. And that on the family planning issue, just that this was sensitive and that should just carry forward with it. We weren't involved closely with the Government of Guatemala, it was not tied up with them, and it was a longstanding relationship with this private medical association; but Ambassador Piedra had used the equivalent of the dissent channel to write a lengthy telegram to State in Washington with his objections to the AID family planning program in Guatemala. I didn't know about that. Never saw it, there was—

Q: *That's fascinating.*

COSTELLO: —there was never any follow up. I mean, I never got any, heard anything more from the ambassador, and I never heard any more from AID Washington along the lines of cool it don't continue the program or cut out X, Y or Z elements of the program. But so that was another burr under the saddle, I guess. There we are. I've been told that he wanted me out, and so I didn't try to fight it. There was a, I suppose, a possibility, to try to get him to reconsider. These other events I described all occurred, of course, before I got called in to meet with him and be told that he wanted me out as USAID Mission Director.

There was, I think, one other thing that was closer in point of time to that, which was this other thing going on the Caribbean Basin Initiative, CBI, that was kind of a private sector- oriented program that had its own money. It was being run, really by State and there was a guy who was pretty aggressive in managing it. He had established some relationships with Guatemalan private sector people as well. Anyhow, I was off at a mission directors conference in the Dominican Republic. There was some CBI conference in Miami, and apparently the ambassador, I don't know if other ambassadors from the region attended that conference, and he apparently was unhappy that I didn't go there. I think that the mission directors conference was the same, for probably two days, and then I was due to go out one morning, and I might have tried to stop over in Miami,

but I didn't, so I went straight back to post. I think that was relayed to him as something that I did that was bad, but that was never really mentioned.

Anyhow, again, I'm shortchanging all the great things that USAID was accomplishing with our program in Guatemala, a very good program, and concentrating too much on a different sort of personal story. It was all handled quite diplomatically. There was never any announcement I was leaving. I went back that same day and announced that I was being asked to come back to Washington and that I had agreed to do so, and didn't say that I was being booted out, and neither did the ambassador or the embassy. The word did get out. It started to leak out anyhow.

I left sometime in July, and this would have been maybe a couple of months, probably, that I was still at post, managing things, and we had a project that was being developed for support to agricultural co-ops, and that was to be a lending program, which, again, was really private sector, but this wasn't going through the traditional elite group private sector, but was a program to provide loans to co-op member farmers, and I got quite personally involved in trying to get that project designed. I thought it was a good one.

It had been approved in Washington, and when we wasn't long, really, before I was due to leave country, I know I was already exiting, and I just scheduled a signing for that, and got a last minute call from the DCM that, "Oh, you're starting this new project with co-ops or something. What is this?" They knew, but had never focused on it.

I bet somebody had raised this issue with the ambassador saying that 'why is the USAID Mission working with these co-ops, probably subversive groups or something in the rural Western Highlands. That's not where we want to see the money coming.' I just said, "Yeah, it's been approved, and we're not going to hold it up or anything. They didn't try to take away my signing authority, and I said I'll proceed to sign the agreement and I did.

But here's the part, and I'll try to wrap up on Guatemala, and maybe come back a little later to talk just in development impact terms, about the program as I experienced it. With some benefit of hindsight, for succeeding years, especially in terms of democratic transition, where just last year, we saw again a significant political, pro-democracy kind of transition in Guatemala. Well, I'm getting ready to leave. I'm not literally packing suitcases, but the Minister of Finance asked to meet with me privately, and I of course agreed, and we sat down and he said, "We've learned that the ambassador wants you replaced. We want you to stay, and the President has directed me to prepare a letter to send to the State Department in Washington saying that the government is very pleased with your work and wants you to stay." I gulped, and I said, "you're shitting me" or something to the equivalent. And he says, "Yes."

And remember, this is the guy whose family owns the largest supermarket chain in Guatemala, and he's very well-to-do. His kids are studying at the American School in Guatemala. He said, "I don't have good English, so I asked my daughter to write the letter." I said, "Oh," and he said, "But, I've read it over, and it's not good enough, the English isn't good enough, so I'm going to give it to you to edit." And I said, "That's

impossible. I can't do this." And he says, "Why not? You're already planning to leave, and maybe this could turn it around, and we're going to send the letter anyway. Might as well be written in good English." And I agreed to do it. That's questionable judgment, certainly because in terms of loyalty, quote, unquote, to the country team and my own ambassador's decision here, the host government is going around the ambassador to the State Department in Washington to override his decision, and it involves me.

But you can also guess that by this time I was also angry and hurt by what had happened to me, and I really thought it was against U.S. interests in the country. We had a very good program, very close and important relationships with the government, and that a very greedy, money-hungry private sector leadership group, which was unfriendly to this government and tended to be very right wing, and I think we learned later, had ties with other parts of the U.S. government in pursuing their own political objectives. I said, "Okay," so I edited the letter and that was the last I heard of it, and as I was saying earlier, everything was handled very diplomatically. Had a nice big goodbye party with counterparts and mission staff and colleagues from the embassy, and friends. The ambassador hosted a farewell dinner for me. That was a bit awkward, I'd have to say, but I thought it kept up pretenses in a positive way for everybody. That was at the residence for dinner with the president of the central bank and Minister of Finance and their wives.

It was with me and my wife, and so I left my post, went off to Washington, and they, Washington, the Bureau and AID in Washington had decided to bring over the current AID mission director in Honduras, who was a good AID officer to replace me. He had come over for a visit to meet the ambassador, and I thought showed bad form by not letting me know that he was coming and would be in the country, so we could at least chat, say hello, or he could get my views. The visit had a different purpose, which was for the ambassador to approve him as the new AID director, which is what happened, and I later heard that the ambassador's opinion of the new AID mission director was very positive, because he spoke 'beautiful Spanish.'

Well, okay, I leave Guatemala, sadly, but after three and a half years of really exciting and intense periods both in programmatic terms and in personal terms. I was supposedly targeted for kidnapping one weekend, and had to hide out because they had gotten some intel from somebody taken off of a bus in Honduras that named me. Then there was intel that I got from a former Peace Corps Colombia colleague, a Catholic seminarian at one time, who had become active with a Unitarian group in Boston that was on the Democratic critics' side of Central America policy. He came through Guatemala once, and met with me, and he said he had some intel. And I said, "Well, tell me, I don't get much of that stuff." He said, "Well, there's a group of right-wing army officers that don't think they're well enough supported in the anti-insurgency fight and that they've targeted you saying that you know the country too well."

Well, that was a backhanded compliment to me that I was really doing my job as Mission Director, but I'm sure it also harkened back to my two years spent as a Peace Corps volunteer in the 60's in Guatemala, where I traveled all over the country, including places where you wouldn't expect Americans to show up, and I knew about a lot of off-beat

locales and people. Anyway, he said, "They say that shows you are the CIA station chief in Guatemala." I kind of laughed at that, but it was also worrisome, because he was telling me that, because it made me more of a target, in case the insurgents tried to take out any embassy officials.

At that time in some kind of a meeting between the CIA and the insurgents, where they had told there was an informal agreement brokered that they the insurgents would not target any of the American kids on their way to school because school busses to the American School went through a heavily wooded area to get to the campus, and it was perfect for an ambush. They announced that, no, we won't do that, but any of these embassy officials here, we consider them legitimate targets. I did have a personal bodyguard who traveled with me all the time. I had a 24-hour armed guard. Given the security concerns. I never felt I was really targeted. I was either naive or reckless. Nothing ever did happen to me.

If they did decide to go after an American official, I guess I hoped that they'd be more discriminating, because the guerrillas had never gone after AID programs in Guatemala. What they did sometimes in El Salvador was to interfere with programs and say, 'we're not against this, but you got to get out of here. These things have gone on hold because they're supportive of the government and when we take over, you'll be able to come back,' but it puts a lot of people in danger in the process. We didn't face that kind of issue and never got any messages or any interference of that sort with our programs.

So we have a civilian, fairly elected government in place in Guatemala, big success for the U.S., prompt U.S. assistance with the economic crisis, designed and delivered big success build-up of the budget and resources available to Guatemala through the Kissinger Commission/Central America Initiative starting to flow. But the Mission Director had to go, so I left. I felt bad about getting purged, but I clearly view this as a purge on political grounds, rather than poor performance on my part and later, got to hear that, yes, indeed, that was it. I got back to Washington, where my assistant administrator, Dwight Ink, was very supportive of me. He said, "strong mission director, weak ambassador, that's a recipe for trouble. You did a great job, but you paid the price for it, and you have our full continued confidence." Peter McPherson said much the same. He said, "We take good care of our walking wounded."

They were making it clear to me that though this had happened to me, that they still had strong support for the work I'd done and that I would keep doing it. In fact, Peter McPherson later boasted that 'for those who did that, I showed them, and I put Costello in charge of the Central America program in Washington,' because that was indeed my next assignment that I held for four years as head of the Central America office in Washington preceded by a very brief stay as head of the Caribbean office before I switched over to Central America.

To finally end this, I'm back in Washington on the job and the Senior Deputy Assistant Secretary of State is Jim Michel, who later became ambassador to Guatemala, later switched over to head up the Latin America bureau in AID, and for a time, even served as

acting Deputy Administrator of AID. I knew him on a professional basis from his time in State/Legal. He was part of the Legal Advisor's Office when I was AID Legislative Counsel in Washington, and we did some work together. I'm asked to come to see him. I had only met with him as a State bureau officer once before when I was in Guatemala during a TDY to Washington, where he had said to me that he would take care of dealing with this incompetent private sector special advisor that had been posted to AID in Guatemala, a Cuban-American from Miami, who, in retrospect, caused some of my problems.

He went around talking about all the things that USAID was going to do in the private sector, created big expectations, and they were totally way beyond possibility. We didn't have money, so I think that sort of soured things in advance. Well, he was a very unstable person. He was a Bay of Pigs veteran, and he liked to carry a gun. He was not only incompetent, but brought a gun with him every day to the office in his briefcase. Well, nowadays, things might look different, and that might not be considered such a big deal. It was a very big deal at the time to have one of my employees carry a gun and have it with him in his office, in his briefcase. His poor performance, he was not qualified at all, led to a request that he be removed, but since he was there very much as political appointee that had been put in the mission by a decision from Washington, I really didn't have the ability to do that.

The word went back to AID/Washington and laterally to the State Department, and to reasonable people. Jim Michel was a very reasonable person, and saw that this guy shouldn't be there. And that time in Washington, he asked to see me, and he asked me about it and I said, "Oh yes, please. We'd really like to have him out." And he said, "Don't worry, I'll take care of it." Sure enough, within a month or so, this guy was essentially terminated. They just said, "Okay, his contract was canceled." And that was that. But that was, again, some of what I think might have been political backlash against me. I know that a guy in Miami that was like his patron for Guatemala, an agribusiness guy, had commented that the AID mission in Guatemala 'the only thing they were interested in was giving money to Indians to poke holes in the ground and drop kernels of corn to plant.' So, you see, this was a time where things could get very ugly and intense in so many ways.

Well, let me finish that story. I'm called in to see Jim Michel, and I'm now back working in Washington. I guess maybe I was still in the Caribbean, but I think I was in the Central America office at this time, but this was months past my departure from Guatemala in July, still sometime in '86. Jim Michel says, "I need to talk to you, Chuck." Elliot Abrams was the Assistant Secretary, quite a prominent, famous figure in Central America issues of those years. He said, "He gave me this letter and asked that I show it to you. He said it was 'unprecedented.'"

Q: *Wonderful.*

COSTELLO: And so Jim Michel gets out this letter. He said, "We don't know why it was delayed in arriving, but it was postmarked or marked dated, sometime in July." This was

before, apparently, before I had left the country, but I was long gone. It might have saved me to stay, but it got to State in Washington too late. But sure enough, they sent in the letter saying, 'please keep him here. We want him as USAID Mission Director.' I certainly felt vindicated. End of that story, which I find to be interesting. Though it is highly personal, I hope readers will find it instructive, informative and useful. I'll come back next round to do an overall recap on the importance for development and key themes of development in the program in Guatemala, but that'll do it for today. And you can turn off the mic.

Q: Today is Wednesday, November 13. Today, Chuck Costello will be finishing up his fascinating history of his time in Guatemala during a very difficult political time, and then he will move on to his subsequent posting in Washington DC. Welcome.

COSTELLO: Thank you, Marcy, I'd like to make three closing or summary statements about Guatemala before we move on to my next assignments in Washington, DC in 1986. First is that although I've spent an inordinate amount of time thus far in Guatemala, talking about the sensitive political situation, the democratic transition, my own problems with private sector interest groups in the country, and then ultimately with Ambassador Piedra, that led to my tour being cut short. I want to make sure that I don't leave out or minimize in any way the accomplishments of the USAID program. I didn't really engage in any departures from programming that was ongoing when I got there.

The program was focused on the western highlands, that is to say the indigenous and poorest and most rural parts of the country. To summarize the overall program, I think you could call it an Integrated Rural Development Strategy, development strategy for USAID program in Guatemala and in the area of income producing activities to raise standards of living. We had striking success at small farmer agriculture in the highlands, where land parcels tended to be quite small, and farms were oftentimes operating just at subsistence levels or barely above and many of the people, sometimes whole families, would move to the south coast for seasonal work after year as agricultural laborers, and live under very terrible conditions be very poorly paid. In many cases, workers taking their wives and children with them, the women would sometimes also work in the fields, but children who would go down there wouldn't get to be enrolled in school.

From the point of view of overall quality of life, living standards and human capital development, to use a more technical term, the economy operated in a very disadvantaged way to the indigenous population overall, who represented a majority of the population in Guatemala. We both through bilateral programs with the government and some programs with NGOs, emphasized access to water for more intensive production. In what was hillside agriculture in almost all of those areas which were very mountainous, so small scale irrigation, simple technology and yet taking advantage of abundant water resources from mountain streams and even tapping underground springs and combining that with terracing programs in those same areas, which would allow the

land to be more much more efficiently farmed, as opposed to planting corn on hillsides and then trying to get some beans to grow up corn stalks you could terrace hillside.

We used something I can't take credit for. It was already built into the program, it was really a work program in which the program, meaning the project, would pay day wages to farm owners to terrace their hillsides. It was conservation work, and might even say WPA-style from U.S. efforts during the depression. It would help stop, very good for conservation, helping to stop what was a serious erosion problem from farming on hillsides and then the terraces could be all leveled and well fertilized with organic fertilizers or even chemical fertilizers. It could be connected with these small scale drip irrigation systems and used for intensive cropping.

I ran into numerous times what I called the 'noble savage' argument in which well-meaning people said, 'these poor farmers, you're taking them into the market with crops and you're changing their way of life. They're now in the market so they don't have their own food to eat anymore like they did before.' We could demonstrate that with much smaller acreage farmers could continue to grow enough subsistence crops, which meant, typically corn for tortillas and such and black beans, which was the principal source of protein, and yet have available more acreage for crops they could go to market. They were coming into the quote, unquote, modern economy, but there were some really important positive effects of that.

The farmers who were working their land that way tended not to have to go to the south coast seasonally to work as laborers on big farms. They have money for clothes and school fees and the like, so that they would keep their children in school full time, and they could also improve their diet because the principal cash crops were vegetables of some sort to go to produce markets, or to feed into what we were giving support to as well, a good private sector group that had formed a new non-traditional export organization.

Technically it was within the very hidebound Chamber of Commerce, but operated separately as a chamber for non-traditional exports. We had some private sector actors who were looking to find source produce that they were then looking to export. It was certainly a win for the country, which badly needed to diversify exports and increase foreign exchange earnings. I think we had a very positive 'feedback, feed forward loop' and that was the key element, really, of our development program. In a couple of cases, there were co-ops that had been supported by USAID in earlier years, but within a project that did not go well, and which, in fact, I ended a little early, not long after I arrived in the country. But in several cases these co-ops took good advantage of the opportunities that were being offered, and worked to combine production in a certain sense, right, of crop choice, planting choices and maturities and such, so that they would be able to market their goods for the market.

I think that the development impact was augmented or supplemented beyond income gains and raising living standards by what I've already mentioned as part of the overall USAID program, which was in public health with health posts, primary health care posts

in rural areas where we had helped develop the system in my time. We concentrated much more on very difficult problems common to developing countries, which was the supply chain of getting the Ministry of Health system for procurement and distribution working properly, because the chronic problem in rural health posts was lack of needed medications of all sorts to treat patients. In education, of course.

I mentioned our focus on primary education and in indigenous areas, especially the bilingual education program, which was meeting with great acceptance in the areas where it was being introduced. We were seeing good increases in indigenous school children attending school. Of course, that linked as well to decreases in seasonal migration which otherwise was taking the kids out of school entirely.

That's, I guess, a summary of our program. Although I've mentioned earlier, the problems I had with some private sector interest groups that really, I think, wanted money more for lobbying type purposes or interest group activities, we had a very dynamic and close working relationship that we provided some funding support for to this chamber for non-traditional exports, with younger leadership. There was, as I've said minutes ago, I think very strong positive linkages for development of poor rural populations and private sector actors taking advantage of new export opportunities. These are particularly seasonal.

Today, the U.S. imports an awful lot of its vegetables, at least in half the year from Mexico taking advantage of development in that country and North America Free Trade Association, which facilitates trade between our two countries, but the Caribbean Basin Initiative was in effect, which was an attempt to increase business export opportunities, and it had a private sector orientation that the Reagan Administration liked. The markets for those non-traditional exports were opened and freed from any tariffs.

There was good market opportunity on a seasonal basis, because in Guatemala, we could be producing for the winter market in the United States when fresh vegetable production went way down here because of the cold weather. Anyway, I wanted to summarize that to make the case for a very effective development assistance program, even as the USAID Mission and myself as director got a much heavier than usual involvement in a turbulent political climate.

I was in the Peace Corps. I'm changing the subject now, but it still relates to my experience in Guatemala. I was a Peace Corps volunteer just out of college, basically 1965 to 1967 in Guatemala, and I worked my first year as we've discussed, I think, earlier on these interviews, on the south coast of Guatemala, on the Pacific Coast, in an agrarian agrarian reform colony, a large colonization project of the sort that would never get approved for funding nowadays, I'm sure, because they were settling a large number of landless farmers with forty acres plus that were basically carved out of tropical forest. There was an awful lot of land cleared of trees, which is something that they want to advocate against nowadays.

Anyway, my second year I was up in the highlands, although not the western highlands that I've talked much more about, it was in what they call the Central Highlands, north of Guatemala City, which would be mainly the departments of Baja Verapaz and Alta Verapaz. I went to San Juan Chamelco, which was a small town. I'd really call it a village about thirty-five minutes by bus from Cobán, a small city that was the provincial capital of Alta Verapaz. So I was stationed in two quite different parts of the country, and doing one thing and another in my work as a volunteer. I traveled to the capital city fairly often, I had reasons to go here and go there, plus Peace Corps volunteers being mainly the young people they are, they roam around. Inside the country, it was easy to visit and I always knew that you'd have a place to crash and sleep at night by going to some other volunteer's site.

Long and short of it is that I got to see an awful lot of the country during my time, and got to know a lot of places and stories and language idioms and cultural practices better than somebody who just arrived cold to the country. As a USAID mission director I had lived experience affecting my own point of view because the Peace Corps did shape me in my values. It gave me much greater sensitivity to the condition of the poor majority in the country and the disadvantages that they faced, marginalization, lack of government services, etc, etc, so that it made me that much more, I'd say, committed to try to carry out what I thought coming in as an AID director was a good country strategy that was indeed focused on those issues and that part of the population.

I think I felt more strongly that we needed to make sure that our work was very grassroots in terms of its reach, that in any technical assistance we provided or bilateral projects with government I wanted to make sure that the activities reached the intended beneficiaries, so that when you looked at something, say in education, you could demonstrate that you were trying to reach preschool children or the first three grades of elementary school. Indeed we were, or that if you were building health posts in rural areas, you also paid attention to whether the ministry would get personnel assigned to staff those posts and so on and so forth.

It made me for sentimental or personal reasons, I suppose, but also intellectual or developmental reasons that I've just described, it made me a better mission director. I think much of that experience, lived experience of Peace Corps Volunteers, is very transferable to later work in development. If I had gone to Bolivia, or if I'd gone to Honduras, I think I'd have had certain advantages that some others who hadn't been PCVs might not.

For one thing, it was very easy for me to talk to campesinos. I could go out to the field and meet with farmers or talk to people in a co-op, or go meet with rural teachers, and literally, I knew their language because I had lived among them for two years, and basically that was the Spanish I spoke. I had learned to incorporate enough of the fancier words into my vocabulary that I use in my work. Developmental issues stuff. But I could swear, if I wanted to, I could flirt, I could chit chat with the trucker about gasoline prices and all those things. Seems to me it really gives you an advantage, gives you certain

insights about the society and development targets and how to make better choices. I think it was very helpful.

I would argue that one of the reasons the AID Administrator of that period, whom I admire greatly, Peter McPherson was so good is due to that. He'd been a Peace Corps volunteer in Peru, so he had a good feel for development that was oriented to reach people beneficiaries. Fortunately, he also had a pretty good sense, an excellent sense of politics, of situations in country and in the U.S., and how to play those and certain understanding of economics and finance because the program in Central America, and I'll describe later, during the last half of the 1980s was very involved with macroeconomic policy issues and economic reforms to try to break economies out of the crisis and the slump that they were in in the 1980s.

Q: Chuck, thank you very much. That's a very, very useful, good reason why Peace Corps volunteers are encouraged to join AID. That was very thoughtful. Thank you.

COSTELLO: Let me make final comment on that in a very personal sense, the fact that I had been a Peace Corps volunteer in Guatemala had lived there for two years and had a certain affection, or even love for the country, was a very large part of the reason that when I was offered that job, I felt like I couldn't say no, it was just a perfect combination. It was a country that I felt I knew well and cared about. This was, of course, a very nice promotion for me from deputy director to Mission Director in a short period of time because it was only in 1981 that I took my first USAID Foreign Service management position. Although I had been a Foreign Service Officer on the legal staff since 1976, this was now only 1983 and I was mission director, quite young for having such a position.

Q: Chuck, let me just interject here that the one thing you didn't add was that you had a sneak preview of what was coming in terms of the plight of the campesinos in the whole regional dynamic of what happened with the Cold War. You could appreciate what some of them were going through. That was my next question, which I know you're prepared to answer; which is, how did this experience that you were thrown into trial by fire influence you and your actions in the rest of your career.

COSTELLO: Let me begin again. We're trying to transition away from Guatemala and how my experience there might have shaped my later career in the Foreign Service, and it requires maybe one last step backwards, which is that the sense I had. A certain advantage I claim about going into Guatemala at the time I did, was that I had a good understanding of conditions in the countryside based on my Peace Corps experience, which was some years earlier, but still very relevant, and especially in this very politically sensitive environment and period.

You had rural-based insurgencies, one in Nicaragua that had assumed power, and a bigger one in El Salvador that was fighting a civil war, and the U.S. government policy at the time, excuse me, being quote, unquote, in favor of democracy and civil government, civilian government end quote. Yet at the same time very supportive of anti-insurgency military efforts to try to quell or crush these insurgencies because they were seen as

communist tied to Cuba or Russia, and that they would represent communist takeovers close to home, if they-

Q: From your experience in Guatemala, do you believe that's what motivated what was happening? Was that really the major thing going on, trying to eradicate communism, these insurgencies were coming, I think, for much more than just fear of communism, no?

COSTELLO: No, no, I'm referring to the anti-insurgencies.

Q: I'm talking about when we were trying to quell these communist groups that are coming in and doing these horrible things. The rationale for some of these insurgencies went far beyond the influence of communism or am I incorrect?

COSTELLO: Well, I don't quite understand your statement or exactly what it means. Let me try to respond clearly. The insurgencies of violent armed uprisings against governments were based on desire for radical social change, notions that the people were being oppressed, and to some extent I'd have to agree with that, what we like to call now 'structural inequalities' that were built in, in the way the government provided services, that ignored people, in the way that impunity in the legal system protected corruption and wealthy, etc, etc, no bargaining power for labor and the use of violence to maintain those policies when challenged.

Personally, I don't call them communist uprisings. They weren't in the typical or traditional way of saying, these were somehow communist parties or organized communist groups. They were leftist, and they did have stated revolutionary aims. The Sandinistas in Nicaragua once they took power did pursue quite an anti-American and very close to Cuba foreign policy, and they were seen by the administration, our administration in Washington, as footholds for the Soviets. This was still the middle of the Cold War.

However, none of the Sandinistas called themselves communists. Their revolutionary slogan was *Sandinismo*, which was nothing more than the name of a guy who fought a certain armed resistance to U.S. marines when we occupied Nicaragua for a few years in the 1930s. The revolutionary group in El Salvador called themselves the *Liberation Front*. The group in Guatemala, one just named themselves the army of the poor, *Ejército Guerrillero de los Pobres*, and for the moment I'm forgetting the name of the other leading insurgency group. They were the two leading ones operated semi-autonomously, both with their strength in different parts of the country. There was no real unified command, though, there was some kind of coordinating council, but clearly these were groups that looked to Cuba for inspiration. Arms were coming into the region, supplied by Cuba or the Soviet Union. I mean, there was financial support for these groups, although they were not by any means, well financed.

Q: Fair enough. I think I've taken us from the subject, so that's very helpful, yeah, so let's continue with your influence that your experience had, and how it informed you in your future career in USAID.

COSTELLO: When we're trying to look at how this might have influenced me, first of all, I think, is where we started. I won't repeat myself that I did have a greater appreciation, I think, of the social dynamic, whatever the dynamic in Guatemalan society that had led to an armed insurrection; and one of those factors was the major earthquake in the late 70s, which hit the highlands. The earthquake relief efforts that oftentimes were the very first contact many of these people in these isolated little communities had with the so-called outside world. People were shocked when they saw the desperate living conditions in the existence of these populations. This created new linkages with urban groups and other leftist-inclined groups coming from abroad, or even humanitarian groups getting radicalized a bit.

I felt that I did have a good appreciation and that you couldn't deal with the threat posed by the armed insurgents of taking over the government, radicalizing it and perhaps linking it to communist governments or countries in some way or another, or making the country hostile to the United States and U.S. interests just by counter-insurgency. My view was certainly that if you wanted a good, sustainable outcome, it wouldn't be obtained just by military action. There were serious legitimate grievances that led to an armed uprising, and we always favored peaceful change politically. For them there really weren't any, the population wasn't or hadn't been offered peaceful outlets.

The elections in Guatemala were basically rigged so that only right-wing candidates or military generals, retired or active, would stand for the presidency. That any attempts of what we would today call civil society advocacy would be suppressed. Criticism of the government, public protests, or things of that sort, would be suppressed violently if necessary. In fact, where murder was an official state policy, they would just kill people if they thought they were political troublemakers. It's easy, of course, to call them communists or leftists. In El Salvador, that insurgency can be traced back to a rigged election which denied a winning civilian candidate the presidency, and the military moved quickly to suppress dissent, and that's when a lot of university students literally took to the mountains and they found ready allies in the countryside. But I'm not talking about El Salvador now as much as Guatemala.

To try to finish on that topic, we must remember that although the U.S. government was strongly in favor of military action against insurgencies, the U.S. at this time was not providing military assistance to Guatemala because of congressional opposition and legislation prohibiting it. It's quite a comparison or contrast, I might say, to next door in El Salvador, where there was a lot of military assistance to the Salvadoran government, as well as very large amounts of economic assistance, particularly cash transfers, balance of payment support to shore up the economy. The U.S. was also supportive of the transition from military rule to free elections under Mejía Víctores leadership.

During this whole period, the U.S. policy was very pro-democracy, civilian government, to try to legitimize these governments and as a way to combat extremism and armed insurgency. Typically, the U.S. wasn't inclined, for whatever reasons, ignorance and maybe ideology, to want to grapple with the root of the problem in the rural areas, having

to do with land tenure, poverty, marginalization, and so on. But I think our program was fostering more sustainable economic changes in government policy and on the ground that we put in place in our AID program.

I'd say that was why the U.S. administration was supportive of the heavily military-influenced conservative sectors in Guatemalan society, although overall, the U.S. in many ways thought, 'well, this is just what we have to deal with. But the election in 1985 was from my point of view and for my own learning process as a U.S. government USAID official in a leadership role was that we should actively support on the development side and for developmental reasons efforts that would strengthen democratic forces. This really was the beginning of USAID work on the democracy front.

I think I was one of the leaders in later years on trying to advocate for treating democratic development as an essential, important part of, quote, unquote, sustainable development, of overall development. That it wasn't an acceptable development strategy to ignore the politics of a country and just either provide support to some autocratic governments, of which there were many where we worked, with no questions asked. That in countries where there were struggles for changes in society that we would consider positive, pro-democratic, pro-social reform, but that wouldn't be revolutionary upheavals that might destroy social orders or make them hostile to the United States.

That's something that I experienced in Guatemala, and that the transition to a freely elected civilian government in Guatemala really did end the periods of military rule, though there were bumps along the road. There was an 'auto-coup' later on, by an elected civilian president; but democratic forces by that time, including most of the private sector, fearing the consequences from the U.S. and feeling U.S. pressure diplomatically, aborted that and turned back that coup, and that President had to step down and the succession proceeded constitutionally to his vice president, who was a guy that I know pretty well, a good man.

That's one lesson that I took from Guatemala, and it influenced my thinking. It is that you can't think of development in totally apolitical terms. You want it to help support democratic development. And if you're working in countries that aren't democratic, and we do work in such countries, and we may have other interests and reasons why we'll continue aid even if a country's not democratic, I hope that the signals would get sent that you're getting less in the way of support from us for that reason. It makes you also want to support what became part of, again of something in which I played a role of some influence, was whether it was a democratic or non-democratic country that you're dealing with, you should try to support democratic development.

It might take government-to-government activities such as strengthening an Electoral Commission, or efforts that we certainly became heavily involved with, first in Central America and then elsewhere, of trying to strengthen legal systems, basically judicial reform, administration of justice reforms to try to protect human rights and to try to help strengthen rule of law. But beyond those things that were government-to-government, to take much greater look at or focus on civil society groups.

USAID always worked with NGOs. They're good partners for delivering humanitarian-type assistance or dealing with disaster relief or even developmental programs because they're pretty good at doing grassroots, focused work. And in Guatemala, in the rural areas, we had a grant to *Agua del Pueblo*, 'water for the people,' an NGO that was working to install wells, basically, simple water systems in rural areas to bring potable water to communities. Those were things that AID was used to doing.

We were beginning, and certainly in later years, as I'll talk about it, the democratic development strategy, which gave a lot of emphasis to supporting civil society groups that were advocacy groups, in other words, groups of citizens seeking a voice on public policy issues, wanting to be heard, wanting to have a seat at the table and to lead reform efforts in a non-partisan way. They might say, to use a very simple example, we need a literacy program here to reduce illiteracy. We need to assign literacy promoters to rural areas and have them engage with communities and schools and be doing this. USAID has done things like that in the past, but now there might be groups that were trying to improve literacy as part of an objective to improve civic participation in government and in public affairs in their communities or at the regional or national level. Literacy was important if you wanted to have informed citizens, so you might have broader objectives.

In jumping ahead for a moment to 2023 and 2024, it was startling to me, amazing, when I saw first that the reform candidate for president in Guatemala had snuck in as an approved candidate and hadn't been bounced in this process they were using to keep out any reformers. But then, when his overwhelming victory was questioned and there were attempts to block him from taking office, there was an outpouring of support, not led by his political party. He represented a small political party. He only had half a dozen seats in Congress, or something like that.

But civil society arose in the way that we've seen in the flower revolutions in Europe, in Poland, or in Ukraine, people came out of the highlands, literally. You would see big groups of Indians with NGO involvement, of course, marching down the highways, calling a strike and protesting. This couldn't have happened in Guatemala years ago; the leaders would have been murdered. So, you see, civil society wanted to be heard, and slowly made progress in spite of a difficult enabling environment.

I don't like to call these groups political or USAID's support for groups of that sort as overtly political, ours tried very much to avoid partisanship in such activities and programs, but in terms of strengthening civil society as a key to maintaining democratic systems it's very, very important. That's what I was learning from my experience in Guatemala; and as I'll talk about later, I learned and expanded upon quite a bit in my later work in the Agency. Does that cover our topics? Or was there one more today?

Q: Thank you. That covers it.

COSTELLO: That will end our interview today, and I've tried to look back and think in personal terms, career or institutional agency terms and developmental theory terms to

make some larger points. Like what is development and what I went through and what I learned and what I tried to get done on behalf of my country in providing support to other countries.

Q: Certainly, fascinating. Well, thank you. Thank you very much. Let's stop for today, and I'm going to, okay, let me go to stop. There we go.

Q: Chuck. Today is Wednesday, November 20, and we are continuing our interview with Chuck Costello, who, having finished a fascinating series of interviews in his time in Guatemala, goes into an equally fascinating period from '86 to '90, when he was in THE Latin America Bureau at USAID Washington. Welcome.

COSTELLO: Thank you, Marcy. We are now in mid-1986. I've left Guatemala and returned to Washington to work in the Latin America bureau. There were two geographic office director jobs open at the time, which was very convenient for me, because I was returning to Washington out of cycle. South America was one, and the Caribbean region was the other. My boss, the Assistant Administrator, Dwight Ink, thought that I would want to take the South America region. It was, I guess, considered more important, or there was more activity going on.

But the Caribbean represented a region that I wasn't familiar with, whereas I had served in Bolivia and covered the entire Andean region. I had lived in Colombia for two years as a Peace Corps representative, so I decided that I'd like instead to take the Caribbean job, and I think that after turbulent years in Guatemala, I also selfishly liked the idea of being able to travel to the field that was basically a collection of beautiful islands in the Caribbean and unlike the Central America experience, not a region wracked by violence or civil war.

I threw myself into the job because I felt that a geographic office director was really supposed to know their region. The Caribbean Basin Initiative was still ongoing with some regional programs, and the programs in Jamaica and Haiti, those were both fairly large and active programs, and the regional program covering a number of the smaller islands out of the USAID regional mission based in Bridgetown, Barbados. I went to the field a number of times and had good visits. What I recall is the difficulty of Haiti, where nothing seemed to work. Unfortunately, that still seems to be true, it's a country with a tortured history.

The regional program I visited by going down to meet the mission director in Barbados, Jim Holtaway, and they had the 'luxury,' though it was considered a necessity, of having an airplane available so that they could get around to the islands, and so I had one really memorable trip visiting programs throughout the region, island-hopping with him in the USAID airplane.

Okay, resuming one of the significant issues or, I would say, the after-effects of an issue in the Caribbean in my time was the problem in Grenada, where a left wing Prime Minister earlier had taken office and was cooperating with Cuba and openly unfriendly, shall we say, to the U.S.

The issue between the United States and Grenada became very heated. The U.S. accused Grenada and the government of cooperating with Cuba in sending military assistance to Angola and Mozambique.

I don't recall well now, but there were civil wars going on, post-independence wars in those countries with assistance from the Soviet Union for the leftist groups. Some of that was funneled through Cuba, or Cuba was an active player with their involvement in that. Here I'm jumping ahead. No, I'm not really jumping ahead, because things came to a head in 1983 when the U.S. intervened militarily in Grenada and ousted the government.

The woman who was prime minister of Dominica was quite supportive of the invasion and gave really very good political cover to the Reagan administration on the military incursion. Dominica, which otherwise wouldn't have been much in the way of an aid recipient, was receiving some input of AID that was really in return for that kind of political support.

I'm back now in this 1986 and beyond period when I was covering the region. We visited Dominica. I went to most of the islands, as I was saying earlier. I spent some time in Grenada because there was work to restore a facility for mentally ill people that ended up getting badly damaged by the military. The U.S. was committed to rebuilding it and fixing it up. It was one of those things where you see American standards applied to a country that just doesn't operate according to that technical level, or level of competency and management because the thing was refitted to be comparable to a facility in the U.S. I visited there, and I just couldn't believe what I saw.

It was really nice, and yet they had a design and a layout that required very sophisticated staff management that you could see really wasn't available. I'm just recounting a very powerful personal experience here. I went in there with the director of the facility and walked through it and went out into the, I don't know what you would call it, recreation area, or holding room or something. Anyway, a large room with the inmates, because these were confined patients wandering around in this area and with all kinds of strange behaviors.

It was an AID project, sort of that I've never seen before or since, but it was a follow up, or what you might call a part of a rebuilding effort that we became involved with to help the government that followed the Bishop regime. I don't remember the name of that new prime minister. I'll try to clean it up later, but I do recall going once with my boss to visit him in Walter Reed Hospital in Washington when he had an illness. The U.S. provided airlift and treatment for him. Again, this was because of a sense of responsibility or attempts to help the governments there that the U.S. was so interested in, but that part of the story is more on the State Department side of things.

It was of relevance that in Grenada I saw that they had done an extension of the runway at their airport. This was with the help of Cuban engineers. They were there at the time of the invasion, with a group of Cuban construction workers that were really an armed battalion that in a facility which was really meant to be a big kitchen; and the extension for the runway and the facility, turns out, was to be able to have a stopover point for planes headed to Southern Africa. The only reason they had planes headed to Southern Africa with Cuban support with loading and a big kitchen there was to support the insurgencies or guerrillas in southern Africa. Indeed, the U.S. had reason for concerns about the extent to which the Grenadian government was doing things that we considered strongly against U.S. interests.

Okay, the Caribbean stopover, and I'm referring to my own time in the office was relatively brief, six or eight months, I believe. I don't have too much in the way to add to this history beyond what I've already said. Things were quiet, but the programs were served in the field by missions in Jamaica and in Haiti, and then the regional mission was based in Barbados.

I then transferred at the request of Peter McPherson and my boss, Dwight Ink, for what was the expected retirement of a long-serving Central America office director, who was a civil service type Peter Askin, a very good guy. I moved back over to the Central America region that I had left.

Years later, I once heard Peter McPherson gloat to a fellow ex-AID administrator, Andrew Natsios, in a meeting at The Carter Center in Atlanta, joking around and chatting the three of us there, saying that he had wanted to put me there after I'd been purged and kicked out of Guatemala by the ambassador at the behest of right-wing private sector groups, that he took great pleasure in putting me in charge of the Central America program in Washington, a story I like to tell because he referred to it once by saying, "we take care of our walking wounded or injured in battle." So he knew that on the State side the ambassador was very deficient and weak, but that I became a victim in all that was going on there, and he was intent on taking good care of me, which I'm very, very grateful for because otherwise it could have really ruined my career. Central America was still...

Q: Chuck, I just can't help but chiming in, as you know, ten years later, I was the Director of the Office of Caribbean Affairs at a very tumultuous time during Haiti. Peter Askin, two years later, was one of my instructors in the Development Studies program. Wonderful guy, by the way.

COSTELLO: We're into the mid-1980s, '87, I believe. Of course, the insurgencies are still active in Guatemala, in El Salvador; the economic crisis in Costa Rica; Nicaragua is seen as antagonistic leftist regime; and Honduras also in an economic crisis but hosting the armed counter-revolutionaries, always known by their Spanish short name or nickname, the "Contras." During the time I was in the Central America office, luckily, I was able to stay out of all of the controversy generated from the Hill about aid flows for the Contras,

and whether any of that was being misused. I later discovered that some funds were being misused, but it was not with AID programs or AID money. A senior AID official, Ted Morse, was detailed over to State to manage that stuff and my deputy office director, John Lovaas, was detailed as well to become the deputy in that office.

Q: By the way, I had the opportunity to have John Lovaas tell me in great detail about that time what he did. It was fascinating.

COSTELLO: I will read it with interest. But this now was not military assistance, it was - I'll have to go back and refresh my memory - it was AID assistance of some sort. But I think by then it was for resettlement. No, I'm really drawing a blank there. I may have to go back and refresh my memory, but I don't recall well.

Q: Because basically, AID assistance for individuals in Honduras who were resettled there, they were not involved at all in anything that was going on in Nicaragua.

COSTELLO: Okay, so thank you for that, good to have an interviewer who's knowledgeable about our subject. That would have been basically the kind of Refugee Assistance Program for those affected by fighting. But as I said, I was never close to that, and glad to keep it at arm's length so none of it was done out of my office. It was an OK part of what otherwise was a dirty business.

The Guatemala program was now being ramped up considerably with the elected civilian government in office, and the AID program had not changed dramatically. There were higher levels of aid flowing. The program in Salvador was very large and with the one characteristic to it that I might mention applied to Guatemala as well. The largest part of the program in El Salvador was balance of payments support via cash transfers to keep the economy in decent shape. Those were what we call "non-program" activities. It just was foreign exchange dollar payments into the central bank, grants, and these generated local currency, an equivalent amount of local currency which was host country-owned because the U.S. dollar assistance was coming in the form of grants, but the U.S. expressed interest in the uses of the local currency that was being generated.

That same thing was true in the case of that thirty million dollars program grant that I did as Mission Director in Guatemala after the elections in support of the government's economic reform plan. I'm very proud of that one because we co-drafted the economic policy reform plan with the new government, which meant that the U.S. (AID) was not in the usual position of imposing certain measures, "conditionality," as pre-conditions to approving and disbursing the funds. The Guatemalan government used that in getting crucial IMF approval and funding.

Well, this also had given us a little bit of a back-door methodology that Latin America wasn't used to, but that had been the big feature, for example, of the program in India for many years. The host country's local currency balances generated by the dollar inflow were, in effect, programmed together with the host government; the government would allow us to use that money to offset local currency expenditure requirements in the

Mission, which was nice. It was actually saving us money. In effect, it was sort of giving back in local currency some of what dollars we had given them.

Otherwise, and this was especially true in El Salvador, the money was pumped into what I would unkindly call counterinsurgency programs, or more kindly call local currency-funded rural development activities, so that basically what they do is try to plug those local currencies into host country budget categories, with special emphasis on the areas where the Civil War was raging, to try to provide services to citizens or carry out some forms of development programs. That was an important part of the mission's strategy. Although there was regular development assistance funding in dollars for projects of one sort or another, I think in terms of the dollar value of funds being applied, the local currencies on the ground were almost as much.

In El Salvador, even though the U.S. was very supportive of civilian government and elected government, they didn't want to engage much in the way of democratic or economic reforms. We pressed hard from Washington, with support in the Mission, but sometimes opposition from very strong, powerful ambassadors of ours in the country to impose conditionality, in other words, for the government to face up to its fiscal deficit and to deal more realistically with its exchange rate. Those battles were sometimes fought out in Washington, where proposals coming from the field weren't considered strong enough, and where AID would try to make the policy reform bases of the cash grants stronger. The State Department, to its credit, was usually sympathetic, even though they didn't want to cause too much trouble for the Duarte government.

Sometimes those ended up over at the NSC, the ambassador, Ed Corr, would go directly. He had ties, and so the issues wouldn't get settled in the building with State and AID, and then would get hashed out at the NSC, with results that might have to be compromises, representing some give and take to meet overall U.S. interests. That became a very interesting part of my work, because it took us into the interplay of what was the need to synchronize or meld development and policy goals with political urgencies in El Salvador, and the U.S. was providing a considerable amount of military assistance to El Salvador at the same time.

In Costa Rica, well, let me not leave El Salvador, because the other big element of El Salvador was USAID had helped start and was channeling a lot of development programming such as a small business loan program or even agricultural production projects through a private foundation, which went by the Spanish acronym FUSADES. It was really an effort as part of the overall bias or policy priority of the U.S. at the time to support the private sector in the face of what was seen as moves or attempts to impose socialist governments, a la Nicaragua.

I referred to some of that from my time in Guatemala. In El Salvador, this was a much more accepted partner, and they built up quite a large development portfolio in El Salvador during this time. I didn't have as much direct involvement with Honduras, although I visited there a couple of times. I made a number of trips to the region. I like to go down and visit the Missions and keep track of what's going on.

In Costa Rica, they weren't faced with the problem of insurgency, although, we later learned that they had provided some help via a secret airfield that was agreed upon with the State Department and CIA too, that was used to fly things into Nicaragua from time to time. Anyway, they had a serious economic crisis, and the U.S. was providing a considerable amount of funding to help them. There was also quite a bit of work, again, working with private sector groups on agriculture, export production and so on. There was also considerable usage of local currency for a major project.

An institution was created in Costa Rica, that thrived and exists to this day, called by the acronym, EARTH school, which was an acronym for tropical agriculture, technical school for tropical agriculture, or something of that sort, in its English version. A big chunk of local currency was dedicated in Costa Rica to help get that started. I'd have to call that quite a success because that got up and running and got on its feet and as far as I know, is self financing. I know they're still going and receiving students for what is like an ag technical school, a higher level kind of agricultural training. I always look for pineapples from Costa Rica at my grocery store, because sometimes I can see that from a label that they come from the EARTH school. I know that this project has been very sustainable and quite successful.

But let me pass to the other element of my work, which was, again, quite new for me, a very good learning experience, and it was an important part of AID's development activities in Central America during this period, and this was for debt relief.

These countries were heavily indebted and facing possible defaults not only on private debt, but also public debt to the World Bank, the IMF and the Inter-American Development Bank. Well, this was considered a real "no, no." I mean the Bank, the IMF and the multilateral lending institutions didn't offer debt relief. They were financed mainly by bond issues that went to the global capital markets. In effect, they were private sector-funded with capital from member governments, and considered top-tier for market bonds; and that is how they got most of their money. They got transfers from member countries, the U.S. being the leading contributor. They couldn't forgive debt without jeopardizing their standing as institutions in the markets. They couldn't absorb loan losses or enter into rescheduling and debt forgiveness.

This was something that the U.S. was very committed to helping with, and that much of the money that we provided in the Central America region by way of balance of payments assistance (cash grants) was really money that those countries could use to turn around and keep up with their current loan obligations with the IMF and the World Bank. You might say that this is an odd use of money meant to help the country when the money we provide just goes right back out the window to keep current on their debt payments. But those institutions stood ready to make large new loans because the countries weren't delinquent.

It's all part of a flow. It's part of a hard currency flow. These countries also needed to be able to support their exchange rates by making money available for imports, and so some

of our money was certainly designed for precisely that reason, so we joined in. This was something handled mainly by the geographic office, Central America, we were point person on these issues. Although the Latin America Bureau had a really good economist, Jim Fox, and I worked very closely with him on all of these macroeconomic issues, so we would meet in Washington with the World Bank and Inter American Development Bank and IMF people in trying to see what debt negotiations would look like, or what a basically financial rescue packages would look like.

One of the reasons for and justifications for these packages was that the World Bank and IADB in particular, were committed to remaining net lenders. The banks were active in providing new assistance, new loans, in excess of those debt payment obligations. It was net new lending, which was really the developmental rationale for countries which were in need of AID flows, so that this packaging would end up with the multilateral institutions avoiding serious problems that were caused if countries defaulted. Yet it would help them continue new programming, because if any countries were in default, the banks would not provide any new loans or grants.

The forum that is used for debt restructuring negotiations of this sort is known as the Paris Club, chaired by the World Bank office in Paris. I had the opportunity for, and here I'm joking a bit, to go to Paris on business a number of times. It was for Paris Club meetings for Central American countries. Typically, there would be someone like me, regional office director and a similar counterpart or economists from the State Department would go, and often a U.S. Assistant Administrator, such as my boss in Washington would attend, and these would be, typically, two-day meetings held at World Bank offices in Paris. They have a very nice office there, and we'd all be the relevant parties who would be there, typically creditors or countries providing assistance to the country in question. We'd go over the financial situation, we'd see projections on economic growth and foreign exchange earnings and that sort of thing.

The focus here is macroeconomics and then we'd have a prepared statement to make. If things were going according to plan, this would have been pretty well worked out in advance, and that the Bank meeting would be held so that the country in question could send its senior officials to sit down with creditors, all hosted by or chaired by the World Bank, and an agreement would be struck. The money would fall into place that would make the rescue package work.

That turned out to be an important part of my work because most of that occurred with Washington-based institutions and so, typically but not always, the USAID country Mission Director would come to Paris, but not necessarily because it usually didn't have much to do with any of the details of their program. It was really all about the totals and how much was going to be made available, freely available, how much was going to go to the banks, etc, etc.

I think we can probably wrap up there for today. I have two things that still need to be covered about Central America, and I'd like to do them next time. They are the change in government in Nicaragua, and the reopening of an AID mission there, and the military

intervention in Panama, installation of a new government and the reopening of an AID mission in Panama. Those occurred both toward the end of my time in Washington. I think that we can talk about that, and that will finish off my 1986 to 1990 period in USAID/Washington.

Q: I have something I'd like you to address next time, just one moment. I'm going to put you on hold because I thought about what I would like you to also address for the reader, because it's an interesting feature of being in that position. I certainly encountered it when I was a director of the Office of Caribbean Affairs, the nature of your relationships at higher levels of State, with NSC, with Treasury and others. Now I was- during Haiti, there was a lot of action, but I'm sure you had a lot of interaction with other government agencies, and I think that would be of great interest to the reader.

COSTELLO: I'll be sure to talk about that next time.

Q: Today is Wednesday, November 27 and we're continuing an interview with Chuck Costello, who started last week talking about his time in Washington, focusing on his work with the head of the Central America desk. He is going to complete that discussion today. Welcome.

COSTELLO: Hello, Marcy. Let's pick up this conversation on some very exciting developments that occurred in Central America during a latter portion of my service in Washington as head of the Office for Central America and Panama. In late 1988, the relationships between the United States and Panama had deteriorated to an alarming degree. The de facto dictator of Panama and Army General Manuel Noriega had run into serious problems with the U.S. government. He, as it later was revealed, was a long-time CIA asset, and had cooperated with the U.S. government in the 1980s with some American anti-Sandinista activities.

But his administration was also known for considerable corruption. The murder of an investigative, critical journalist had created quite a backlash in the United States on Capitol Hill, and thanks to investigative reporting by leading U.S. newspapers, the word came out that Noriega was himself involved in drug trafficking, money laundering. He was eventually, I believe, indicted in 1988 was indicted in the United States for those criminal activities.

He started to become hostile towards the U.S. at that point, and in a certain sense, shifted his cold war allegiance from the United States toward the USSR and Cuba. He strengthened relationships with them, and was receiving arms for his government and army, the Panama defense forces, from those sources. The relationship kept going downhill and to the point where Panama, the legislature, in effect, declared war on the United States.

Though there weren't any hostilities involved, a trigger event occurred in December of 1989. The Panamanian defense forces, which are also known as PDF, there was a roadblock by the PDF near the Canal Zone, which of course, was still staffed by Americans. A party of four American military, who were in a vehicle were stopped at a checkpoint and later fired upon. An American Marine, a lieutenant, was killed and another passenger in the vehicle was wounded.

This led President George H W Bush to order the U.S. military, which had put in place some plans already, for an invasion of Panama because the anti-U.S. position had, in the view of Washington, threatened the safety of the Canal and U.S. personnel stationed there. During the night of December 20, 1989, U.S. military forces invaded Panama. After light fighting the Panamanian forces surrendered, although there was quite a bit of damage in Panama City during the invasion. Even though the actual fighting was limited, there were attacks from the air that did a lot of physical damage.

The U.S., once they had taken over in Panama, installed the supposed winner of the elections that had been held in '89 earlier in the year that supposedly, and I think we can say accurately, had been won by the opposition candidate, Guillermo Endara, but they were annulled by Noriega. That was not in and of itself the triggering factor for U.S. invasion, but it had hardened the U.S. position toward the Noriega government, and did indeed lead to some advance planning in the event of military decision to take military action. The stated aims were to capture Noriega and to bring him to the United States for trial where he was under indictment, as I mentioned, and to uphold the verdict of the elections, which had been that Noriega the candidate had lost.

Endara was installed shortly after the U.S. military took control. Well, in AID in Washington we sprung into action, and we were looking for ways that we might support the new Panamanian government. I flew down to Panama in an U.S. aircraft along with the Deputy Secretary of Treasury, and my counterpart from the Treasury Department, and it was an amazing scene. We were met at the airport by military and U.S. embassy personnel. I believe it was the official charge, Bushnell. They met us in open Humvees with flak jackets that they handed to us to wear on the ride back into the city. We went directly to the presidential palace and met with now- president Endara to talk about how we might help the new Panamanian government.

For AID I was tasked with Panama, adding a response to Panama, and I tapped into that valuable asset around the world that USAID missions have, which is local staff, officially the Foreign Service nationals, or FSNs. I reached a man who had been an engineer at the USAID mission in Panama, which had been closed, I don't know if you say was formally expelled by Noriega sometime earlier that year. There was no functioning USAID mission anymore, and so I said to him, "we want to start up our program, and will you come back to work and be the point man for us here in getting things going again?" And he readily agreed and used a home office as his workplace.

Q: You remember his name?

COSTELLO: I can't remember his name.

Q: *Certainly, when I was there from '78 to '80, there was a very distinguished engineer. It must have been him. Anyway, go ahead.*

COSTELLO: You remember his name?

Q: *I don't, but he stands out as being a highly respected person.*

COSTELLO: He was very good. I'd been given his name by whoever were the last people at the USAID mission as a good person to contact. I was there for just a day or so, but toured the city and I visited a barracks of the PDF where mattresses were still smoking, burning slowly because this was only days after the invasion. I thought that if there were any Panamanian soldiers sleeping in that barracks when it was hit by fire, they were long gone dead people. The U.S. had a Lockheed C-130 Hercules continuously surveilling and patrolling the skies over Panama City. It was strange, because anytime you were outside, you would always hear the drone of the airplanes above you.

We also went to an old section of the city known by its Spanish name *El Chorillo*, which was considered a slum, very densely packed. Amazingly enough, it was really a whole concentration of wooden buildings, almost all barracks themselves that, as I was told, had been used during the construction of the Panama Canal as housing for workers. Over time, it became a neighborhood. It wasn't bombed, but some military objective was nearby, and it did get hit. The fire broke out and spread to *El Chorillo*, and so it was badly damaged.

Q: *Chuck, may I show you on my wall a painting of El Corillo?*

COSTELLO: Oh my gosh, anyway, and so then I quickly returned to Washington. We started to put together a program, and our Disaster Relief office sprung into action. A very talented USAID officer from the housing office picked up. He's a Puerto Rican with an Irish last name, terrible, I don't remember him. They went in right away and in a big auditorium or some building with a lot of floor space set up temporary housing for displaced people. This was really a construct of two by fours as framing and then plastic sheeting stapled onto that framing to serve as walls and a lot of cubicles, I don't remember how many, but a whole building full of temporary shelter. There was a limited amount of privacy available for families who needed a place to live. A kitchen was set up for providing meals. It was much-needed temporary housing provided very quickly.

Back in Washington, I was dealing with my counterparts there in Panama the whole time, but we started using this technology that was new to us then - fax machines - to start to communicate directly with the mission. I'll later describe how we did the same thing in Nicaragua. The judgment about the program and Panama that was made back in Washington was that beyond immediate relief activities, what Panama most needed was a big shot in the arm to get the economy going again. We developed a program assistance package, cash transfer in effect, that would go to the central bank that could provide

funding for necessary import purchases and for a lending window for rebuilding efforts as needed.

We developed, what I consider a very innovative program, for displaced residents of El Chorrillo. The U.S. Army Corps of Engineers jumped in, and within a matter of a week or ten days, had a proposal to build an apartment tower for housing these people. We opposed that, saying that it was likely to turn into an instant slum of a different sort. What we did was to offer a housing voucher to displaced persons and families, and the voucher couldn't be cashed, but it would be accepted by housing development companies, real estate developers as payment because, of course, we were behind the vouchers. I won't take credit, it was more my colleague, but I supported it. What we wanted to do was to create a really better living situation. It was going to empower these people because with these housing voucher grants, they would become owners of new homes.

Fortunately for us, Panama, with a relatively advanced modern economy, had builders who were in the business of building low income housing, affordable housing, we might call it today. We set up through the Chamber of Commerce a clearing house in which the builders, the developers would set up models. I mean, not actual model homes, but descriptions and pictures and drawings of housing options that they'd offer and prices and such. They pretty much knew what they'd have to be able to offer by way of price, namely no more than what those vouchers were worth.

There was quite a good and quick response from the private sector and that program got off to a fairly quick start, and I think turned out very well. However, we discovered, I'd say, three to six months into the program that the liaison function that we had established through the Chamber of Commerce, which of course, had close contact or good relationships with these private sector developers, that the beneficiaries couldn't really relate to those people well enough so the process would move forward without snags.

We switched to a Panamanian NGO that was used to dealing with low income people and poverty solutions and the social conditions that these people had lived in and the environment they dealt with on a daily basis. With a new intermediary of that sort, things worked much more smoothly. These were homes towards the edge of the city, on the outskirts, or suburbs, as we might call them. It was, I think, a really good response. Some people later, we heard and did evaluations, they complained that they missed their old neighborhood and they weren't close to downtown. But they had nice little homes of their own in new suburban neighborhoods.

President Bush decided that he wanted to get a U.S. ambassador in place right away. I'm told, he reached out personally to an ambassador that he was familiar with, that he knew, a senior guy who had served in El Salvador, and that I had met when I first went to Guatemala.

Because of my legal background, in early 1983 they had sent me down to participate in a discussion with the then-head of the Salvadoran government, Magana, and the ambassador and U.S. Attorney General, to talk about assistance to the Salvadoran

government in ways to attempt to improve human rights. That ambassador was Deane Hinton. Ambassador Hinton was then serving as U.S. ambassador in Costa Rica. President Bush called him and said, "Will you go to Panama?" And so he did. He moved immediately to Panama.

The next time I went down to Panama, it was not long afterwards, and that time was with a CODEL (congressional delegation). I was, in effect, serving as a non-resident Mission Director for dealing with a CODEL that was interested in aid programs, and that was headed by Senator Leahy of Vermont. I took him around the city to show him things, and then represented AID at a big meeting, a cocktail party or reception, sort of, but important meeting, really, at the residence with the CODEL.

I was saying earlier, we had decided that we wanted to be able to get our assistance impact very rapidly. We had designed a Cash Transfer Program grant, and we needed the funding, and so I spent a lot of time also going up to meet with our congressional committees to discuss what we were planning to do and to promote it and to gain support for it. The Congressional Relations staff in AID could understand what we were doing; but the people, the legislative staff in State had trouble, couldn't seem to grasp that we were just going to make a cash transfer to Panama, and how could they defend that and support it so they wanted a list of things that our money would go for. Of course, we didn't have anything of that sort.

So, to my embarrassment and dismay, State started talking about all these projects and stuff that would get built and funded with our money and selling it to the Hill. I'd have to go and say, "Well, you know, we want to get this money flowing very rapidly. So these, this is really an illustrative list." It was a very weird situation. Action happening in committees and later on the floor where people and now congressional defenders were picking up on things. It was all hypotheticals instead of real activities. But so it goes sometimes. I spent an awful lot of time at work trying to get the package presented to the Hill and approved on the Hill. There was political momentum behind it, so it was approved, even if it was misrepresented to sell it.

At the same time we were starting to reopen our mission in Panama, but we just called back in a few more former local staff. Now, this happened in late December, as I said, and something big also happened at the same time in Nicaragua. The Sandinistas who were in power had been pressed to hold elections. Daniel Ortega, as head of the Sandinistas, was acting as president, but he had never been elected. Now in Nicaragua, February, 1990 elections were held and the Sandinistas were defeated; the elections were relatively free and fair, and I'm certain that the winner was...

Q: *Violeta. Violeta Chamorro.*

COSTELLO: Well, yes, Ortega yielded power, which was really quite surprising, but it was, as we now know, only temporarily that he'd be willing to subject himself to the possibility of losing an election. Anyway the opposition forces, which were operated under the the acronym *UNO*, they put forward Violetta Chamorro, who was a member of

a prominent newspaper media family in Nicaragua, and who had been opponents of the Somoza government, and-

Q: Also, and also the husband of Joaquin Chamorro, who was the one who played such an important role.

COSTELLO: I'm glad that you could add the name, because I knew that her husband, though I didn't recall his name, had also been prominent politically. So, boom, we have Panama, which started at the end of December, and was really red hot and without a USAID mission there, so was being run out of my office. Now in February, we have the same thing happening in Nicaragua. Again, we had to send a team down to Nicaragua. Then I recall, over a weekend, we're in the office in the State Department building, putting together a program plan and faxing back and forth to a couple of our people in Nicaragua for what would be an assistance package for the new government tomorrow. We were very busy. I did not end up going down to Nicaragua myself. We got a seasoned senior aid officer on the ground quickly, Janet Ballnyntine, who would become the mission director there, headed up the program, who could play the lead role.

I wasn't as involved as I was in Panama, but the Washington end of the Nicaragua program proved to be very sticky, because, again, it was the Congress that was really very interested in competing views on the Sandinistas and the election outcome and the aims of our program in Nicaragua. We put together a package that I recall was a crash education program to help rewrite textbooks which had been turned into propaganda documents for the revolution, and assistance again, to try to provide private lending windows for private sector reactivation. I spent an awful lot of time working again with the staff of our congressional committees.

I always say "our" committees, meaning the committees that had jurisdiction over USAID legislation and appropriations. So the administration's proposals for assistance and rapid response for both Panama and Nicaragua did get approved.

I was finishing up my time in Washington, more or less. I mean, I didn't have a new assignment, but it was becoming about time for me, after about four years in Washington, to get back to the field. I was looking forward to it. We had two really big activities, Panama and Nicaragua, that were now beginning to settle down by later in 1990. Jim Michel was running the Latin America Bureau at this time. He asked me up to his office one day and said, "we'd like you to go to Panama as Mission Director. You've really gotten the program restarted and everything." I declined. I said "No, thank you, unless you 'force place' me," which they weren't inclined to do on a director assignment. I said, "I don't want to go to Panama. I have no particular affection for the country because it's such an anomalous situation there." It's really a country based on a Canal Zone, and it's about as American as Miami, Florida.

Q: I'm glad you said that, because that was my first post, 78, to 80, and it was one I least appreciated, because I felt like I was not overseas. So, yeah, you're the first person that's actually said the same thing that I have.

COSTELLO: I said, "You know, we don't really have any important development needs that we want to attend to and so I'd rather not." And then I told him that, most importantly, I did not want to work for Ambassador Hinton, whom I had seen, as I mentioned earlier, in El Salvador, and knew him by reputation. He was one of these pro consul types. He was actually, I think, playing the role of pro consul in Panama, and had operated pretty much the same way in El Salvador, an ambassador of the old school where for a country team meeting when he walks in, everybody has to stand up as if he were the president.

Officially, he is the 'personal representative of the president,' right, in protocol, but those protocols weren't being followed anymore; but in his case, yes. I found him to be a bully or a manager of the kind that basically I did not want to work for, the kind who yells at staff members in meetings, the one that would just always want me at his beck and call and would not empower me to run my program and my staff. Jim Michel was very surprised, because Panama was like my big achievement. Now the prize was to go there and run the program.

Part of the reason was also that I had done enough in my own view, in Central America since '83 when I first went to Guatemala, and by 1990 this was now seven, going on eight years working solely on Central America. I felt like, okay, I've had enough, and I want a good country and mission to work on a regular development program. Central America, while exciting and for me, satisfying, and I'm very proud of what USAID did and what I was able to accomplish, was not. They were always highly political programs, which, frankly, I don't mind, because you get a lot of money, you get a lot of attention, but I thought it was time, in part, for my family as well, to be able to, shall we say, live in a quieter place. The mission directorship in Ecuador was opening up, and so I asked instead to be assigned to Ecuador.

One last thing. I had already been proposed as Mission Director in Panama. Of course, the ambassador has to clear that nomination, and Hinton had already approved me as Mission Director there. My last trip to Panama was before my conversation with Jim Michel, so I didn't know that I was already slated to go there. We had some grant agreements or some things that needed signing, and I was following up on activities. I had another trip scheduled, so I went down to Panama and met with Ambassador Hinton at the end. He was very cold to me.

I chuckle when I think of it, because when I finished my work and I reported to him on what I'd done - I was at the embassy or the residence, I don't recall which, but I shook his hand and he basically said, "Thanks for your good work, all your work. Have a nice life." He didn't say that literally, but I believe his words were, "you won't have to come back anymore." He was, I was later told, really pissed off because he'd accepted me, and then I had demurred. So to me, that was verification of exactly why I didn't want to have to go and work for him. That closes out Central America.

The opening to the story is that, there had been, no, let me stop there. Well, this does it for my assignment in Washington. I left. I do not recall exactly what month, but sometime in late 1990, the latter half of the year, I'm sure, I went to Quito to become USAID Mission Director.

Q: Today is Wednesday, December 4, and I am continuing my interview with Chuck Costello, who is now going to be focusing on his time as Mission Director to Ecuador, which is very special to me because I was born in Quito Ecuador, and I went back there. My father was a diplomat in the early 1960s, so I'm very eager to hear your story, please.

COSTELLO: Thank you, Marcy. We left off with my time in AID Washington and what was expected to be an assignment to Panama, but instead became the assignment, as you said, as mission director to Ecuador. I arrived at post shortly before the start of the school year because my kids would be enrolled in school in Quito. My wife stayed behind in Washington because she wanted to continue her studies.

I arrived in Quito and found quite a different setting from what I had been used to in my recent tours, particularly the environment in Guatemala versus that in Quito. Then there was all of the excitement, shall we say, of Central American activities during the period from 1986 to 1990 while I was in Washington. Quito was a quieter place, which I was looking forward to.

Even in assignments that were more fast-moving, I always kept to fairly steady and predictable work hours. I didn't tend to work late at the office; I was almost always home in time for dinner. I also tried to let my staff know that nobody needed to stay late. They needed to stay on top of their work, but I wasn't asking anyone to put in extra hours at the office to impress. The priority was getting the work done and staying ahead of the curve.

Q: I can't resist adding fear, unlike one of your predecessors, John sombrero.

COSTELLO: That was the expectation—you weren't earning any points by trying to show that you worked extra hours. However, I did tend to work at home most evenings, taking things to read after the kids went to bed. Returning to Ecuador, I found a country situation quite different from what I was used to—certainly in Guatemala or more broadly in Central America. Ecuador was still a poor country, but not nearly as poverty-stricken as countries in Central America. Government expenditures in Ecuador were much higher as a percentage of GDP—a subject I'll return to in a moment.

The country was quiet in that sense—there was no political unrest, at least no armed conflict within Ecuador. However, to the north in Colombia, there were occasional outbreaks of civil unrest. Protests against government policies would arise from time to time, but they tended to be peaceful and resolved fairly quickly.

The ambassador, Paul Lambert, was a political appointee. Unlike the political appointee I had in Guatemala, Ambassador Piedra, who turned out to be very difficult to work with although always pleasant in his demeanor, Ambassador Lambert was a delight to work

with. He was a very nice man, took an interest in all embassy operations, and understood that he was new to the game. He gave a lot of deference to the “experts” on his staff, including me as mission director. He was a New York lawyer, and since I had worked as a lawyer in New York for three years at the beginning of my career, we hit it off easily. He had a good personality and was a pleasure to work with.

Over time, we started playing tennis together once a week. There was a tennis court on the grounds of the residence, and he had a group that played doubles every Wednesday. It was quite a lineup—the U.S. ambassador, the British ambassador, and the French ambassador. The fourth player had departed, so when Ambassador Lambert found out I played tennis, he invited me to join the Wednesday doubles foursome. It was very enjoyable. Typically, I played tennis at lunchtime for an hour or so at the residence.

One other thing about Ambassador Lambert—he was in the position because he was a friend of President George H.W. Bush. They had been teammates on either the baseball or tennis team at Yale—I believe it was baseball. That connection came up again later when another of Bush’s baseball teammates, Ambassador Stroup, was appointed to Guatemala after I had left.

We also had a career deputy chief of mission (DCM), Jim Mack, whom I found very good to work with. The program in Ecuador wasn’t nearly as large as the programs I had dealt with in Central America, and we had to fight for our funding. However, it was a good, development-focused assistance program. That said, I felt it was not fully attuned to the enabling environment and the country’s policy landscape. AID programs still focused primarily on low-income populations needing assistance, but somewhat to my surprise, USAID/Ecuador did not have a large program in the Sierra—the mountainous, indigenous regions of Ecuador, unlike the focus in Guatemala. When I arrived, that was the existing strategy, and it has continued to be the focus.

One of our programs, an anti-malaria initiative, was on its last legs. The government counterparts had not managed it well, and many of the project’s intended outputs were not being met. After an extensive field trip to assess its status—I had received reports from my staff that the project had problems—I made the decision not to provide any additional funding. It seemed more prudent to let the project finish early rather than request the final tranche of funding.

We also had a good-sized family planning program under our health office. The office was managed by Ken Yamashita, a strong officer who later advanced to senior leadership roles. At the time, approval authority for new family planning programs had been delegated to mission directors in the field rather than requiring Washington’s approval. Ken drafted the project paper—the formal document presenting the case for a project—and it was so well done that I told him, “We’ll hold our formal staff meeting to review this document, but it’s such a strong proposal that once we’ve had our review, we’ll simply remove the ‘draft’ label and consider it ‘final.’” Ken was such a strong officer that he went on to higher assignments, eventually serving as Counselor of the agency. I believe he has remained active in the USAID alumni group.

But let me get back to the core of what the program became. We were nearing the end of the government of President Rodrigo Borja. Borja was considered leftist by Ecuadorian standards, though he was really more of a social democrat. He was not an advocate of market-friendly economic policies and favored significant state intervention in the economy. Over the years, Ecuador had built up a large and expensive state bureaucracy that was not particularly efficient. Borja also favored protectionist policies, with high tariffs to shield local businesses—many of which operated inefficiently under this system.

There was a project that had begun before I arrived, which I found to be a well-designed initiative. It was a program of economic dialogue, funded through a USAID grant to the Central American Institute of Business Administration (INCAE), a business school then based in Nicaragua. INCAE had an affiliation, if I recall correctly, with Harvard Business School and followed a modern, U.S.-style graduate business education model.

Through this grant, INCAE facilitated periodic economic dialogues in Ecuador. A group from the school would come in with a given theme—such as fiscal policy—and hold discussions attended by government officials and a broad range of private sector representatives. They would also prepare discussion papers to guide the conversation. It was an effective way to introduce economic policy reform ideas in a highly professional and technical manner. The hope was that, with elections approaching in a year to 18 months, this initiative would help build support for an economic reform package that the new government might adopt.

Jumping ahead for a moment, we did develop a good, close working relationship with the incoming president who succeeded Borja. He had been the mayor of Quito and was a very popular political figure. Ecuador was an oil-dependent country and, to some extent, suffered from what economists call the “Dutch disease.” This term refers to countries that rely heavily on commodity exports—such as oil or natural gas—that generate significant foreign exchange earnings but also artificially inflate the exchange rate, making it harder for domestic industries to compete in export markets. In the case of the Netherlands, it was natural gas; in Ecuador’s case, it was oil. This phenomenon is also sometimes called the “oil curse,” as seen in Venezuela, where an over-reliance on oil exports has led to economic instability.

Ecuador was a latecomer to oil production, but oil had been discovered in the Amazon lowlands, making it the country's main export. While Ecuador was not a major oil producer by global standards, oil revenues were significant relative to its population and economy, covering much of the costs of the country’s bloated central government bureaucracy. Nonetheless, Ecuador frequently faced fiscal crises, primarily due to budget deficits that exceeded revenues. These deficits were often financed by the central bank, leading to inflationary pressures.

In reviewing our mission’s strategy, and consistent with USAID’s global priorities—as well as the preferences of the Republican administration in Washington—we believed it was in Ecuador’s interest to stimulate private sector nontraditional exports. This was an area in which I had considerable experience from my time in Guatemala. By developing

strong outreach to private sector firms, we were able to fund export promotion efforts through a business organization supporting nontraditional exports.

Looking back, I find it amusing because, in Guatemala, I was accused by the country's very right-wing private sector—who opposed paying taxes and had starved the government of revenues—of being “anti-private sector.” I wasn't. But in Ecuador, USAID took a different approach. Given that government policies were not conducive to economic growth, we found that the private sector needed and deserved more attention as the key economic driver. This strategy focused on small-scale exporters—Ecuador was already a major exporter of bananas, so oil and bananas were essentially paying the country's bills. However, we aimed to encourage diversification beyond those traditional exports.

We had been discussing our agricultural program and its support for nontraditional exporters. I had a very talented senior Foreign Service National (FSN) and an agricultural officer—an older gentleman with some private sector experience. We had a strong team.

We worked with businesses exporting products such as hearts of palm, mango concentrate, and specialized exports of tuna and shrimp to France. Most of these exporters were located in what I referred to as the lowlands, but which Ecuadorians simply called “the coast.” Ecuador is geographically and culturally distinct in two major regions: the highlands and the lowlands.

The highlands, or the Andean region, were primarily home to indigenous populations and had been the seat of government since colonial times. The lowlands, by contrast, were tropical, historically unhealthy, but also the country's economic powerhouse. Guayaquil, located on the coast, was Ecuador's main port, as well as its commercial and banking center.

When I arrived in Ecuador, I quickly learned that many people from the coast felt neglected, believing that all attention—and government resources—were concentrated in Quito. Their argument was that the coast was generating the revenue that sustained the country, but was receiving little in return. There was some truth to this. The most dynamic elements of Ecuador's economy were based in the coastal region, which was home to the country's business elite. Meanwhile, the highlands had a great deal of semi-subsistence agriculture in indigenous areas, and Quito was dominated by the central government bureaucracy, which was heavily reliant on oil revenues.

During my first visit to Guayaquil, I met with our Consul there and then with a group from the Chamber of Commerce. They greeted me politely but said, “Nice to meet you. This is probably the last time we'll see you, because the ones from Quito show up here once and never come back.” I told them, “I'll be coming back. I'm not going to be stuck in my office in the capital. We have ongoing initiatives here, and we want to start new ones, so I'll be back.”

I made it a practice to visit Guayaquil once a month. Sometimes I stayed overnight; other times, I traveled there and back in a day. By air, the flight was only thirty minutes,

whereas traveling by land took six to eight hours from the mountains to the coast. The travel agency we worked with was so closely tied to the local airline that we were giving them significant business. Unbeknownst to me at the time, they had reserved a guaranteed seat for me on flights to Guayaquil. I later learned that this was probably an improper perk that I should not have accepted, but at the time, it made travel extremely convenient. If I needed to go to Guayaquil, I didn't need a reservation—I simply went to the airport, waited in the VIP lounge, and was called when the flight was ready to board. While we still paid for our flights, I did receive some special treatment.

Through my frequent visits, I developed a strong working relationship with private sector groups in Guayaquil. I also built ties with individuals in Quito who had been involved in our economic policy seminars. Based on these connections, we decided to establish a foundation called *Fundación Ecuador*. USAID provided some funding, but the foundation was intended to be led by Ecuadorians. We selected a capable leader—a technical expert with administrative experience—to serve as president. *Fundación Ecuador* became very active, particularly in agricultural export promotion.

One of the key sectors we supported was flower exports. This industry was based in the highlands, where the cool climate was ideal for growing roses. Ecuadorian farmers were beginning to export roses to the United States, and later, to European markets. The foundation played a critical role in supporting these initiatives.

As *Fundación Ecuador* gained momentum, the country approached elections. The reform-minded candidate won. Political tensions between the coast and the Sierra often played out in national politics, with the coast tending to lean right and the highlands leaning left. Ecuador had a long history of ineffective presidents from both sides of the political spectrum. However, the newly elected president—Sixto Durán Ballén, the former mayor of Quito—was able to bridge the regional and ideological divide.

Durán was open to economic reform, and we worked closely and productively with his administration to implement policy changes. As a result, the export sector was able to increase its output and contribute more to the economy.

Looking back, I would say these economic policy initiatives and export promotion efforts were my primary areas of engagement during my time in Ecuador. I suspect that some members of my staff—particularly those with different priorities—were not entirely pleased with the emphasis I placed on these efforts.

Traditionally, development programs in Ecuador had a poverty focus, but AID's did not operate as directly on poverty alleviation as, for example, the program in Guatemala. Instead, our approach was more focused on job creation in the rural sector—where employment was desperately needed—so that people would not be forced to migrate to cities in search of nonexistent work.

About two years into my assignment, something unexpected happened. One thing about the Foreign Service is that surprises are common, including unexpected job changes. As I mentioned earlier, I had a good working relationship with the Deputy Chief of Mission

(DCM) and was well-regarded at the embassy, both by the ambassador and by the head of the economic office, with whom we collaborated closely.

Then, Ambassador Lambert suddenly announced that he needed to cut short his tenure due to internal problems in his law firm in New York. His departure created a leadership gap at the embassy. At the time—this would have been 1991, heading into 1992—it was clear that, with U.S. elections approaching, no replacement for Lambert would be confirmed before the new U.S. administration took office. As a result, the DCM would serve as *chargé d'affaires* for at least a year.

The DCM then asked me to move “across the street”—literally and figuratively—because the USAID mission was located in an office building on the opposite side of a traffic circle from the embassy. He wanted me to serve as acting DCM.

I found the offer appealing, but I agreed under one condition. I had seen cases—including in Guatemala, as well as in other countries—where the USAID director, typically the most experienced manager, was asked to temporarily fill the DCM role. However, this was often treated as a placeholder position, with little real authority. I told the DCM that, given the situation, I did not want to simply “warm the chair.” If I was going to be the number two at the embassy for a year, I wanted to be officially confirmed as DCM so that the embassy staff would recognize my authority. Otherwise, they might see me as just the USAID mission director interfering in their operations.

He agreed, and we had a strong working relationship in the front office of the embassy. He then traveled to Washington to advocate for my formal appointment as DCM. Washington was surprised by the request, but they ultimately approved it, which I was very pleased about.

So, I left my position as USAID mission director and became Deputy Chief of Mission. I spent the next year at the embassy, and I found the experience enjoyable. It was a different kind of work—more diplomatic in nature. There were diplomatic issues to handle, but more than anything, the role was managerial, overseeing the embassy’s operations.

Instead of simply being one member of the country team attending weekly meetings in the ambassador’s conference room, I now sat at the *chargé*’s right hand. That meant I had responsibility for overseeing all the constituent parts of the country team, staying on top of their work, and directly supervising embassy staff. Importantly, I was responsible for writing performance reviews, which reinforced the fact that my authority was not just symbolic. Staff knew they had to take me seriously, and I, in turn, took my supervisory role seriously. My approach was not just to keep things quiet and avoid problems, but to actively manage the embassy’s operations. I mention this experience because it was an unusual setup. While it was not uncommon for a USAID director to temporarily serve at the embassy, my formal appointment as DCM was less typical.

Ecuador was a relatively quiet post at the time. We had a good working relationship with the Ecuadorian government, and there were no major diplomatic rifts between our two countries that year. However, one noteworthy event did occur.

There was an outbreak of rioting, including anti-American protests. Ecuadorian students were prone to rioting in general, so demonstrations were not unusual, and the traffic circle near the embassy was a frequent rallying point. But on this occasion, the situation escalated. Protesters attempted to scale the embassy fence and enter the compound.

In response, we activated the embassy's emergency management group. I was particularly concerned about the embassy's parking lot, which was inside the perimeter and housed most of our vehicles. If the rioters breached the compound, they could set vehicles on fire, and while we did not expect it, there was always the possibility that they could attempt to enter the embassy itself.

The chargé and I made the decision to deploy the Marine Security Guard detachment and authorize the use of tear gas. The Marines carried out the operation, dispersing the crowd and preventing any intrusion onto embassy grounds. It was a significant decision at the time. The incident received considerable coverage in the local press and was, of course, reported to Washington. Washington viewed it as a serious matter and conducted a review to assess whether the use of force was justified. Ultimately, they did not second-guess our decision.

This was a particularly memorable moment in my time at the embassy—not only because of my unexpected transition to the DCM role, but also because we had to make a difficult security decision to protect embassy personnel and property. At this point, I had been at the embassy for about a year —

Q: I have some questions during that year, were you totally divorced from the USAID program? Did you have any involvement in what was happening? Who became your U.S. director? So tell me about that dynamic.

COSTELLO: My deputy—whose name I won't put on the record—was problematic. He had previously served as a deputy in Bolivia, in a complicated environment where the mission director was struggling. In that role, he had attempted to assume more leadership of the mission than was appropriate and had created difficulties in dealings with the ambassador. As a result, he was pulled from that post. He was a talented officer, but he had a tendency to create problems—if none existed, he would find one.

Looking back, I think I overshadowed him and did not tend to his ego enough. I probably did not give him as substantive a role in the mission as he wanted. That is, quite clearly, a statement of fact and, to some extent, a failing on my part. However, traditionally, the number two at the mission is responsible for the administrative tasks of running the mission, and that was his role. But I don't think he was very satisfied with it.

When I moved to the embassy, he became acting mission director. Technically, I retained my authority as mission director if I chose to exercise it, but I made a point not to interfere. The program was running smoothly, and given that it was a relatively small program with limited funding, there were no major issues to address. I asked him to keep me informed, which he did—although, in hindsight, not fully. However, I deliberately stayed away. I did not return to the USAID office to sit in on or chair meetings. For the most part, he had full control of the mission during that year.

His hope was that he would be named mission director, but that never happened—partly because there was uncertainty about whether I would be returning to USAID or not. In the meantime, he was handling day-to-day operations and making decisions. I only stayed involved at a high level, reviewing the annual budget proposal—what was called the action plan, outlining program priorities. But I did not conduct any field visits to USAID project sites.

Then, another surprise came. At this point, I was still at the embassy, but with the U.S. presidential election in 1992, everything was shifting. Bill Clinton defeated President George H.W. Bush, which meant that Ambassador Lambert would not be returning. A new ambassador would be appointed by the incoming Democratic administration. With my future uncertain, I was contacted by AID/Washington and they said, "*Chuck, would you be interested in going to El Salvador?*"

My initial reaction was mixed — "*Central America again?*" I had been enjoying the quieter life in Quito. On a personal level, it was a welcome change from the past ten years, which had been filled with crises. I had been able to establish a good routine: I joined a local golf club, and my wife and I played golf together on Sundays. On Saturdays, I played with friends. There was also a tennis court (Quito Tennis Club) near the neighborhood where we lived in northern Quito, and the head of the Inter-American Development Bank's office, an American, was a tennis player. We became friends, so I was able to play both tennis and golf regularly. Life in Quito was stable and not crisis-driven, which was a contrast to my previous assignments. However, the opportunity in El Salvador had an interesting backstory.

John Sanbrailo, a longtime colleague of mine from the Latin America Bureau, had served as mission director in Honduras. I had worked with him when I was head of the Central America office in Washington, so we knew each other well. John was married to an Ecuadorian woman, and she was in poor health. He wanted to return to Ecuador to be closer to her family, so he had proposed a direct swap: I would take over as mission director in El Salvador, and he would replace me in Quito. I considered it carefully.

After spending a year at the embassy, I was not particularly eager to return to USAID in Quito. The idea of moving to a new post was appealing. Moreover, I have always been drawn to places where significant things are happening. In El Salvador, the Peace Accords had just been signed, marking a major political transformation. The U.S. assistance program was undergoing a major shift, and there was a great deal of work to be done. That kind of dynamic environment appealed to me. So, I said yes. I left Quito in the summer of 1993 and returned to the United States for a brief period before heading to El Salvador. In our next session, we'll begin discussing my experiences there.

Q: Today is Monday, January 6, 2025. Welcome my friend, to 2025 and to a very special day, January 6, which we were just talking about. We have you leaving Ecuador and

heading back to Central America to be Mission Director in El Salvador. Please share with us your El Salvador experience or whatever took place before you got there.

COSTELLO: In our last interview, I explained the background of how I ended up with this assignment. It was unexpected, but I saw it as a very challenging opportunity. The peace accords had been signed about a year earlier, officially ending the civil war. In the United States, there was now bipartisan support—particularly in Congress—for helping El Salvador recover. The bitter divide between Democrats and Republicans over U.S. involvement in the war had largely disappeared. So, I walked into an environment that was very promising—an open pathway, so to speak—which was really encouraging. I was taking over a three hundred million dollars reconstruction program.

Q: We were dealing with what years, where did you come, when did you arrive, and when did you leave?

COSTELLO: I arrived in the summer of 1993 and I went back to Washington in the summer of 1994 on medical leave, so I was there approximately one year.

Q: What was happening with the peace accords at that time?

COSTELLO: The peace accords had been signed and agreed upon, and the war was officially over. The ARENA (Alianza Republicana Nacionalista) party was still in power, with President Alfredo Cristiani leading the government. The Farabundo Martí National Liberation Front (FMLN) had transitioned into a peaceful political opposition. By and large, the country was quiet, but that didn't mean it wasn't violent. This was a country dealing with the aftermath of war—widespread violence, destruction, and a history of significant bloodshed.

I arrived in the summer of 1993 and found a USAID [United States Agency for International Development] Mission that, in some ways, was divided and uncertain about its role. By that point in my career, I had become very interested in good management practices and had been developing what I believed to be a productive leadership style. My colleague Terry Brown, who later became mission director in Guatemala, and I had both been deeply involved in leadership training while working together in the Latin America Bureau in Washington.

I wanted to establish a clear strategy for the Mission. That meant defining both our program strategy—how we would take advantage of this postwar opportunity for development and peace—and an internal strategy for the Mission itself. Many staff members were used to working in a wartime context, supporting the government while viewing the insurgents as the enemy. Now, with the war over, that mindset needed to shift.

Before heading to post, I had consultations in Washington with congressional staffers, particularly Democrats, who had been skeptical of the broader U.S. policy in El Salvador. While they weren't necessarily opposed to the aid program, they had questioned U.S. counterinsurgency efforts in the past. They wanted to get a sense of what I hoped to achieve in this new environment, especially given the substantial resources—\$300 million—that USAID would be managing. On the mission side, I drew from senior

management training with the TRG (Training Resources Group) to develop a vision and values exercise—

Q: That's something that's extremely near and dear to my heart. I took the mid-level management training after Terry took senior management training.

COSTELLO: I first worked through senior staff, facilitating discussions about what the new environment meant for us as a Mission and what we were trying to accomplish. I also focused heavily on how we would get it done. That didn't just mean managing our project portfolio—though I had a specific preference for that, namely quarterly portfolio reviews where we would assess our entire portfolio and address problem areas. But beyond that, I wanted to build a sense of identity among our staff, particularly our Foreign Service Nationals (FSNs), as Salvadorans. This was their country, and they now had an opportunity to contribute to building a peaceful society and play a crucial role in its development.

The key concept here was *buy-in*. I was committed to achieving buy-in from staff on our Mission objectives, not just to improve productivity but because I believed that work should be meaningful and enjoyable. People should feel professionally fulfilled, supported by senior staff, and have a clear sense of purpose. I also wanted to create a collegial and respectful work environment so that people looked forward to coming to work.

We distilled our vision into three key goals or statements of purpose, which we developed through consultations with each office in the Mission and several all-staff sessions. I recall an instance when Administrator Brian Atwood visited and addressed the full Mission staff. I was standing next to him at the dais and said, "Brian, we're focused." He was interested in our management efforts—his point person for that was really Terry Brown.

Then, in front of the entire assembled staff, I asked, "What are the Mission's key objectives?" I randomly called on an FSN in the audience, who was initially horrified to be put on the spot. But sure enough, she stood up and confidently stated our three key objectives. The response from the staff was a quiet murmur of approval—*she knew it, didn't she?* That moment reassured me that we had achieved genuine buy-in.

I also discovered early on, during our first portfolio review, that I had been preceded by a micro-manager. These reviews were day-long or even two-day sessions where project managers brought up issues and challenges. If I saw a significant issue, I would either address it immediately or note it for further discussion. But often, I would simply say, "Okay, you guys take care of that. Do what you think is best." At one point, an agriculture officer turned to his supervisor and said, "Oh my God, he wants us to make decisions." I responded, "Exactly."

I wanted to be on top of our programs but also empower the staff—every little issue didn't need to come up to the front office for a decision. Overall, I believe I was successful in fostering a strong sense of teamwork within the mission. We were a large group—about three hundred staff members, which is sizable for a USAID field mission.

We were also in new quarters, as the new U.S. Embassy compound had been built at the edge of the city. I felt we had a good sense of direction and were functioning well.

Programmatically, one of the biggest challenges was adapting to the new enabling environment in El Salvador. Many FSNs and even some American staff had spent years working in an environment framed as *government versus insurgents*. There had been extensive use of local currency funds for development activities that, while not directly managed by USAID, were programmatically directed by us. Much of this had been tied to counterinsurgency efforts.

Now, things were different. Staff had to adjust to the fact that I was meeting with former guerrilla leaders. USAID had a reinsertion program for ex-insurgents, many of whom had been university students when they joined the armed movement. After a decade in the mountains, they needed to reintegrate into society. Our program, run in partnership with a private-sector organization called FUSADES (*Fundación Salvadoreña para el Desarrollo Económico y Social*), provided grants to help them start businesses. While some vocational training was available, our primary goal was to reach the insurgency's intellectual leadership—those who were educated and eager to play a constructive role in society now that the war was over.

I personally attended many of their meetings to make clear that USAID—and, in a broader sense, the United States—was committed to making the peace accords successful. I wanted to demonstrate that we respected their role in the country's history. For many FSNs, this was difficult to accept. While they weren't necessarily from the country's wealthiest class, they were almost all university-educated, spoke English, and came from at least middle-class backgrounds.

Working for the U.S. Embassy or USAID was considered a prestigious job, and it paid well by local standards. Many of them had lost family members or friends to kidnappings and violence. They had experienced the war firsthand, and to them, the peace accords represented a compromise rather than a victory. Many had wanted to *win* the war, not negotiate an end to it.

For me, this transition was easier to accept. Having worked in Central America for a decade, including two years in the Peace Corps in Guatemala and a stint as Mission Director there, I was deeply invested in the region's recovery. I understood the grievances that fueled these insurgencies. The Salvadoran civil war, for instance, stemmed from a stolen election that led university students to take up arms when they saw no other means of political participation. They were met with repression, and many fled to the mountains to fight.

I had thought deeply about the new environment, and I was heavily invested in seeing these countries recover under a new democratic framework where military force was no longer used against their own people. I had never been a hardline anti-communist in

terms of looking at the insurgency, believing much of the Cold War rhetoric was exaggerated.

Yes, they were revolutionary movements, and some of them—like in Nicaragua—had turned out to be neither friendly to the United States nor effective at governance. But the insurgents in El Salvador and Guatemala had legitimate grievances. They were rebelling against oppressive, anti-democratic, and often brutal regimes. That didn't mean I was hoping for a revolutionary takeover of El Salvador. These movements weren't necessarily democratic themselves, and their economic ideas were sometimes deeply flawed. But I understood the journey they had taken and the choices they had made. I recognized that their rebellion had roots in undemocratic governance used against them, and I made an effort to engage with them.

To help reintegrate former insurgents, we supported several economic initiatives. One project I remember well was an organic coffee project we supported in a former conflict zone. The land had been abandoned during the war, so no pesticides had been used, making it ideal for organic farming. Two young women, both former insurgents, were leading the project. One was a university graduate, and the other had been a receptionist in a doctor's office before joining the insurgency. They told me they were grateful for our support but admitted, "We don't know much about handling money—you'll have to help us with budgeting and financial management."

When I asked what they meant, they laughed and said, "Well, when we needed money before, we'd rob a bank or hold someone up. We never had to run a business." That was a stark reminder of the world they came from. One of them had a particularly difficult post-war adjustment. She had been part of an insurgent group that used women to lure military officers into traps. She would pose as a prostitute near military bases, enticing officers to leave with her, only for her comrades to ambush and kill them. The psychological toll of that role weighed on her in peacetime.

These stories illustrate how drastically life changes when a war ends, and a country commits to rebuilding. They also highlight the role of development professionals in that transition. El Salvador was an exciting place to work at the time, with significant funding and a genuine opportunity to make a difference.

In the government, my main counterpart was a brilliant young woman who headed the planning office. She effectively shaped development strategy for the administration and had the respect of the president and the ruling ARENA party—a right-wing party with a controversial past. But she was pragmatic and played a crucial role in advancing development initiatives.

During the war, USAID had been constrained in its ability to operate freely. Much of our work focused on sustaining the private sector, often through FUSADES, which was seen as a counterweight to the supposedly "leftist" government (which, in reality, was centrist). But in the post-war era, we could operate with fewer restrictions, focusing on genuine national development without counterinsurgency issues.

Q: Can I ask you, did you have any contact with FEPADE ?

COSTELLO: I don't remember it from the acronym. Who are they?

Q: It was a similar group of civic minded people. I was instrumental in helping them prepare their grant. And they've been very successful. They were working on management training, vocational training, a lot of the same people, and they continue to exist to this day. Salvador, very, very interesting, very impressive people in the private sector.

COSTELLO: The word "entrepreneurial" applies here, and in a very positive sense.

There was a large cash transfer program going on throughout much of the war. This was balance-of-payments, macroeconomic support for the Salvadoran government to ensure it had the necessary funds to sustain itself. The war, it turns out, was financed significantly by U.S. government transfers and by Salvadoran workers living in the United States. Many had left the country as refugees due to the conflict, and their remittances became—and continue to be—a significant share of El Salvador's GDP.

To return to the program, there was a woman who headed the reconstruction agency—I believe that was its name. Most people in the mission didn't like her; she was considered too much of a hardliner. But as part of my strategy, I wanted to maintain a close working relationship with the government while also fostering good relationships with the former insurgents. The goal was to create a collaborative environment for development work. To that end, we organized a one-day retreat, which she co-chaired with me. We discussed our objectives and established a solid working relationship.

One of the more unusual aspects of my time in El Salvador was having access to a helicopter. During the war, USAID had funded a small helicopter fleet with Peruvian pilots and armored undercarriages. The primary purpose was to support power restoration efforts because guerrilla forces frequently targeted power lines, often in remote areas. Helicopters were essential for transporting crews to make repairs. With the war's end, this activity largely ceased, but for various reasons, we still had access to a helicopter.

All I had to do was check its availability and schedule my trips accordingly. This allowed me to conduct field visits efficiently—often making four stops in a single day—and reach remote areas quickly. It was invaluable for providing direct support to our broad rural development program, both in a literal and figurative sense.

Without going into more detail, we had a large USAID Mission, a substantial budget, and the unique opportunity to take advantage of a peace accord that ended a brutal civil war. Our goal was to help El Salvador get back on its feet.

On the diplomatic side, I worked closely with our ambassador, a career diplomat named Flanagan. He was highly supportive of USAID's work and relied on me as his right-hand person for donor coordination efforts. The UN sponsored an overall donor coordination working group, which had broad international support due to the peace accords. Meetings were held to track not only development projects—such as road construction in Morazán—but also to assess whether the peace process was staying on track and to address lingering issues.

Many countries had their ambassadors represent them in this group, but Ambassador Flanagan recognized that USAID was the primary actor on the U.S. side and that we had the most in-depth knowledge of development efforts. As a result, he always had me attend these meetings alongside him, which gave me an added voice at the table. As we moved into an election year in El Salvador, President Alfredo Cristiani was finishing his term. I had a great deal of respect for him because I believe he handled the peace accords with integrity.

President Cristiani wanted to see the peace process succeed, and while it wasn't strictly part of our program, there was a complete reorganization of the Salvadoran police to address democratic policing issues. The upcoming election was significant—it would be the first in which the insurgency, or the real opposition to the governing elite, would participate. Naturally, this attracted a great deal of U.S. interest, and we got involved in providing election support.

We funded a local NGO, as well as a U.S. Latino NGO, and a congressional delegation (CODEL) led by Nancy Pelosi visited the country. I spent considerable time with them while they were in El Salvador.

USAID Administrator Brian Atwood also visited. He addressed a joint session of the Salvadoran Congress, and President Cristiani hosted a reception for him at the presidential residence. One anecdote from that visit stands out. Since Brian had served in the Foreign Service early in his career, including a posting in Spain, he spoke some Spanish. We encouraged him to give his remarks in Spanish, but he declined, saying he was too rusty and didn't want to read from a script. Instead, his remarks were simultaneously translated.

At the reception, I was chatting with Brian and President Cristiani when Cristiani referred to me as "Carlitos." My name is Charles, which in Spanish is Carlos. I often used Carlos in Latin America because "Chuck" doesn't translate well, and some people preferred to call me Carlos. But "Carlitos" is the diminutive—it implies familiarity, like using "tú" instead of the formal "usted" in Spanish. It's the way you would address a close friend or family member.

I remember thinking at that moment, *Why did he just call me Carlitos?* Was it a political gesture, feigning a closer relationship than we actually had? Or was it an acknowledgment of the standing I had as USAID Mission Director and of the strong cooperation between USAID and El Salvador? Either way, even twenty years later, that moment sticks with me.

Moving on, we received excellent support from Washington and expanded our programs in El Salvador. I've always been particularly interested in rural development, income-generating activities, and education. Primary education, in particular, is critical—it reaches rural populations with little to no access to schools and provides a path to a better future.

We also focused on agricultural development, much as I had in Guatemala and Ecuador. A key strategy was promoting non-traditional exports—high-value crops that small

farmers could grow and sell in U.S. and European markets. This required macroeconomic policies that ensured fair exchange rates so exporters received the full value of their products. We worked primarily through FUSADES, a private sector foundation, but also had some involvement with the Ministry of Agriculture.

One example was pineapple production and export. Another was a small flowering seed plant—though the name escapes me now, maybe *annatto*—that was exported as a natural poultry feed supplement. It was used to give egg yolks a deep orange color, which was preferred in many markets. In New York, people seemed to like pale yellow yolks, but elsewhere, bright orange yolks were the standard.

These niche agricultural products helped small farmers upgrade their skills and increase their incomes. This was probably my proudest achievement in Guatemala, where we worked with Indigenous farmers in the highlands to grow vegetables for export to the U.S. during the winter.

Looking back, I believe the Peace Accords and USAID's contributions to El Salvador were successful. The peace agreement held. The country did not return to war, and the democratic process took root. Over time, the FMLN (Farabundo Martí National Liberation Front) participated actively in elections, steadily increasing their representation in the legislature and eventually winning the presidency.

When they finally took office, they didn't govern particularly well, but they weren't disastrous either. Perhaps that's the best outcome one could hope for—a government that wasn't great, but also wasn't catastrophic. The most important thing was that power was transferred democratically, through the vote of the people, and law and order were maintained.

This brings me back to the election, which was one of the defining moments of my time in El Salvador. The winner of the presidential election, Armando Calderon Sol, was from the ARENA party, so they continued to govern. He wasn't of the same stature as Cristiani, but he was democratically elected in a free and fair election.

As I had done in Guatemala with President-elect Cerezo—after getting the ambassador's approval—I had a similar opportunity in El Salvador. A local hire at USAID, an American who had strong connections in the private sector and political circles, offered to arrange a meeting with the president-elect. I cleared it with the ambassador, who approved, and instead of me paying a formal call on him, the president-elect came to my office.

I'm not trying to boost my own importance, but rather to highlight the critical role USAID played in El Salvador at the time. When he sat down in my office, his first words were, *Wow, I'm meeting with the director of USAID*. It was a nice thing to say, but more importantly, it reflected his awareness that USAID was a major player in the country. He wanted to acknowledge that, and I appreciated it. After his inauguration, a large U.S. delegation attended the ceremonies, followed by a big dinner that evening. For me, that moment was the capstone of a year's work implementing the Peace Accords.

I'll take a brief detour here to address some of the management and institutional challenges within USAID. Even though I arrived in El Salvador with a large budget and a large staff, we knew that wouldn't last forever. Early on, I announced that the Mission's staff would be reduced, but I wanted it done properly—with minimal disruption and without harming our work.

At the time, we had about three hundred staff, and we needed to reduce that to two hundred, meaning a cut of one-third. Rather than imposing reductions from the top down, I instructed each office to develop its own plan for staff reductions. Some local employees (Foreign Service Nationals, or FSNs) took the opportunity to leave voluntarily—especially those uncomfortable with the new post-war environment, where they would have to work alongside former enemies. Others took early retirement or found jobs elsewhere. Over the course of a year, we successfully reduced the staff without forced layoffs, or what USAID calls a Reduction in Force (RIF). Managing that transition while maintaining staff morale and commitment to our mission was an important achievement.

I left the Mission not long after the new government took office, but for personal reasons. Family problems eventually led to a divorce, and those difficulties began to take a serious toll. While I was still able to compartmentalize work and personal life, emotionally and mentally, I was struggling. In June 1994, my wife, son, and I traveled to Switzerland to pick up my daughter from boarding school. We toured around Europe for a while before returning to El Salvador, where my daughter had a summer job in the political section of the embassy. But that break from work also marked a breaking point for me.

After returning to post, I found I could no longer manage my personal situation effectively, and I had to leave on medical leave. It was a difficult decision because I truly loved my job, and I felt we were making great progress. That said, while I deeply respected the work we did in El Salvador, I never fell in love with the country the way I had with Guatemala. Some places capture your heart; others don't. Still, I was proud of what our Mission accomplished, and I felt I had done my part in helping the country move toward a brighter future.

After leaving El Salvador, I returned to Washington. Initially, I thought I might go back to post, but that didn't happen. Instead, I took my final assignment with USAID as Deputy Assistant Administrator in the newly created Global Bureau. Within Global, I also served as the first director of the Center for Democracy and Governance, reporting to Assistant Administrator Sally Shelton-Colby.

Q: Well, that's it for today.. For me, Chuck, this is a fascinating ending, at least as it pertains to the perspective of your having been a Peace Corps volunteer in Guatemala, returning to Guatemala as Mission Director, being in charge of Central American Affairs, and going back to Salvador. Your story clearly shows that you came in as somebody with a lot of knowledge and context.. Thank you very much.

Q: Okay. Today is Wednesday, January 22 and this is my last interview with Chuck in his role as a USAID [United States Agency for International Development] employee. He capped off his career as being the head of the democracy office in the Global Bureau, or rather from 1994 to 1998 so Chuck, please share with us your story.

COSTELLO: As usual, I will start by sketching the environment into which I stepped in this assignment to provide a better understanding of what was expected of me and what I set out to do. As I mentioned in my last interview, I left my post in El Salvador on medical leave in the middle of 1994. Technically, I was without an assignment. After about a month on leave, I took on a special assignment in the Caribbean office to examine some issues that the assistant administrator wanted more information about.

At some point, I met with Sally Shelton, AA/Global, at her request to discuss possible work in the Global Bureau. Interestingly, while I was in El Salvador in 1993, I had received a call from Sally's deputy, Ann Van Dusen, who was trying to recruit me for the newly established Global Bureau. At the time, I declined. But as it turned out, a year later, I ended up working there after all. To set the stage institutionally—because that context is important to how I fit in—there was a change in administration following the 1992 U.S. elections. The presidency shifted from Republican to Democrat, and Brian Atwood, who was then president of the National Democratic Institute (NDI), was appointed as the administrator of USAID.

Atwood had already been named Deputy Secretary of State for Management, and he also had a legislative background, having worked on Capitol Hill. Early in his career, he was a Foreign Service officer at the State Department. However, there was a behind-the-scenes struggle over who would lead USAID. Two prominent women were vying for the Administrator position, but no resolution was reached—perhaps it would have taken a decision at the presidential level. Ultimately, neither of them got the job, and instead, Atwood was asked to take the position.

I believe that was a fortunate outcome for USAID. Atwood was deeply interested in development work, and he brought firsthand experience in democratic development programs from NDI. He was also fully aligned with the Clinton administration's foreign policy, which emphasized the support of democracy worldwide. As part of this new direction, USAID underwent a bureaucratic reorganization. While not a drastic overhaul, it was significant. The administration made a policy decision to consolidate most technical officers—those working in fields like health and education—into a central bureau. USAID had always had central bureaus of one kind or another, and there had long been a tug-of-war between regional and central bureaus over their respective roles. The decision was made to establish the new Global Bureau as the focal point for technical expertise within the agency.

This reorganization meant transferring some technical officers from regional bureaus, but more importantly, it designated the Global Bureau as the primary hub for technical work in Washington. Atwood had a particular interest in the Center for Democracy and Governance, which was one of five new centers created within the Global Bureau. This

was the first time democracy and governance had been given such recognition and a formal institutional home within USAID.

Q: To make the long story short, by the way, Chuck, this is fascinating. I was not aware of this, having come up as a techie and been in education, but by this time, I was outside of education, and I was clueless about this.

COSTELLO: This was a big shift. So, having a professional background as a lawyer and having worked on democracy and governance programs in El Salvador and Central America—regions that, in modern USAID, were essentially the laboratories for that kind of work—I had relevant experience. Central America was ahead of much of the rest of the agency in this area, with the possible exception of the bureau created to handle the collapse of the Soviet Union and the emergence of independent states in Eastern Europe.

From the outset, it was agreed that a major focus of U.S. assistance to those countries would be to help build democratic political systems and the necessary institutions. That included work on the rule of law, as well as technical areas like bankruptcy laws and securities regulation. More broadly, the efforts included elections support and judicial strengthening—areas that otherwise weren't prominent in USAID's portfolio.

I had some experience with rule of law programming in Ecuador and El Salvador, as well as with elections, which was another area of interest. At the time, I was technically unassigned but was a senior Foreign Service officer. I believe there was a preference to have Foreign Service officers lead these new Global Bureau centers, though that wasn't a strict rule. The group of center directors ended up being a mix of Foreign Service officers, political appointees, and civil servants.

When I spoke with Sally Shelton, she acknowledged my recent health concerns and said, "Do you really think you're up to this? I've talked about it with the Administrator, Brian Atwood, and we both think you'd be a great fit. He wants to know if you feel ready and if you'd like to do it. And I have the same question." My answer was yes—I wanted to do it. I had long supported the integration of democratic elements into USAID's objectives, and this was a good senior-level assignment for me.

So, sometime in mid-1994—probably in the fall—I took over as Center Director, with the title of Deputy Assistant Administrator, Global Bureau. A small office had already been established, mainly by a few people who had joined USAID under Atwood, particularly from NDI. One of them was Larry Garber, who was, in a de facto sense, leading the center. For a short time, the deputy general counsel, John Mullen—who was on his way to retirement—was officially in charge, but he was essentially just warming the chair. There were also a few non-career staff members who had been brought in under USAID's administratively determined (AD) hiring authority. This hiring mechanism, originally meant for bringing in specialized technical expertise, had over time also become a way to appoint political personnel. Some of these AD hires had been in the Europe Bureau and then moved over to the new center.

Atwood's special assistant from NDI, Jennifer Windsor, also joined USAID. She was deeply interested in democracy and governance and became involved with Garber and the

others in getting the center off the ground. When I arrived, the office was still in its early stages, with just a few people in place. One of the Foreign Service officers already on board was Deborah McFarland, who had experience in rule of law programming and a background in the Latin America Bureau. My first task was to fill out the staff, as we had several unfilled positions.

Q: So if we go back historically and to the time I joined a ID, there was always a Central Bureau, Education Office, it just came under different nomenclatures. So was there a democracy office, a central democracy, Office of any sort, or did you build from scratch?

COSTELLO: No, that was a new creation, which, in fact, will be part of my narrative. I interviewed candidates for the deputy position, and I took a chance—a gamble, if you will—that I think turned out well. I chose Jennifer Windsor to be my deputy, even though she was quite young and inexperienced. However, she was deeply interested in democracy and governance, had worked on the Hill, and was clearly brilliant and energetic. She had graduated summa cum laude, Phi Beta Kappa, from Harvard.

I felt that since this was a relatively new and different initiative within USAID, it would be beneficial to bring in someone with more of an outsider's perspective. Meanwhile, I would provide the reform-minded, innovation-driven career officer's perspective. So, we set about getting the office fully up and running. We identified people within the agency who were interested in transferring in, and Jennifer had a close working relationship—and, really, a friendship—from outside USAID with the Deputy Administrator, Carol Lancaster.

For the historical record, institutions often operate based on personal connections, for better or worse. Carol Lancaster, a professor from Georgetown University, had been teaching courses on democracy and governance within the political science field. She studied democratic institutions extensively, and Jennifer leveraged that connection to navigate the system and bring in talented, energetic—but relatively inexperienced—staff to our office.

She worked the system very effectively. We secured White House Fellows, Presidential Management Interns, PASAs (Participating Agency Service Agreements), and RSSAs (Resources Support Services Agreements)—essentially using every available hiring mechanism to bring in staff, even when we didn't have officially allocated personnel slots.

Q: Can I ask you a question that's interesting, but did you have any U.S. direct hires, GS or Fs in your office, or was it primarily people from the outside?

COSTELLO: No, we had a good mix. We were able to staff up the office much faster than I expected and with a lot of unexpected talent. The agency wasn't particularly deep in talent in this area, simply because there hadn't been much work done on the subject within USAID. We ended up with several Foreign Service officers, a couple of very strong Civil Service officers, and a well-structured center. We divided the center into four offices, and while I go into a lot of detail on the bureaucratic aspects of this, I think it's worthwhile because it established our specific objectives and fields of work.

We operated on what I called a team approach. We had an elections and political party team, a rule of law team, a civil society team, and a governance and local government team. With these four specific work areas in place, we set out to develop strategies—not just for our office, but for the agency as a whole. This aligned with the new agency leadership’s policy of creating strategy guidance documents for both Washington and field missions. We developed strategic plans for elections and political parties, rule of law, civil society work, and local government. While we took a strategic approach, we were still a relatively small and new office, so the process may not have been as participatory as I would have liked. However, discussions were always open for input.

For the historical record, I want to stress some of the managerial aspects, as these reflect key lessons learned and the best ways to operate an efficient and effective unit. I implemented a matrix management system that structured our work around two key objectives. Technical leadership for the agency – This aligned with the decision to concentrate technical expertise within the Global Bureau and Field support – I strongly advocated for this because, having worked in a regional bureau, I had often heard complaints that central bureaus didn’t provide much support to the field. I wanted our Democracy and Governance Center to be different. I made it clear that, while we were based in Washington, one of our core responsibilities was to support field missions, since that was where the real work got done.

I believe that’s one of the reasons they wanted a Foreign Service officer—someone with field experience—to lead the center. This focus on field support came naturally to me, and I was insistent on making it a priority. To implement this, I layered a regional bureau matrix over our four technical teams. Each regional bureau had at least one democracy and governance officer or, at minimum, a technical office that housed their specialists. I met with assistant administrators to explain our approach and later held discussions at the deputy assistant administrator and office director levels to coordinate with regional bureaus.

There was some resistance, as not everyone in USAID was convinced that democracy and governance should be a core focus of the agency. Additionally, some regional bureaus were wary of the shift, especially if their technical functions or personnel had been transferred to the Global Bureau. However, because democracy and governance were newly identified as a priority for USAID, there was generally less territorialism compared to other sectors, such as health or education. That said, some skepticism remained in certain quarters.

Q: I believe the LA C Bureau has a history, right? Was one of the stronger ones in terms of its activities and democracy, that was probably the strongest at that time.

COSTELLO: The new Europe Bureau was very active in supporting the political system transitions there but had no history in the countries and had to improvise a lot. As I mentioned earlier, part of the reason I was chosen for this role was that we had already done some of this work in the LAC countries and the technical officers in the Latin America and Caribbean (LAC) Bureau had shown a lot of initiative in this field.

There was a woman in LAC—her name is on the tip of my tongue. It’s going to come to me. You probably know her. Aha, Norma Parker. She was very active in this area and had close ties with another woman at the State Department. In Central America, political interests overlapped with issues like human rights, death squads, and judiciary reform, so the State Department had a strong interest in these topics as well. There was also an outsider brought in—Bill Davis, a lawyer with experience in California, particularly in working with bar associations and the judiciary.

I wanted to demonstrate to both the regional bureaus and my own staff that we envisioned a close working relationship. We weren’t going to operate in isolation as a central bureau. We wanted to stay in touch with our regional bureau counterparts in Washington and, beyond that, reach out to field missions. But we also wanted to do this in a way that wouldn’t create jealousy or resentment. The regional bureaus were, after all, overseeing many of these same Mission activities.

Everyone in the Global Bureau had both a technical and a regional bureau assignment. That meant that, even if someone was working on elections and political parties, they were also responsible for maintaining contact with a counterpart in a regional bureau—say, the Africa Bureau. That connection would serve as their entry point to missions in the field.

I wanted our staff to be known—literally, face-to-face—in a way that hadn’t historically been the case. Traditionally, regional bureau officers didn’t have direct relationships with missions. But in our setup, if someone was in the Civil Society office of the Democracy and Governance (DG) Center and had a regional focus on Africa, they were expected to stay informed about all democracy and governance projects happening in that region. This wasn’t a one-person responsibility; we structured it as a team-based approach, with ad hoc teams blending technical expertise across four areas.

The goal was for regional bureaus and field missions to understand that we were drilling down into the details of every field mission and its programs—not to take control but to provide technical support. That support could come through technical assistance contracts, temporary duty (TDY) assignments, or even in-person visits. We encouraged field officers to stop by our center whenever they were in Washington so we could review all the elements of programming they were involved in. We saw ourselves as a teaching resource for field officers, offering guidance on best practices and innovations.

Beyond management strategy, the larger goal was to mainstream democracy and governance programming within USAID. While it may have been a stated policy priority, the reality was that outside of Europe and Latin America, the rest of the agency had little experience with it. In some cases, there was outright resistance. Many of the countries we worked in had undemocratic governments, and democracy and governance programs tended to ruffle feathers. These programs also pushed country programming into new and sometimes uncomfortable territory, where missions weren’t sure how to proceed or whom to work with. For example, we placed a strong emphasis on civil society development, supporting NGOs that sought to participate in public policy dialogue. These groups were often not well-received by governments in power. As a result, some missions and regional bureaus saw us as troublemakers.

We structured ourselves to provide project-level support as well as strategic guidance. USAID required field missions to submit Country Development Strategy Statements (CDSS), which had to be reviewed and approved in Washington. However, many of these strategies did not include democracy and governance programming. We decided to exercise some muscle and carefully track these documents during the Washington review process.

Under the agency's new structure, the Global Bureau had the authority to object to regional bureau strategy statements. If we felt a country's strategy was inadequate—let's say it focused on economic development but ignored entrepreneurship—we had the ability to flag that issue and push for changes. I'll give you an example. One of the country strategies under review was for Ghana. The mission director was in Washington, defending their strategy, which deliberately excluded democracy and governance programming. By the final review meeting, I realized the Regional Assistant Administrator for Africa was prepared to approve the document as it was. So I spoke up and said, "*Global objects. We formally object to this strategy statement and its approval.*"

Bureaucratically, that set off an explosion. The assistant administrator was well-connected to the front office for other reasons, so an immediate appeal was made. The next thing I knew, the official in charge of the Management Bureau, who seemed to think he was running the agency, got involved. What was his name?

Q: *Larry Burns.*

COSTELLO: Larry Burns. Yes, Larry Burns. Larry Burns was the head of the Management Bureau and was supposedly the chief advisor—not just for budget matters but also for how Brian should best manage the agency. When we blocked the approval, he went wild. *How could we stop this approval?*

So, I wrote up a formal objection. Ultimately, we won the battle. It went up to the administrator, who ruled in our favor. He confirmed that the centers in Global did have the authority to object and that democracy and governance was a priority. If it wasn't included in programming, it at least had to be discussed and analyzed. And if it wasn't programmed, there had to be a justification.

I dwell on this particular case because it was a real bureaucratic battle—one that had substantive implications for the agency's work. And it showed that we had support. It helped that the administrator came from a democratic development background at the National Democratic Institute. Who knows if a different administrator would have backed us?

Jennifer Windsor, my deputy, had maintained a strong relationship with the administrator, and I had built a good one by that time as well. Sally Shelton, who was leading Global, was also supportive. So, we defended our position. It was a tough fight, but in the end, a clear decision was made in our favor.

That battle set the tone for the next four years. One of my major objectives was to ensure that democracy and governance programming became fully institutionalized within

USAID. It had to be recognized as legitimate development assistance, not just a niche initiative, a passing fad, or something that could be ignored.

Looking back, I think we succeeded. We built up a strong staff, we had good people, and we developed credibility. Missions came to see us not as troublemakers but as a valuable source of support. Over time, mission directors—who were often far removed from Washington politics—began to understand that democracy and governance weren't just Washington's latest obsession. This was serious programming.

We introduced democracy and governance strategy assessments and developed strategic guides for rule of law, civil society, and local governance. These became important tools for integrating democracy and governance considerations into mission programming. Now, I've spent most of this talking about bureaucratic structures, but the key takeaway is this: Bureaucracies are functional organizations. They can run poorly, or they can run well. It depends on the knowledge and effectiveness of the people leading them—on their ability to get results in a government setting.

It also depends on how well they focus on technical objectives and ensure that lessons learned from the field are integrated into the agency's work. At the time, democratic development was still a relatively new field academically, and much of the knowledge existed outside of USAID. Our challenge was to bring that knowledge in and make sure it was understood and applied.

By the time I left at the end of 1998, I felt I had achieved my primary goal: making democracy and governance programming an integral part of development assistance thinking and action. Full stop. Now, shifting gears a bit, I'll talk about some of my experiences in the role. I enjoyed the job because it gave me global responsibilities, and I saw it as my duty to get out into the field—to show the flag, to see firsthand what was happening, and to support missions in their work. By this time, I had reached the highest rank in the career Foreign Service—Career Minister—and I had served as Mission Director in three different countries. That gave me credibility.

When I visited the field, I could sit down with mission directors and deputy mission directors and be seen as a peer—or even as someone senior to them in terms of status and experience. That allowed me to make the case for democracy and governance programming in a way that was persuasive and practical. So, I traveled a lot. I wanted to see the work for myself—especially outside of the Latin America Bureau, where I had the most experience. I visited Asia—Thailand, Cambodia, the Philippines, and Bangladesh.

I went to Africa—South Africa, Mali, Ghana, Tanzania, Zimbabwe. I went to Europe—Ukraine (twice), Albania, and Croatia. I attended conferences in Israel, the West Bank, and Egypt.

We also organized regional Democracy and Governance conferences, bringing together DG officers from Washington and the field for two-day workshops. These conferences helped institutionalize democracy and governance programming across the agency. For

the record, I want to emphasize something important, we were very careful not to use the phrase "promoting democracy" or "exporting democracy."

Our goal was to support democratic development—to assist those within these countries who were working to build democratic systems. We weren't telling them, "Here's how you need to do it." Yes, we had expertise to share, but we never took the approach that, "We've done it all in America, so listen to us." Instead, we said, "Look at the conditions on the ground. What are your cultural and institutional realities? What are your limitations? What's feasible in your context?" So yes, we supported the development of democratic practices and institutions, but our focus was on empowering local actors—those within these societies who were already fighting for democracy and human rights. That was an important distinction, and I wanted to get that on the record.

Anyway, on a personal note, I was having a lot of fun. I had squared away my marital difficulties, so I didn't have problems on the home front anymore. Then, sometime in late 1996 or early 1997, Brian approached me with an opportunity, "Would you like to be Mission Director in South Africa? Go back to the field?"

South Africa was one of the best Mission Director jobs in the entire agency. It was a high-priority post in a fascinating country. At the time, I don't remember exactly who was there—maybe Aaron Williams had already returned to Washington. It might have been Stacey Rhodes. Either way, when Brian offered me the position, I said, "Gee, I'd really like to do this, but given my family situation—with my kids in Washington, at the ages they were, and already separated—I just don't think I can go overseas alone. And I couldn't take my kids overseas just then."

So, I had to decline. Brian accepted my decision, but it made me realize something: I needed to start thinking about retirement. One of the best parts of being in the Foreign Service and an AID officer is the opportunity to serve overseas while rotating back to Washington from time to time. I wasn't one of those officers who tried to hide out overseas permanently—some people did that. I believed that Washington rotations were valuable both for the agency and for an officer's own professional growth and learning.

But if I wasn't willing to take another overseas post, then how much longer was I going to stay in the Service—even though I was still enjoying my job? Then, Sally Shelton-Colby, the Assistant Administrator for Global, asked me to become her Senior Deputy in the front office to replace Ann Van Buren, who was moving to the Asia Bureau as a Deputy Assistant Administrator.

By that point, I had seen how things worked in the front office in Global. Whether you liked it or not, that role was all about managing Washington relationships—it was more about dealing with bureaucracy horizontally than about running actual development programs. I didn't want to give up my direct involvement in programming—in actually doing development work. It was rare enough to have a real hand in programming while based in Washington, and I felt we were making progress in mainstreaming democracy and governance programming. So, I declined that position as well.

That made me think even more seriously about moving on. By then, we were approaching an unknown political transition in 2000, following a presidential election. No matter the outcome, transitions are always difficult. I didn't know what the future would hold, and frankly, I didn't want to go through another one. So, to make a long story short, I started exploring post-retirement options.

I was still young and energetic. Including my Peace Corps time, I had over twenty-five years in government service. I had joined AID in 1975, which meant twenty-three years with the agency. I was—wait, was I sixty-six? No, I was fifty-six. Still young, healthy, and energetic. One of the great things about the Foreign Service is that after twenty years of service, you can retire early with full annuity benefits. That gave me flexibility. I started looking around at possibilities. I spoke with several consulting firms. I even considered returning to law practice in some form. I thought about leaving Washington and moving back to California, where my family was.

I was still just poking around when I bumped into a State Department colleague who worked in the Office of Democracy, Human Rights, and Labor (DRL). We had collaborated on a few projects before. I casually mentioned, "Hey, I'm thinking about retirement." She said, "Well, there's a job opening up at the Carter Center. You should check it out." That caught my attention. "That sounds interesting. I'll look into it." And so, for our next interview, I'll pick up the story there—how I retired from AID in December 1998, moved to Atlanta, and started working at the Carter Center.

Q: Great. Well. Thank you very, very much, and we look forward to the next period of your life.

COSTELLO: I hope I didn't give short shrift to Global or DG.

Q: Today is Thursday, February 13, and Chuck is going to provide some additional information on his assignment establishing the Democracy Center. And then he will go on for nearly five years, from 1998 to 2003, where he was at the Carter Center, which I'm very eager to hear about. Okay, you're on.

COSTELLO: Thank you. I'm starting today's session, which will be mainly about the Carter Center work, by backtracking to our last interview to explain a little bit more about how the Center for Democracy and Governance worked. It tends to be a more technical or managerial statement, but I would like readers to understand how you actually get things done, and in the Center, we decided to issue requests for proposals to interested parties for grants and cooperative agreements, which would put in place partners for AID in doing the work in Washington, but especially in the Missions overseas that democracy development programs would undertake.

The most important one of those was that we got to know by its acronym CEPPS, which stood for Civil Society, Elections, and Political Party Support. This was a grant that was competitively awarded to the National Endowment for Democracy (NED) for use by its component parts, the four institutes, the National Democratic Institute (NDI),

International Republican Institute (IRI), the Center for Solidarity, which represents labor union interests in the United States, or the Center for Private Enterprise, which represents chamber of commerce and American business interests in promoting democratic development in their presence around the world.

The principal work that we did with this grant is an ongoing effort, now some twenty years later, operating mainly with NDI and IRI for a variety of work in many, many USAID missions around the world for election monitoring, for assistance to political parties, for improvements in congressional legislative operations, and the like. And that has been-

Q: I'm inferring that this probably functions like an IQC

COSTELLO: That's right. It functions like an IQC. There were various grant agreements or cooperative agreements, not contracts per se, but they operated like an indefinite quantity contract in that there's core funding. But let's say the USAID mission in Peru wants to support election monitoring, and they would come to us in the Center and say, 'we want to set up a project here for the upcoming elections of election monitoring, and we'd like to kick in some funding using the CEPPS agreement,' and then ask NDI and IRI, for example, to come in and do election analysis and support a formal election monitoring mission.

Or, as I said, it might be something that says 'we're going to, on a non-partisan basis, try to improve the functioning of democratic (small "d") political parties in terms of fundraising, outreach to citizens, internal democracy, accountability,' and the like. And there was a similar agreement entered into with the International Foundation for Electoral Systems known as IFES, a US NGO that concentrated especially on work with elections, election monitoring missions; but their particular expertise was election administration and working with election authorities or governments in the proper structuring, organization, management and oversight of elections.

In all of these cases, these were particularly important in countries that were emerging from dictatorship or military rule, and holding what we would call transitional elections or democratic opening elections, oftentimes with limited experience or at least any modern, up to date knowledge about how to do it. The success or failure of that kind of election would be critically important to whether democratic transitions could gain their footing and be successful, as opposed to dying in their infancy because elections were bungled and the democratic electoral process was frustrated and seen by many as rigged or illegitimate.

I wanted to cite those activities, those agreements, because for the work of the Center, especially in support to field missions, this was really the main way in which we provided support to field missions and how we were able to draw in partners with special expertise in democratic institutions and democratic processes. So, that concludes this addendum of sorts for the work of the Center, and people can realize, especially at a time when the current administration in power is trying to dismember USAID, that, for the record, show

that we had good expertise to carry out programs that were strictly above board, accepted by host nations, and carried out honestly and efficiently. End of story.

Q: When you left in 1998, Brian Atwood was still the USAID administrator.

COSTELLO: Yes.

Q: What do you know of what happened with the democracy center in the years following your departure?

Just a minor correction. I left in December of 1998. I was really there until 1999, and my time at the Carter Center, more accurately, reads '99 through the first part of 2003. Okay, Brian Atwood was the USAID Administrator, and when I retired from Foreign Service and USAID to go to the Carter Center, my deputy in the office, Jennifer Windsor, succeeded me as Center Director, and the work of the Center continued with full support through the end of the Clinton administration.

She, Jennifer, that is, was not a career employee, and she left at the end of the administration, and a new director was appointed under the Bush administration. I don't remember who actually that was, but certainly the position was filled and funding for the Center and for democracy development programs supported by USAID continued under the George W. Bush administration. The programs requested funding from Congress, and Congress approved and appropriated funds. And as I say, the Bush administration supported the efforts of the Center for Democracy, and USAID more generally.

So, we go through 2004, Bush was reelected. His administration finished in 2008, and President Barack Obama was elected. He serves two terms, which would take us up to 2016 when the first Trump administration takes office. During that entire period, the efforts to support democratic development by USAID as a core element of support to U.S. foreign policy, there was continuity across administrations, so that there was no break in continuity or support.

There were, of course, some changes over time, and at some point, and (here, I'm sorry I haven't actually done the research) there was some reorganization in AID in which the Center for Democracy and Governance that I headed was moved; I think the Global Bureau maybe disappeared, or things were rearranged. And democracy and programming were linked with, I believe, humanitarian assistance and conflict resolution, which was a somewhat natural fit because the programs in support of democracy often were associated with unexpected regime changes or unexpected democratic openings or following conflict, oftentimes.

Institutionally, how at my time, from 1994 or 1995, say, until I left, and then in the years since that time, institutionally there was some moving around. And the latest within the last four or five years, if I'm accurate, is that work in support of democracy became an actual Bureau within AID, which is the highest level of institutional structure within AID, I think called the Bureau for Democracy, Human Rights, and Humanitarian Assistance.

I'm not sure of that, but I do know that it was bureau-level, and quite recently, I know that there was a career foreign service officer who headed the Center, but I imagine the assistant administrator at the bureau level was probably a political appointee because that position requires Senate confirmation. That's where it is now, I believe, but of course, everything is being frozen at the moment in the DOGE, Musk, OMB effort to destroy AID. Okay.

Q: Thank you. All right. Continue.

COSTELLO: Okay, that's what I wanted to add from our earlier interview in talking about how we got our work done. And, I don't want to use the term bureaucratic, but managerial and administration of personnel and funds, so that readers could see that we weren't just talking about doing things; we set up mechanisms that were very workable to implement program activities. Then, in December of 1998 I retired, and I think in an earlier interview, I even gave some of the background for why I decided that I would retire, and even how I got connected with the Carter Center.

It was really quite a dramatic start because my then-girlfriend, later my wife, drove me from the office when I left one day, my last day, I guess, straight to Dulles Airport, a little late racing against time to catch a flight to Atlanta, and I got to Atlanta that night. The next day I was picked up by a van along with a couple of other Carter Center people and driven down to, not precisely to Plains, Georgia, but I think it was Columbus, Georgia, a city there in southwestern Georgia, not far from Plains, where there's an airport.

There, we all climbed aboard a private jet provided by a donor for use of President Carter and those of us headed to Venezuela for election monitoring. So, the first day on my job I headed off to Caracas, Venezuela, along with President Carter and probably a dozen others of us from the Carter Center staff and we monitored election day in Venezuela for what was quite an important election.

The previous governments in Venezuela for the last twenty years or so that had emerged from a non-democratic period in Venezuela of several decades were, I think, Democratic Action, or AD, and Christian Democrats. They had been the leading parties and alternated power, but there was a lot of discontent, dissatisfaction in Venezuela, feeling that the government had not performed well or very effectively. Anyway, there was an insurgent candidate, if we want to use that term, a former military officer by the name of Chavez.

Chavez was a very charismatic sort of candidate. He had attempted a coup d'état at an earlier stage in his career, and was, I think, put in jail for a little while, but he was a free man. He was allowed to run for president, and he won that election, fair and square, but he was not interested in meeting with President Carter or other members of our delegation during or following election day, something that was very unusual, because we would always have a meeting with leading candidates as part of our presence in the country for election observation. We didn't read enough into that snub at the time.

So there's a long history which I won't try to recount here, but President Chavez proceeded over the next decade or more to dismantle democratic institutions and reject representative democracy, even in theory proclaiming himself the voice of the people. Electoral institutions were corrupted. The legislature and the courts were pretty much stripped of their power, with elections rigged to ensure regime victories. Over time, he proceeded to carry out what he called a "Bolivarian revolution," calling himself a revolutionary leader with socialism as his decreed philosophy, although the extent to which it matched doctrines of classical socialism was very much open to question.

Mainly, he pursued a policy of consolidating power in the executive branch to himself and co-opting and suppressing dissent from anybody who disagreed with him. He was, nonetheless, very popular, at least at first, and Venezuela was enjoying an oil revenue boom, so there was a lot of money to throw around. I won't try to tell that whole history. But we certified that he was elected legitimately the first time around. And later on, after I left the Carter Center, there were attempts to re-engage, most recently, around the elections that were held a year ago and considered fraudulent by all international observers that kept his successor, Nicolas Maduro, in power.

Anyhow, that's one of the many electoral observation missions or projects that I participated in. I led those projects as head of the Democracy Office, which was part of the Peace Program in the Carter Center; but we always named heads of delegation for our official missions, and certainly that would include former President Carter himself, who often participated in our missions. It became an exceedingly busy first year in the Carter Center because I went back from Caracas to Atlanta, but shortly thereafter went to China for our special Village Elections project, which would take a bit of time to explain so I'll defer that. If there's time later, I'll talk about it because it was unique among our election projects in that it was a continuous ongoing activity by agreement with the Chinese government for observation of elections at the village level in China.

But the next big electoral observation mission that we did at the Carter Center was for Nigeria. Again, a very significant election because the military in Nigeria ruled the government, but their interim head of state had called for elections and a return to civilian government, so it was an important transitional election. By way of a bit of history the military general, Sani Abacha, who was heading the Nigerian government, had become increasingly distrustful of even his own associates, and was purging and killing some people, not just opponents, but people within his own government.

Some of the top generals felt they were going to be next on his list. Without official proof of what happened, I have it on good sources that they poisoned him and turned his body over to his wife, his widow, that same day and ordered her in keeping with Muslim tradition to have it buried the next morning without any medical examination; and he was said to have died of a heart attack. That was the setting.

The two leading candidates for president were a former general who was part of an earlier military government, Olusegun Obasanjo was his name, and then a senior official (Olu Falaeh), I think, former finance minister, representing one of the leading political

parties. It was a wild and woolly election. Nigeria is a very large country, with a lot of ethnic and religious pluralism, but marked by quite a bit of divisiveness, and in fact, a civil war that had been fought the previous decade.

In the election we had observers, what we call long-term observers, a small group who go to the country and look at the election campaign, access to media, fairness in election administration, the rules governing registration, etc, etc. This is where they're seeing whether the groundwork for a free and fair election was done properly. And then a large delegation, which in our case, I think, was at least fifty people, would arrive shortly before election day and fan out across the country to watch the election take place.

It was a very interesting election in that the returns were flowing in at a normal pace, except for Rivers province, a very large western province close to the Atlantic Ocean, where our observers reported low turnout of voters in the area, yet very large turnout there was reported by the Election Commission. We were partnered with NDI and had a joint mission for election observation, and we began to get worried about what we were seeing. President Carter became quite displeased and decided that he would leave that night instead of waiting until the next day, when we would normally hold a press conference, because it wasn't clear when the results would be coming in and whether they'd be credible.

The final report that we issued was a "qualified" one with reservations about the election given doubt about late election returns coming in from one section of the country, but the Electoral Commission had already declared General Obasanjo the winner. The European Union also had a delegation there. We all met and discussed, and everyone wanted to see the transition from military to elected civilian government proceed successfully. And I think we could have or not could have, we should have been more outright critical. We were critical, but we did not call it unfair and unfree. Although ultimately, I think that's my own judgment.

But the State Department in Washington saw our first statement following the election and picked out the good parts and proclaimed that an important transition to democracy was occurring in Nigeria. I never felt comfortable with that, and one can say there are sometimes larger concerns, but for the integrity of election monitoring and our own integrity as professionals, it was questionable where there was really free and fair. Anyway, the election results were accepted internationally, and Obasanjo was recognized as legitimate.

Q: Chuck, what was the structure of your operation within the Carter Center? How was it funded? How were decisions made? How did it operate?

COSTELLO: Oh, yes, thank you. That's a good reminder. I always seem to have to remind myself of that, to set the stage properly. The Carter Center is divided into two main program sections. One was Health, the other was called the Peace Program, which included a conflict resolution group and the Democracy Program, which I headed with only a small staff of about half a dozen people. Units were expected to fund themselves,

although I learned later that many of them didn't; but we in the Democracy Program always succeeded in self-funding. By that I mean not drawing on Carter Center core or unrestricted funds to pay for our own internal operation and staff costs.

We would seek funding from an external donor for these election missions, and sometimes we would get that money from AID, and they'd make a grant to us, or we would often put together a proposal with NDI. It would be a joint NDI/Carter Center proposal to implement a grant program together. Sometimes we had funding from European sources. There is a group in Sweden then-named IDEA that does election work and sometimes helped. We had funding from private foundations as well, but the main funder was the U.S. government through AID; and that was in furtherance of U.S. policy to support democratic development, and particularly free and fair elections in countries of interest to the United States.

We, by ourselves or with a partner like NDI, would put together a proposal that would outline what we plan to do and how many people would be involved, and what would be the cost. Typically, the design would be to place a small number ranging from as few as half a dozen to maybe fifteen or twenty of what we call long term observers. They would go into the country in question well before the election and be posted in the capital city and in some of the key centers around the country to be able to report on the things I mentioned earlier about campaigning, freedom of assembly and organization of political parties and civic groups, election law, and pointing out any flaws or problems in hopes that they could be remedied. They'd track the voter registration process, political party compliance with the law, etc, etc.

And then that would feed in from the field to our office. We would typically, by then, have a long term field office director in place in the capital city to coordinate with government and civil society, political party people, the Election Commission and that sort of thing, and then be reporting back to me in Atlanta.

We would usually issue some kind of pre-election report or perhaps two or even three, depending on how much advance lead time we had before the election date, on what was happening and the prospects for a free and fair election or problems that we'd point out and hope to see corrected. That would be followed at election time and then we'd have a larger delegation of volunteers from all walks of life, I guess. But that's perhaps an overstatement.

We would post online that we are going to observe the election in Peru, let's say, and ask for people who might be interested in going as long-term or short-term volunteers. Long-term volunteers would get paid something because they'd be going for as long as six months, perhaps, or at least a month or two in advance. But the short-term members of our delegation were always unpaid, always volunteers.

As for them, we were part of a broader community, let's say, of people interested in a special country, particular countries or regions, or more generally, in democracy and electoral integrity. And typically, these would be the people who would volunteer to join

our delegation. Although we would also often add prominent political figures or private sector or civic leaders from the United States who wanted to do this sort of thing.

So, let's say a small delegation might be fifteen or twenty people, because it might be a small country, or it might just not be such a large-scale mission for one reason or another, or it could be as many as fifty or sixty. And I think that was the case in Nigeria, for example, or later, I recall in Indonesia. So, the observer delegation would fly into a country a couple of days before the election, and then we would brief them on things, everything that we had learned about the electoral process.

We would invite civic leaders and others, university people, political scientists, perhaps election specialists, even some political party figures, I remember, but we were careful about that, so that we seriously remained non-partisan. But perhaps the head of the elections commission, for example, comes in and talks about the preparations they'd made, how they're going to run the election.

And then, the day before elections, typically, we'd fan out around the country, and we typically used a very important scientific tool, a data tool that was loosely tied to our observer delegation, but only loosely. Let me explain it. This is what came to be known by the popular name of "quick count," for getting a read-out for predicting winners. That was not a very good term and we worked to eliminate it although it was popular with the press, because it was confusing. It was not "quick" in the sense that it relied on early returns, because it didn't; and early returns that were not scientifically structured could be very misleading and could end up completely wrong.

What we were doing was really what is called a parallel vote tabulation or "PVT" which involves a scientific statistical sampling of pre-selected voting locations or precincts to give you a representative sample of the electorate. You've made secure arrangements to get the results from those particular locations. Let's say, for example, one hundred; but it needs to be a representative sample. There's no given set number, but it is as a percentage of the total vote or the total number of voting locations. It's quite small, but you get results from those sample precincts, and the methodology has been perfected over time. Let's give a date of 2002 when I was still doing this at the Carter Center.

The tool had only been invented, really, in a scientific sense, for ten or fifteen years, and it was not well understood, but we had already shown that it was quite reliable, and especially as you filled out the parallel vote count. That is to say, if you had a hundred precincts, when you had the first fifty in, you had a pretty good chance already of saying what the final result would be. And as you got closer and closer to all of your voting precincts being tabulated and counted, it was 98 percent certain that you were correctly predicting the winner. This is still considered somewhat controversial, but it is widely used now here in the United States, usually, of course, through media organizations, but it follows the same scientific method of random sample properly weighted to give you reliable end results.

Q: Excuse me, so I kind of tell but interject for the record that I was hired by USAID to do an evaluation of a local election observer in Peru called Asociación Civil Transparencia. On our team was one of the people you hired, one of the key leaders in doing quick counts, Neil Nevitte.

COSTELLO: Due credit to the creators: Neil Nevitte, who's Canadian, and Glenn Conrad who at NDI was their elections expert, were really the inventors of this parallel vote tabulation methodology.

To return to what I was discussing, I'm describing how the Center was set up and how we worked. At the end of election day, all of our observers would return to the capital where we were based and report the good and bad of what they had seen at their sites. In most cases, they would be able to phone in or otherwise get in reports during the course of the day. Our staff there, running the election observation activity in the country, myself included, would be putting things together and we'd be reporting on an ongoing basis to the delegation heads, often, as I said, former President Carter.

Then it would be our job to draw all this evidence and information together and prepare a statement on the election, which would be issued publicly at a press conference the following day, open to questioning from reporters. There we would give our preliminary verdict on the elections, supported almost always with a relatively brief preliminary written report.

If we had done a PVT and felt we had definitive conclusive results already, we would typically make that public. This could be very controversial because it might be well ahead of official results at the time, but it could be vitally important to protecting the integrity of the election if confidence was lacking in the election authorities. Stated simply, it was an important tool to prevent or call out vote rigging as the official count progressed.

Sometimes it would be pretty qualified judgment, or we'd cite problems and say, these need to be worked out, or these should go to an Electoral Court, or whatever the case may be. Or, the best case scenario would be that we'd say "indications are that polling was peaceful and well attended and administered in an orderly fashion, and the results accurately reflect the will of the people expressed at the polls." Of course, beyond the people of the country in question, the whole purpose of doing these was to inform the world with the prestige of a very respected former president, Jimmy Carter, and The Carter Center, known for election observation and a willingness to speak truth to power.

So then we would write up, and it was typically my responsibility, along with staff, I guess, to write up a final report on the elections, which would be published three to six months later for the record, and that would typically be accompanied by a statement by Jimmy Carter for the Carter Center on the electoral process in that given country. So, that's how we worked. I came down to the Carter Center from the Center for Democracy and Governance at AID. I was asked to help develop a fuller set of programs in support of democratic development at the Center, something which to my frustration ultimately

didn't really happen because the Center remained primarily interested in election observation work.

I don't want to take too much time today to talk about these, but I'd like to mention a couple of other important election missions that I managed. One that you mentioned is Peru, where NDI/ Carter Center had a mission for observing the election when President Fujimori was running for re-election and his main challenger was a young politician by the name of Alejandro Toledo. And were you a member of our delegation, or was your...

Q: I was contracted by the Transparencia with USAID/Peru funds to evaluate Transparencia's role in observing the 2000 elections. I worked over a period of a year. I was in and out of Peru seven times, talking to people from the government, from the Prime Minister to Congressmen to leading media to ambassadors and election and people in the human rights community and observing each time what their view was of what Transparencia was doing in the election. It was fascinating.

COSTELLO: It may well have been that group *Transparencia*. We worked very closely with a Peruvian domestic election observation group...

Q: That would have been it. Let me just say that this Transparencia took on a very different role that went far beyond elections, observing, anticipating that the government was going to find other ways to address it. They were watching what was going on in computer systems. They were actively in the media. They were playing a very proactive role. Yes, that's who you would have been with.

COSTELLO: Yes. And their role was very important.

Q: Rafael Roncagliolo was the Director of Transparencia.

COSTELLO: There was intense interest around the election because President Fujimori had earlier carried out a so-called *auto-coup*, or a self-declared *golpe de estado*, eliminating the Congress and ruling mainly by decree; but he had been legitimately elected to the office. Running for reelection he was, as you pointed out, determined to win by all means. We had long-term observers there, and a large delegation fanned out.

With the help of this domestic observer group, we had uncovered problematic political issues. We uncovered the fact that newspapers were refusing to run campaign ads from the opposition parties, and that the opposing parties, especially this leading opponent, were having their rallies disrupted, and were unable to buy ad time on television channels.

If I remember correctly, we held a press conference and released a pre-election report using some language that I crafted that has appeared many times since, and that was picked up immediately by the international press, saying that "irreparable damage" had been done prior to the election. The reporters asked, "are you saying that this won't be a free and fair election?" And we said "no, but the integrity of the electoral process has

been damaged, and as we're now approaching election day that lost ground, so to speak, cannot be made up, so that even if the voting occurs without problems, the opposing parties have been greatly disadvantaged."

Early returns and the count by ONPE showed technical problems, causing delays. Exit polls by media were conflicting - one showed Fujimori ahead, the other Toledo. Continued releases by ONPE showed Fujimori inching toward the 50%+ vote share that would give him a first round victory. Tension mounted, and there were public protests.

NDI/TCC were coordinating closely with Transparencia, who was doing the PVT. They made public their PVT results, which showed Fujimori with 48.73% and Toledo with 41.04% in projecting the final vote split. The PVT had a big impact. The ONPE final count came out more than a week later, showing Fujimori with 49.87% and Toledo with 40.24%, thus requiring a second round run-off election.

What had really happened was that Fujimori backed off. With public protests and international attention, backed by the evidence of a respected PVT, he had ONPE stop just short of declaring a 50%+1 victory and scheduled a run-off. Then, as we know, Toledo ultimately refused to participate, as did the election observation missions, because the second round framework remained seriously flawed. Obviously, Fujimori then won the second round and was declared president-elect; but that result was not widely accepted as valid and legitimate.

Q: Today is Wednesday, February 19, and we are going to pick up where we left off in the last session. Chuck, you were talking about how an elections observation group is organized and put together, and you were ready to start. It's a very interesting one, which I have some knowledge of, Peru. Let's hear it.

COSTELLO: Okay, the Peru case, in the early 2000s, April 9–May 28, 2000. The Carter Center had a grant jointly with National Democratic Institute [NDI] from USAID [United States Agency for International Development] for an observation mission, or observation project, for the presidential elections in Peru, in which Fujimori [Alberto Fujimori 1990–2000] was running for re-election. His leading opponent was a young man who himself had a fascinating personal history, Alejandro Toledo [2001–2006], who had once been a shoe shine boy who got to know Peace Corps volunteers whose shoes he shined, and they took a liking to him. He was very bright. They ended up helping him get an education, and he later went to school at Stanford in the United States.

At the time he was running for president, he had been a senior academic in the business school in Peru [ESAN Graduate School of Business], I believe. We had extensive interviews with him, something that election delegations typically do, we try to sit down either with a small group or in front of our whole observer delegation and talk to the candidates and get their views on the election, trying to understand its dynamics, and of course, with special reference to problematic elements of the electoral process that might bring into question whether the election overall is what we would consider, "free and

fair.”

We had a good size delegation to Peru, and we had observers on the ground well in advance of the election, as was our preferred model, so that you could get a good look at the electoral process unfold, and be able to highlight problems or special items or issues of relevance for the integrity of the process. We had a delegation whose head, by coincidence, involved former USAID Administrator Peter McPherson. Excuse me, he came for the special presidential election in 2001, the ‘fully free and fair’ one, after President Fujimori fled to Japan and resigned the presidency from there. Toledo won the 2001 election.

Q: Oh, really? I didn't know that, fascinating.

COSTELLO: He had been a Peace Corps volunteer in Peru. And so he was delighted to accept our invitation to be a delegation leader. And he was, of course, in political sense, a Republican who had served in a Republican administration, and we always looked for that kind of bipartisan approach to our delegation so that the leadership wasn't seen as slanted in U.S. political terms, one way or another, so we would try to get respected senior public figures.

In Peru, as I mentioned before when I talked about parallel vote counts, I'm going to concentrate on that element in Peru. Following the meetings in Lima, President Carter was a leader of the delegation, certainly the leader representing the Carter Center.

Q: Excuse me, can I ask for clarification? Brian Atwood was a leader and Carter was a leader? Could help explain that.

COSTELLO: I don't believe Brian Atwood was a member of the delegation.

Q: Okay, no problem.

COSTELLO: Often we would have three delegation heads. So that, let's say President Carter would be going, that he wouldn't be the only one, but in such cases, there would always be co-heads to show this kind of pluralism, if I can use that word, in looking for leadership. And the reason for that was to try to eliminate any political partisanship, so that when the mission would issue its report, it would be well respected and not seen as prejudiced or biased, that it was an objective assessment of the election.

Peru was very unusual in one respect, and this is what I'll talk about now, that besides the parallel vote count, you and I discussed it briefly off the record today; Fujimori was very skilled at working the press, working the media, building and maintaining his image. He felt that he would be able to somehow control the narrative about our election observation mission, so he attached great importance to it. He literally named the prime minister as the liaison to the delegation, which was what we'd call the equivalent of a control officer.

He was to spend virtually all of his time with the delegation and attend the meetings and everything of that sort, and to arrange meetings with the president himself. It was not unusual for a Carter Center election mission to be able to meet the incumbent president, because that was part of the information gathering in an attempt to hear the views of the

president at the highest level, and that person, he or she, might be a candidate or might not be a candidate.

But either way, we wanted to have on the record discussions with him, and of course, we met with the other leading candidate several times at length, Alejandro Toledo. We met, I can't remember whether it was twice or three times, at the palace with the president in his office. I do recall quite distinctly that it totaled nearly six hours of discussions, which is an incredible length of time with the president, and he was determined to convince us of his definition of human rights and of what his government stood for, and basically why he should win the election, and why we should recognize that fact.

His definition of human rights, and maybe here I'm going too far astray, but it's quite interesting for the history. Fujimori had what I would call a paternalistic view of leadership and rights. He did have quite a significant program in his government of outreach, better than previous governments at getting outside the capital city of Lima, initiating development projects of one sort or another; and he was very fond of helicoptering out to sites for inauguration of schools or roads or bridges, things of that sort; and showing people how beneficent he was. That would sometimes include handing out cash during visits to show—

Q: Or pots and pans, all kinds of stuff.

COSTELLO: Yes. That was to him meeting basic human needs, and he was, I mean, in one sense, he was right, and we agreed with him and discussed it. But he didn't feel that people had rights as citizens against the government or against him, or that he was limited in any way as to what he'd do. So we had fascinating discussions with him, taking issue with what you might call constitutional issues, rights and responsibilities. Basically, we never reached much of any agreement with him because he really viewed himself as a benevolent dictator, and that was equivalent to being a defender of human rights, a contradiction in terms, actually, but this was the way the man thought.

We had discussions about impediments to the fairness of the electoral process that we had raised or that we had learned about in our interviews and talks with the local NGO partner, in effect, the transparency group in Peru. And he would just brush those things off and deny them, although, of course, we learned later on that his government had bribed all of the leading newspapers and television stations not to air opposition advertising or news coverage.

Q: That's interesting. I wasn't aware of that.

COSTELLO: They paid millions to these people. And of course, people were tempted and succumbed. They got a lot of money and failed to meet their own responsibilities as a free press. But it was also not as if they really had a full free choice. I mean, they would go in and say, "we don't want you selling any ad time to Toledo." And it wasn't as if that was really negotiable, but they would say, "but we'll pay you a million dollars to do it." And so it was pretty easy for them to buy that acceptance.

These are things that came out after the election, and that were described in a later report, maybe alluded to in that report, but then we went back to Peru for the next election after

Fujimori had deposed himself and resigned and fled amid a huge corruption scandal in 2000.

Q: Continue.

COSTELLO: Election Day came in Peru, fraught with controversies and a sense that Fujimori was not willing to cede power because of things he had done earlier on, such as canceling out Congress and the courts to rule by decree. The votes started to come in on election night; our people that returned to the capital, and we were in permanent sessions, shall we say, and in touch with our contacts that we had developed over the course of the mission pre-election and for the election observation mission itself, and we were tracking the returns closely, and we knew that the NGO organization that was also funded by USAID was working on election observation, the Transparency chapter.

Q: It was not Transparencia. It's its own group, Asociación Civil Transparencia (Transparency Civil Association). It's often confused

COSTELLO: We learned or they informed us that they were tracking election returns separately from us, but shall we say, in coordination or alongside of, and that they were subject to a cyber attack, an attempt to hack into their computer and then, of course, invalidate their data. But this had been an anticipated risk, and they had firewalls that prevented the hacking. But it was obvious where the hacking was coming from, it was coming from the Fujimori government.

Something interesting started happening. It was in the evening, and Toledo had taken a lead. We noticed that the National Election Commission numbers were changing strangely. We'd had several meetings, hours long, meetings with the head of the election commission, who was really vocal and saying how he learned from the Americans on how to do election administration, and was committed to doing it honestly and all of this.

And again, looking ahead, we found later that he was on Fujimori's payroll and had instructions, and in fact, a plan for how to falsify numbers if and when needed. So at a point in the evening, Toledo's reported vote totals began to go down instead of up. Well, as returns flow in, that's something that can't happen. You get the numbers. These are the inputs, and if there's a problem with them, then that has to be dealt with later. But what was happening is that they were entering the national election computer system and pulling votes from the vote count so that Toledo's numbers would decrease and that Fujimori would go into the lead.

This, of course, was a pretty clear indication of fraudulent intent. Anyway, election night ended, we released a statement the following day that, of course, would later be built into a final report of Carter Center and NDI for the elections. That was always part of my job. After I'd help, there'd be, usually a drafting group of three or four people, that would put together the preliminary statement that's while we're still in country, and then later on, with more evidence and passing of time, we would prepare a final report. That would be for our funder, AID, but I mean, that would be the report for the world, and that would be my responsibility at the Carter Center, to draft for Carter's signature.

We were highly critical of the election and cited a number of factors. I can't go into all of

the details, but the observation mission pre-election and during election had uncovered enough problems that we certainly would not declare the election free and fair, and we posed serious questions about the validity of the election; and then left the country. I mean, those were not permanent missions.

The OAS [Organization of American States], I think, had a mission, a small mission that I believe, then stayed in the country for some time, looking at some of these same problems, and ultimately issued a very negative report. What happened was that the report was negative, there were protests in the street that Toledo participated in, but there was no violent attempt to resist the official declarations that Fujimori had won and was re-elected as president of Peru.

Q: Can I make a correction? There were two rounds. It was at the next round, a month later, where Fujimori ran and Toledo just dropped out.

COSTELLO: Okay, good, yeah, thank you. I think the fact that they let it go to two rounds was an attempt to show that it was free and fair competition, even though the whole thing was rigged. The important thing that readers will recall, that we started off this discussion with, was the role of the 'quick count,' the parallel vote count or parallel vote tabulation. We did one for Peru.

The way that works is, if you were to see it graphically, you get these early returns, and as the sample begins to fill out, its percentage variation from the final result will shrink, because you're getting more data, and it's leading to an end point where you, ultimately, and I'm not good at describing these things statistically, ultimately get to an end point where the lines meet and you say: given this sample, the probability of the accuracy of this prediction, of the vote count, will be 98 or 99 percent sure.

Our parallel count showed that the official results were not valid, and on that basis, as well as other anecdotal evidence, let's call it, we were sure that there had been fraudulent activity involved with the election. "The final results did not represent the will of the people." That's how it's usually phrased, that the final results disclosed or published do or do not accurately represent the will of the people. So in this case, we said that it didn't.

That's the story of the Peru election. There's a whole longer story about Peru that I don't think we'll cover today, but I mean, Fujimori did leave country when some of these things, this evidence, started to come out, but it most of all was due to the fact that the extensive role of the intelligence chief in buying the election, bribing people, and spending literally millions and millions of dollars, such as for what I mentioned of buying off the newspapers and television stations.

I think Fujimori felt that the military was going to move against him, or that he just couldn't maintain that facade. And again, for readers' information, he was of Japanese descent, a family that had come around the time of World War II, and he went to Japan on official travel. And then, while in Japan, announced that he claimed Japanese citizenship and that he would stay there, and that was also, of course, a means for him to fight any attempted extradition back to Peru to answer for his crimes. I'll stop there.

Q: And to finish that story, he did come back thinking he'd get away with it, and he was

imprisoned, and he recently died. I want to ask you a couple questions. This was not the only elections observation where you saw a lot of questionable practices. What power did the Carter Center or anybody else have to do anything? You give your observations and recommendations, clearly, you kept Fujimori from winning the first round. But what has happened in other instances? Have you been able to actually, if the election is illegitimate, do something about that?

COSTELLO: No. The answer is no. Okay, we have no power. We're only a witness to events. We show the evidence that we have, based on the means at our disposal: parallel vote count, persons at numerous polling stations, analysis of election laws and actions taken by election officials, etc, etc. So you are a witness to what's happening, and then you hope that the people in the country will have some recourse. Sometimes they do, oftentimes they don't. Then what you're doing is talking to our own government, the American government, and more broadly, to the world at large, the international community.

That's the beauty of international election observation, is that enough credibility in those statements issued and the means adopted have built credibility so that international pressure tends to international engagement, let's call it, toward non-acceptance by international actors, including governments and international organizations, when elections are seen as fraudulent, not free and fair.

Q: Right and so in the case of Peru, yes, with the quick count, you were able to bring international attention to it, and there was a lot of pressure from the international community to keep Fujimori from winning at that time, you were very effective.

COSTELLO: Thank you. Yes. I think earlier we did talk about Nigeria as an example, where there turned out to be significant issues. We got, after the fact, more evidence that there was considerable fraud in one major region of the country; but we didn't have that information in hand, or at least not reliably right after the election. Obasanjo [Olusegun Obasanjo 1999–2007], who was declared the winner of that election, took office, and there was doubt expressed about the fairness of the election, but the U.S. government, along with European governments was eager to see the transition from military to civilian rule proceed.

So, in effect, they seized on only positive language in our election report in order to give the election, and its declared victor Obasanjo the benefit of the doubt. President Carter had at this time left Nigeria and was flying back to the United States. I was able to speak with him from Abuja when his plane stopped for refueling in the Canary Islands, and update him on troubling findings that were coming to light.

Our statement, which I drafted, did not congratulate Obasanjo on winning the election. In our statement, because this was typical, we would congratulate the winners and the losers for accepting the results, that sort of thing, that was part of our public statements that would be covered by the media that were important. I drafted it to say something to the effect of, "I have heard the declaration that you've been elected president." It was carefully worded not to say, "I congratulate you on winning the election," and I think that message got through because Obasanjo didn't want to have anything to do thereafter with

The Carter Center.

Q: Can I just interject here? Clearly elections observation was something that Carter placed a lot of emphasis on. What was his role when he led a team?

COSTELLO: Well, Carter would play a very active role in engaging the top level in country. One country that I could cite as a good example of that is Nicaragua, where there were a lot of controversies swirling about the election, and so he would arrange to meet with all the presidential candidates, party leaders, election commission, presidents, etc.

I don't want to call it an actual mediating role, but he would try to help persuade people to the extent necessary to protect the integrity of the electoral process. To the extent that there needed to be acceptance, to get winners and losers to do that in an open and realistic fashion; to help protect the peace as well as the integrity of election process; and to the extent that there were problems we saw as solvable, to help start offering solutions or to get them talking about remedies.

So instead of saying "people should take to the streets," we would first say, "there's an appeal to the electoral commission," or "they haven't finished counting, so don't do anything too soon." It would be an attempt to try to show that we played a useful positive role toward getting an acceptable outcome of the election. But then, if there were serious problems, then to kind of put down the gauntlet, and to say, "you really shouldn't be trying to get away with this." It's going to come out, or here's evidence such as interference at polling sites.

We would be able to have a list of twenty-six polling sites where military who weren't supposed to be at polling sites were there and prevented people from voting. You say, "you can't let this happen and to the extent it did, it's going to come out, and you have to show that you're willing to correct it." These were some of the things, that only somebody like former President Carter or very senior people, like in Latin America, typically, we would get a former president, a former democratically elected president. In Peru, it was a former president of Uruguay, for example, Mr. Lacalle [President Luis Alberto Lacalle 1990–1995].

Q: Okay, thank you. That's helpful. I appreciate it. You've given some excellent examples. What other roles did you play with the Carter Center? Or did it end up being primarily elections observation?

COSTELLO: Well, it ended up being primarily elections observation, which itself is very valuable. I was really pleased, in a professional sense, with the work of The Carter Center and my small staff in Atlanta, and the work that we did to help further democratic governance and human rights of citizens, in various countries around the world. I had built a practice, let's call it a portfolio. I came to The Carter Center knowing that a large portion of the work would be election observation.

But I was recruited having built a certain expertise and reputation as an expert, for lack of a better name to call myself, on doing programs in democratic development and governance that included civil society, strengthening of political parties, and all the various things that USAID was working on worldwide. In my role as director of the

Center for Democracy and Governance, we were working to incorporate all fully into USAID's global strategy for development. On that basis, I was recruited.

I applied for this position I'd heard was open as head of democracy programs and went to Atlanta and was interviewed there, and was interviewed another time in Washington, and it was on the basis of not just coming to do election observation work, but to build out the democracy program into some of these other areas. The big reason for wanting to do that was that the Carter Center was beginning to think in strategic terms of its own self-definition after President Carter would no longer be the head of the Carter Center, when he would retire, and of course, die ultimately.

The idea was that the Carter Center needed to be institutionally stronger and broader in terms of democracy programming, that it not be dependent so much on just election observation, and not so personally, I should say, not so institutionally dependent on the personal involvement of Jimmy Carter, former president of the United States; so that the institution would be able to prosper into the future without him personally.

I found, once I was there, that that wasn't really a view that was shared at the top, to some extent, by Carter himself, but certainly by the coterie or 'insiders group,' to use that term, around Carter at the Carter Center. Unfortunately, I discovered institutionally that people dating to his time in Washington and afterwards sort of attached themselves to him, and in effect, were calling the shots as to program strategy, and it didn't include the kinds of things that I was really recruited to do.

The director of Peace Programs, who was my boss, one step before President Carter himself and the executive director of the Carter Center, were frustrated in that attempt. I decided that it had been a great three years or more, but that the Center wasn't going to go in that direction and I didn't want to be limited in my professional work to election observation missions. That was in late 2002 or early 2003, and I had begun to look around and take some other job.

I was discussing with one of the consulting firms in the U.S., San Francisco-based actually, that does a lot of work under AID contracts and grant agreements on rule of law, that they had an upcoming project in the Dominican Republic, and wanted me to consider accepting a job as Chief of Party for that project. Of course, I had a background in Latin America as well, and fluent in Spanish, and that would have been an overseas assignment, but my wife and I were still up for doing that sort of thing.

That was sort of on the back burner, headed towards the front burner, when the attack on the United States by Al Qaeda—the 9/11 terrorist attacks—occurred, and the decisions were made in Washington to go to war and invade Iraq. USAID was tasked with starting to come up with programs in Iraq, although that's a whole 'nother story as to the disastrous approach headed by the Coalition Provisional Authority (CPA).

As we did the last time. I'll have to jump back to add in some more information about the Carter Center, without going into detail. There's Indonesia, there's East Timor [Timor-Leste].

Q: Sure. So you also had Iraq, which was very substantive. What do you plan to

highlight? Give me a sense.

COSTELLO: I've been doing some reading myself. I've gone back to read three books on Iraq, and two of them mention either me or just RTI [Research Triangle Institute], the group that I was there working with, and thank goodness, as positive actors in Iraq that were getting good things done. For the reasons that you and I already talked about, I'll try to avoid talking much about Iraq, because once I get started on Iraq, it is very difficult to stop. And this is a good conversation right now, because we'll reference my interview with USIP [U.S. Institute of Peace] on Iraq. The long story is there.

I'll speak about Iraq on what, for this historical record and these interested readers, what might be useful, especially as a development person, to have in the record that might not have been covered in the USIP interview, that people can go and look at if they want to.

The only question then is, how much time we want to—so we'll finish Iraq. We'll finish in one session, a little bit of backtracking on Carter Center, and we'll finish Iraq in one session. That would leave: short term consultancies, Bosnia, and lessons learned.

Q: Okay, sounds good. Much as I hate to finish, I've enjoyed this so much.

And by the way, I really found this whole thing fascinating. I wish I had known you guys. I guess you wouldn't have known me for a hole in the wall. But I wish I was operating in another world with good reason, and I had no clue as to what you were up to. But that's really, really fascinating. Did you meet with Montesinos [Vladimiro Montesinos, Former Director of the National Intelligence Service of Peru], by the way, or not?

COSTELLO: No, no. I think it was suggested that we meet with him, and we declined. We decided he would just try to compromise us somehow by the fact of a meeting.

Peru, ultimately, was one of our greatest successes because we did play a significant role in bringing down Fujimori and then legitimizing the true victory of Toledo subsequently. And I think highly of Toledo, and I feel very badly about the charge that he accepted Odebrecht bribe money [alleged \$20M from Odebrecht during his presidency, revealed in 2017]. And probably true.

All right, bye now.

Q: Take care. Bye-bye.

Q: Today is Wednesday, March 5. Chuck is going to complete his description of his work with the Carter Center, focusing on election observation, and then move to a very interesting assignment, which I'm looking forward to hearing about in Iraq. So welcome.

COSTELLO: Thank you, Marcy. Our interview today is taking place at a very amazing time. We could clearly say a historic moment, a Supreme Court ruling today on the Trump administration's attempt to freeze all foreign aid USAID programs and stop disbursement of funds, including for work already completed and documented. It was a

major victory for USAID and foreign assistance, but nonetheless a narrow victory, not on the basic merits of the case as to the unlawfulness of or even unconstitutionality of what the administration is trying to do with USAID appropriated funds and the existence of USAID as a separate agency.

It was a highest court finding for the firms and organizations suing the U.S. government because of the pause, quote, unquote, pause in funding that went all the way up to the Supreme Court. The court has ruled that the judge's order to start up disbursement will not be blocked, and is returning the case to the district court judge who will rule on a preliminary injunction hearing yet this week, I'm told.

The expected outcome at this stage will be that the judge will tell USAID and State that they can't hold up earned disbursements by aid partners and implementers capriciously, as they've been doing. It's one stage in what will be a bigger, longer lawsuit, and one in which some of the damage done to the institution and Foreign Service people in USAID may be irreversible, even if the legal outcomes are favorable.

Picking up from there, we'll go back to The Carter Center because I want to give a little bit of discussion for the record of three other activities that I was involved in that were quite worthy of notice or worthy of being on the record. We've already talked about Nigeria, and in the case of Indonesia, Carter Center was invited along with NDI to form an election observation mission by the interim head of state, a Mr. Habib in Indonesia, who took over the government after popular demonstrations and uprising led to an ouster of the military strong man ruling Indonesia.

This represented a huge opening for a democratic transition, and Mr. Habib called for elections and committed to them being free and fair and inviting international groups to monitor the elections. This, of course, is a huge country stretching out over thousands of miles in the Pacific Ocean. I'm not going into long detail, but I will say that we mounted a very large delegation appropriate for the conditions. We were given freedom of access by the government and carried out a very, very comprehensive Election Observation Mission, and voting proceeded without much violence, limited incidents, and the people flocked to the polls.

This is one thing that I particularly want to note as we were doing another one of these parallel vote tabulations, or PVT. It was a major undertaking, given the size of sample that's required. Anyway, to make a long story short, the elections proceeded in quite a transparent manner, but getting final election results in such a big country not used to free elections was a huge and lengthy undertaking. I don't think it's on the record anywhere but the PVT count was done in conjunction with university faculty and various university locations across the country. They were the partners in receiving the sample results and feeding them in. They did a great job.

We came up a day after the election with what were very definitive, given the methodology, very definitive results. The winners in the election ended up being announced publicly, really based on consultation with these university people, who were,

in fact, backed up by us. That vote count and tabulation was so difficult to get done. As far as I know, it never was officially completed, but final results nonetheless were announced. It's clear that the results were consistent with the data that we had from the PVT, and the outcome of the election was accepted by all parties.

This was a huge democratic transition election for Indonesia after decades of military dictatorship. One in which the Carter Center and NDI, perhaps NRI, but I don't believe so, played a major role in ensuring and backstopping the results that the country accepted and lived by. Now, with the democratic transition after that election in 1999 we're into twenty-five years. Indonesia stayed on the democratic path and has transferred power peacefully in several elections since that time. That was a major democratic transition success.

While we were there and meeting with Habibi, based on some excellent work done by a woman in the Carter Center who focused especially on human rights, she asked me, or in fact, we asked President Carter to bring up the case of an imprisoned East Timor East revolutionary leader, Xanana Gusmao, who was imprisoned. He had led guerrilla forces against the Indonesian takeover of East Timor when Portugal withdrew, a takeover that wasn't recognized by the United Nations, but one to which the United States government, under Nixon/Kissinger, turned a blind eye. Somewhat to our surprise, President Habibi said, "you can go visit him."

And so we went immediately to the prison where he was being held, a group of about six of us senior people, the co-leaders of the delegation. He had been moved from being held in a cell, actually, to being held in a small cottage on the prison grounds. They were affording him a decent treatment. We had a terrific meeting with him, and he asked "if we would press for Indonesia to allow a referendum on Timorese independence," and we then went back to Habibi and did so. He had indicated previously that he might be inclined to do that.

This was something that made the military very unhappy. It had been a major action taken by the military government to invade or just simply take over in East Timor. Habibi agreed to schedule a referendum, and about a year later, I co-led a delegation for The Carter Center. I think it might have been just us. Memory fails me again. This was in 1999, so, twenty-five years or so or more, and we sent an observation mission there, and we had set in place a small staff and long-term observer group well in advance, weeks in advance of the election.

On the day the election was held, I witnessed one of the most moving events that I ever saw, that I ever experienced in my career in international work. We left the capital Dili early in the morning, drove along the coastal road to a polling station that was in a school, an elementary school, a simple school. We got there just as the polling place was opening early in the morning and on the hillside behind the school there were hundreds of people who had trekked through the forest because the government had paid for what I'd call youth gangs to block the roads.

They had trekked through the night, camped out on the school grounds so that they could go in and vote. As the day progressed, within the next hour, as the road became open to traffic - I'm talking about just a dirt road coming down to the coast out of mountainous jungle - people kept appearing, walking in. Nobody had transport. They walked miles to get to the polling place.

Habibi was a man of his word. There was a very large turnout. The vote was overwhelming in favor of independence. Following the referendum, the Indonesian military invaded East Timor to try to annul the results and not let it carry forward. There was already a UN delegation there. They were in a compound. They got shot at over the walls. We didn't get shot at, but these youth gangs that were on the payroll of the military had set up roadblocks everywhere. We were trapped in East Timor with a delegation of fifty or sixty people.

We didn't waste a minute. We made our statements affirming that the referendum result was a 'reflection of the free will' of the Timor East people in favor of independence. Two brave young Carter Center people on my staff made a trek downtown during the middle of the night in the midst of this turmoil to get into the telegraph office and reach Atlanta and ask for help from Atlanta. They chartered a plane from Bali in Indonesia to come to get us. I had called a meeting at our small house in the suburbs where our office was and notified the press, more than a dozen international press who were also trapped. I informed them that we had chartered an airplane to come in to take us out of Timor.

This was at the time when the Australian Government was pressuring the U.S. to do something about this situation. They were willing to intervene there, neighbors across the strait from Timor, who had a World War Two history of support from the people of Timor for Australians hiding from the Japanese. The President authorized U.S. military support for an Australian intervention and further follow-up that would come via our bases in Hawaii and Guam.

With that word of support from the U.S., the Australians just dispatched a quick reaction force and took control of the airport, so the airport was now in friendly hands but we had to be able to get to the airport. We had transport, but there were road blocks between our place, two of them, between our place and the airport. We had, fortunately, quite a few Bahasa speakers in our group, and in our convoy of a number of vehicles and press who also had language skills, but certainly I didn't.

It wasn't the Indonesian military on the ground. They hadn't really invaded yet. That was to happen in the coming days, but they had privately or covertly put these basically youth gangs on the payroll to act like a militia, and had given them small arms and such. They were controlling the roads. We hit the first roadblock, and in classic fashion, we said, "we got to get to the airport. You need to let us go." And they said, "No, you can't go." And this first one was a group of, I'd say, six or eight lightly armed youth. Then we started generously offering them American cigarettes, and that proved to be enough to take the fallen tree from the road, and let us pass.

We found that at the next checkpoint, the same thing worked magically, and so for the price of a few packs of cigarettes, we escaped the blockade. We made it to the airport, and an old DC-6 flew in at what seemed about forty-five miles an hour, but it was what was available for charter. It flew us with a lot of paying passengers because I told the press that we would take them, but they needed to help us defray costs and pay three hundred dollars a seat. We defrayed much of the cost of our chartered airplane by having international press passengers. They were delighted, of course, they could get out-

Q: I call this a real creativity, sir.

COSTELLO: We landed in Bali late in the day, and that night, we had dinner with candlelight in a cabana on the beach in Bali. It was quite a surreal, amazing story, I think worth telling. It's colorful, but it's important substantively. We were able to help and then with our report back up the affirmation of their desire for independence and the leader of the later-elected civilian government, Xanana Gusmão, the leader of Timor East resistance, later was released from prison. He went on to become President or Prime Minister. The country became free and is now a member of the United Nations.

That also was significant in that it was an affirmation of UN participation in decolonization. East Timor was a Portuguese colony, which should have been decolonized, and had a chance to become independent under UN auspices that was denied by the original Indonesian invasion. Then it was ratified through the UN following acceptance of Timor East expression of their free will and voting.

I went on at some length about that one. Partly, I wanted to tell a very exciting story, because sometimes these election observations, they take on some scary aspects. In fact, the two permanent staff members that we had there who stayed on for another two or three weeks or a month- when they left, this was when the Indonesian military was still exercising control, they got to the airport okay or the port, because they evacuated by ship. They had to leave behind the vehicles, so they could leave, but the vehicles didn't. Those were stolen from them. The UN in fact, continued to be under siege for a period of time. Anyhow, that's Indonesia and East Timor.

The last one I wanted to mention, and I'll be brief, is that the Carter Center had, and I believe still has, an election activity called the China Village Elections program. The U.S. had been able to get an invitation from the Chinese government, surprisingly, to observe village level elections, which were opening up in China as part of the liberalization in China. We thought that was very important, because it was seen as maybe pilot attempts that might be a start at the bottom for open elections and move up the level of state entities.

I went three or four times to China to witness these very much at the village level, and they were being held in a fairly open manner. At least ballot secrecy was being respected, and they did public tabulation immediately on chalkboards in front of the whole village. Chinese style, these people would all come in and sit in their assigned chairs, dating back to collectivization days to participate in the elections. I'd like to go on at much greater

length, but I guess for the China program, or Indonesia for that matter, I'd say go to The Carter Center website, because there's extensive documentation there of the work in Indonesia, East Timor and China.

What I can say now, some years later, since, of course, I left the Carter Center in 2003 is that village elections did not lead to any further liberalization of electoral processes in China. Of course, we know today that under Xi Jinping, liberalization has been halted and even reversed in terms of free expression and any willingness to subject themselves to public accountability through elections.

Q: That is indeed fascinating. Thanks so much for sharing these examples.

COSTELLO: Iraq, I will refer you or readers, as you and I agree, to my U.S. Institute of Peace, oral history on my year in Iraq, 2003-2004. That's on the record. For anyone who's interested, you can find it. Again, commenting on the historic moment in which we find ourselves right now, in which the current administration is trying to destroy the international development agencies of the U.S. government. They're trying to eliminate USAID. They're also attempting to eliminate the U.S. Institute of Peace, so they have shut it down as well. Its fate will be in the hands of the courts, I assume, as they fight dismantling in the same way USAID people and partners are fighting the dismemberment of USAID.

What I'd like to add for Iraq, is to say that USAID had, in fact, done quite a bit of preparation for the post-invasion period. Rumsfeld's Pentagon froze USAID out, and a couple of people that had been heavily involved in USAID's preparations were proposed to work on the Pentagon-led team, and they were vetoed. They were vetoed. Anyway, the record is clear that the U.S. invasion was very poorly planned, not militarily, but politically, because it made a very, very, mistaken presumptuous assumption, that U.S. forces could be drawn down within a matter of months after the initial military action was completed.

Q: Not to mention that the U.S. would be welcomed with flowers and chocolates by the Iraqis when they came in. Flowers, at least.

COSTELLO: I must say, based on my own personal experience, that we were welcomed at the beginning. We entered Iraq with RTI International, the consulting development firm that I went to under contract to work in a USAID local government development program. We entered by road from the south via Kuwait. There they were delighted to see Saddam overthrown, and on our initial trips into Iraq people were very friendly to us.

There were sorties from Kuwait in which we would only be there in the day and go back to Kuwait, or we would go to Basra and work there and stay overnight sleeping on the floor at the British military camp. We had set up our home base in Kuwait until we could actually move into the country. The people were very friendly and happy about what we had done. The talk about hope that we'd be welcomed with flowers and chocolates really refers to how badly the occupation was ultimately mishandled.

Q: Yes, I was referring to that, and dropped the chocolates. It was the flowers.

COSTELLO: Yes, but that happened pretty quickly, because the military was not prepared to establish order; and literally Rumsfeld said dismissively ‘shit happens,’ because the U.S. military stood by while there were mobs destroying state infrastructure, government offices, everything. It could have been prevented, but they were just following orders from on high. Our work in Iraq started out having to try to find somebody who had copper wire so we could rewire offices or the plumbing- everything was stripped.

It was an expression of outrage, but it made it so difficult to re-establish state functions. The inability to re-establish state functions led to the distaste for occupying soldiers. This was the U.S. fault, as well documented in a number of very good books about Iraq. It made the work of reconstruction extremely difficult. I will make a pitch here, or a defense to some extent of USAID and its efforts in Iraq, because USAID went in there and they had some good quick response teams working, especially reaching out to civil society groups and doing sorts of emergency repair. We were able to do that. We had a small grants program that could provide funding within forty-eight hours for small activities.

Q: May I just ask? What was your assignment? What were you asked to do?

COSTELLO: We were asked to re-establish functioning local government, and then the process, according to the scope of work, participate in the democratization of the Iraqi government by having some functions and authorities and funding available to provincial and local governments to change the totally centralized government of Saddam Hussein.

Q: Okay, thank you.

COSTELLO: I guess I still, even if I've referred people to the USIP interview, I have to say we had a very large project with a budget of hundred and fifty million dollars I believe in the first year.

Q: Wow. Was this just for RTI? My gosh!

COSTELLO: Yes. I've never, ‘oh my gosh’ is right. I had never seen such a challenge in development. That's one of the main reasons I and a number of senior retired foreign service officers served in Iraq as contractors or even as senior personnel for CPA, the Coalition Provisional Authority. Their officers for Baghdad, civilian, were usually USAID Foreign Service colleagues of mine that I had served overseas with.

Anyway, what I want to say for this kind of a history is that in spite of a very difficult environment to work in, we RTI International on behalf of USAID on behalf of the United States government, we mobilized a team within one month to put quote, unquote civilian boots on the ground. We were tasked with opening offices in every provincial capital but one. We did that within three months. This and we placed eight hundred expat

personnel. I'm sorry, I'll have to back up on that number- we placed two hundred expat personnel on the ground within months, all around the country, something that was a governance input far superior to what CPA installed ever in Iraq.

Q: Let me unpack that. For the reader and myself. So CPA was not involved in this area, or they were, and they were doing it in a parallel fashion? I'm just trying to understand the context.

COSTELLO: No, CPA was not carrying out a local government project. They tried to get people into provincial governor's offices and have a CPA rep with responsibilities for oversight of activities by the Iraqi government and by U.S. forces. But were they attempting to carry out a project of this sort? No, they did have a kind of liaison role with local officials, mainly at the provincial government or major city level.

CPA people had security provided to them, either from the military or other contracted services. We were told we had to provide for our own security. We took our two hundred staff and quickly built a professional Iraqi supporting staff. This is why I say that, yes, they did welcome us, because we just put out feelers and people self-selected. We had people coming in saying, "We want to work with you. "I'm a water engineer in the water department." We built in a matter of a couple of months, a highly qualified staff nationwide in response to the need.

Although unfortunately, at the very beginning, most of the work we had to do was to just get contractors into renovated offices and re-install the telephone, and put the lights back on, literally. We also contracted for our own security, using one of the amazing sources in the market of former Australian Special Operations officers and some French Foreign Legion veterans who were dedicated to private protection internationally. These were all people trained in protection. These were not just people you pick up off the street.

We put two of those officers in each of our offices around the country and a home base of eight or ten in the office in the green zone in Baghdad, which we set up in what had been Hussein's son Uday's palace. That building was bombed out, but the outer buildings were usable, and that's where we set up. We built a protection force that was Iraqis, again, willing to defend us as need be in an unsafe environment. And we gave them arms and-

Q: Wait, wait. You brought in the Australians, who then teamed up with the host country, Iraqis?

COSTELLO: Basically, they were the expats. Their task was to recruit locally-

Q: Ok perfect.

COSTELLO: -and sufficient to provide 'shooter support,' as it's called, for field visits by staff and for security, for the housing that we were able to find for staff in office quarters, usually office and housing was the same. What I want to get on to the record is that it can be done. USAID knew how to do it, right? It was a huge challenge. We had an excellent

scope of work from USAID. We mobilized brilliantly to put teams on the ground quickly with the right skills and ability to start work immediately with the Iraqi counterparts. That project, we had a lot of money, and we were more efficient in spending it than the government. I think, although the military can spend money like you won't believe, the CPA was incapable of doing most things.

We had Saudi Arabia and Kuwait close at hand. We started having trailers, 'single wides,' trucked in and you could have housing immediately. We had vehicles brought in in great numbers, driving Chevy Suburbans and so on and so forth. We staffed up, we geared up to do our work, and we did it well. We spent a hundred and twelve million dollars in year one. Congress was so concerned about USAID letting all these big contracts on a rush basis that they required USAID to come back to Congress in one year for Congress (staffers) to see what was being done before USAID could offer to take up its renewal option.

The RTI contract was the only contract where the Hill said, "No problems, exercise your renewal. Keep them going. They're doing good work." The CPA told us the same thing. If you read the books on Iraq, you'll see us mentioned favorably as well. What I'm saying is a puff piece for me, perhaps, because I was a co-leader of that project.

The real point I'm trying to make is that the U.S. could have and should have managed the reconstruction of Iraq in a way that might have averted the growth of the major insurgency and the resulting civil war, and the U.S. failure to be able to transfer power back to Iraqis without having to call on the UN to come in after the collapse of the caucus system that CPA had dreamed up. In the end, one senior rep from the United Nations, essentially working privately, consulted widely and named who would be the leaders of that interim Iraqi government preceding elections.

Well, I could talk for hours and hours about Iraq, but this is not the place; I hope that anyone interested can find more at the U.S. Institute of Peace website. If it hasn't been taken down by the jerks now in charge; it's probably been taken down. I pray it will be back up again.

Q: But you also have an oral history that describes this.. This is exactly the shot in the arm we need about the way to do things, right. If we had more time, I'd ask how things went over time, but yes, why is it that we can't learn this lesson, that this is the way it has to work because it's common sense. What you did was excellent common sense, right?

COSTELLO: Well, the reason it didn't work, and I curse him in his grave, is because Donald Rumsfeld had a theory of war and the use of the U.S. military which said you don't go in with 300,000 to 400,000 troops and effectively occupy the country for the time needed to get it reconstructed, which would mean at least two years. Instead, he denied the U.S. military the forces that it requested and insisted on the 'speed and lethality doctrine' in which you could go in with the smallest force and then everything presumably would sort itself out afterwards. I guess.

He intended to pull out troops within three to four months. And then, of course, that broke down. It wasn't possible because the country was in a chaotic state, and people were beginning to take up arms against the occupying forces. That wouldn't have been necessary if the U.S. had put in necessary troops to occupy, establish order and get the reconstruction process going in a proper fashion.

The disaster that Iraq turned out to be from a political/military standpoint was the fault of Donald Rumsfeld, Feith in his office and a number of others, but really wasn't the fault of the U.S. military. I give the military much more credit for their use of force when they went in and for what they did to try to occupy the place and get things quieted down. Much more common sense than CPA.

Q: Chuck, it comes back to the key element in all of this, which is leadership. Leadership from us, your leadership, co leadership was a good example. But we don't seem to learn this. We seem to repeat it over and over again. This last session has really been intriguing. Thank you so much. I think we'll stop here and then we'll take up the rest at the next session. I'm going to put us on hold.

Q: Today is Wednesday, March 12. Last session, Chuck shared with us his experience in Iraq, which was very unusual, and a good example of how to do it right. Now we're going to hear about Chuck's work in Bosnia, having retired from USAID, Chuck.

COSTELLO: Yes, thank you. I'll start with a very brief statement similar to the one I made last interview and that you suggested I get on the record, which is that we're doing these interviews right at the time when the current administration, the Trump administration, is attempting to cancel basically all foreign assistance programs and dismantling the complete overseas infrastructure of USAID, USAID missions and Foreign Service personnel that are the ones who carry out these programs.

It represents more than just canceling a bunch of projects or programs. It is an attempt, it's quite literal and quite deliberate, to destroy the U.S. capability to do these things and leaving only what small percentage of programs that weren't canceled are now going to be managed from the State Department.

Alongside that are the USAID partners, the consulting firms that USAID contracts with and a whole range of NGOs, private voluntary organizations, that receive USAID funding and taken as a whole, that carry out most of the aid program in a practical implementation sense. They won a lawsuit recently in federal district court in which the freeze, the ninety day freeze on all foreign assistance programs was blocked or supposedly blocked by judicial order. There was pretty serious non-compliance with that order by the administration that had this judge very upset, and he reiterated his order that was appealed all the way up to the Supreme Court, which issued a stay of just a few days and sent it back.

But the Supreme Court's decision, in effect, was a rebuff of the administration, saying that this is a matter that properly is being considered by the court and judge. His name is Ali. Judge Ali, just this week, ruled on a rehearing of this case that USAID and State needed to as quickly as possible set benchmark daily rates to pay all of these implementers everything that was owed to them for the work having been done. That's a considerable or important victory.

However, in what I consider a phony or sham process, led by this character, Morocco, the so-called review underway of USAID programs led to cutting 90 percent of them. They came back into court with this song and dance about how careful the review was. The judge, let's say he was skeptical. I'd say he clearly didn't believe it. There was the record, and it was, there had been, I think six weeks of time had passed, theoretically there was now time to do a review, even though the original review was said to take ninety days, and a couple of weeks had in fact gone by. The administration had gone ahead, before this final hearing, and canceled 90 percent of these grants.

That was based, I assume, on the authority that they have inside contracts and grant agreements to a cancellation right for convenience of the government. I think he realized these were not good faith cancellations, that they were radical ideological decisions in an attempt to get rid of most foreign aid programs. But he did not rule in favor of the plaintiffs, the complaining NGOs and contractors, forcing AID and State to restart all of those activities, so there will be more judicial proceedings.

It was, on the one hand a victory, and on the other hand a terrible defeat because most of these firms will not be able to continue without renewed funding, and have, in the meantime, had to lay off much of their staff. That kind of USAID foreign assistance delivery capability - that was an essential part of USAID's overall capability - is being destroyed and would not be easily replaced. They've really been very destructive, and it remains to be seen when and if a meaningful foreign assistance program can be put back together.

The judge, however, made a very important ruling. Unfortunately, it doesn't benefit the implementers of USAID programs here and now or stop the cancellations. But he went straight to the constitutional issue of separation of powers, and said that the administration cancellation of what could be as much as forty billion dollars in appropriated funds and a stated intention not to continue these programs exceeded the executive's constitutional authority because these were appropriated funds from the Congress. They made a decision by doing so that those were to be spent. The administration couldn't simply decide, "oh no, we're not going to carry out programs of this sort, and we're not going to spend this money. And it will lead to-"

Q: But Chuck, let me play devil's advocate here, I agree with you and I agree with him, but you say will remain, and they will be using some of that funding this year. So how does that work within that argument, remember, they're saying, USAID is not over. We've just changed it, and we're not going to tell you what we're going to put in and how much. Just curious as a lawyer.

COSTELLO: One of the issues has been whether or not the executive could eliminate USAID, which they have seemed to have every intention of doing, but the strongest legal argument or viewpoint is, no they can't eliminate AID because it's a statutory agency created by Congress. However, they seem to be able to get away with destroying, dismantling USAID and leaving it as a shell of its former self. They'll say, in one form or another, "Oh, yeah, USAID still exists as this part of the State Department now. They used to have 10,000 people. Now they have three hundred. They used to have missions in sixty countries. Now they have none." We RIF'ed most of the Foreign Service, etc, etc.

But those are probably enough to withstand a claim that they've illegally acted unlawfully to dissolve USAID. They've been very clever about this. They've definitely done planning and they have been able to bring home Foreign Service personnel after an initial temporary restraining order by getting the courts to admit that these are basically personnel movements on a large scale. But it's all part of the intent to destroy USAID, including USAID's people.

Q: I think one of the things you said, Chuck, this has been carefully planned. This wasn't just a boom, this was planned.

COSTELLO: Yes, okay, so, but what the judge is saying and this could end up back in the Supreme Court. I'm surprised that at the preliminary injunction stage of a case that he found that the attempt to stop the program, basically of foreign assistance with billions of dollars appropriated by Congress was unlawful, unconstitutional. He probably could have ducked that issue. I think he relishes it, and he wrote at length in a forty-eight page opinion about why this issue goes to the core of the separation of powers under our constitution.

Ironically, here USAID may basically go down and foreign assistance, who knows what, but a judge has basically said, "you have to continue this program because Congress has appropriated funds for it, and it's not your choice. It's not your option to say you're not going to do it." If and when, and probably the Trump administration will say, "we're not going to spend that money," say it's all terrible, then they'll face the Impoundment Act and other such lawsuits.

The Congress, with a beaten down Republican majority in both houses, is likely not to contest the administration's action here. Normally, the Congress would be outraged that the executive says that it didn't matter that Congress had appropriated money. "We don't want to do it, so we're not going to do it."

But this clearly will be litigated in a number of instances. USAID may be the first one in line, and it will be a big issue in front of the Supreme Court, based on the court's ruling, in that first treatment, which went five to four against the government. When this issue comes back in constitutional form, it's going to be, this would be quite a dramatic case indeed. I'm putting that on the record.

Q: Thank you. Glad you did.

COSTELLO: Even though it is, of course, just current history to try to juxtapose against the interviews I'm doing about what I've done in the past.

Q: I would like to make a record here, which is that these words are being said by an accomplished lawyer, not just anybody.

COSTELLO: Thank you. Thank you. I was a lawyer professionally at USAID for a number of years and in private practice prior to that, and so yes, I know the Foreign Assistance Act well, and have dealt with some constitutional issues in practice. I've given it a lot of thought and I definitely concur with the judges review of the facts and the law in this case, but we'll have to see. It's definitely going to arise, if not because of the USAID case.

The administration is following essentially the same playbook now with the Department of Education. State attorney generals have already won a temporary restraining order from a federal judge, not against the big cuts that have begun at the department, but against, in almost identical form, to what was done at USAID, against a cancellation of Department of Education-funded teacher training for special needs schools.

That, again, is one where we need to see if it's just dealt with as a one contract out of many, saying "Here's why we don't like it," that's one case or fact situation, or is it going to be dealt with that "you're trying to not do something for which the Congress specifically allocated funds. It's not within your power to do so." That is what is now in court based on a lawsuit filed by six State attorneys general, but it is very similar in terms of the legal issues. Enough said on that.

We finished our last interview with Iraq, and I referred people for greater length or detail of my development experiences there to the oral history I did with the U.S. Institute of Peace, which, by the way, this administration is also trying to eliminate, even though it is established by act of Congress. Now, after I left Iraq, I thought I was going to retire. I'd retired from Foreign Service and had part of a pension at least. I was going to move back to my home state, California, with my new wife whom I had married just a couple of years before. Her daughter was out here in Southern California, which was another reason to come here.

But what I found was that retirement didn't really suit me. I needed to be more active, and it wasn't going to be based on hobbies such as golf or travel that would fill out a life. I started to do short term consulting with a couple of selected firms in the area of democracy/governance and of rule of law, and project evaluations or program strategy documents, that sort of thing. It was during these years of 2004 to 2007 and some ten years after 2009, where I continued, where I was now working on the same kinds of development issues in the same sorts of countries, and finding it very interesting as I always have, and challenging.

But again, for the benefit of this history. I was no longer in USAID - I was acting as an advisor or implementer to USAID, or to USAID contractors and grantees. I wouldn't want to say it was the 'other side of the table' because we are considered partners, quote, unquote, but to some extent, it definitely is the other side of the table because USAID is watching over you, especially in the case of contracts. Even under grant instruments like grants and cooperative agreements, they have oversight authorities, and you always have to put in action plans and that sort of thing for their review and approval.

I did a number of consulting assignments, again, starting late in 2004, but for our purposes of saving some time, we'll just skip over those, and I'll tell you how I ended up going to Bosnia in 2007.

I was asked by a development consulting firm whose principals I knew well and respected. I was able to be pretty choosy in what work I'd take. Democracy International had a contract to review a rule of law project underway in Bosnia-Herzegovina. I and two others went out there and spent three weeks in the country. We were analyzing the project and interviewing people, and came back to write up the full mid-project or mid-term evaluation. We felt it was quite a good project, with a very good concept or 'theory of change,' and a good team on the ground, and well focused.

Anyway, there were things that we felt could be improved upon, and said so in our evaluation, but we gave it pretty high marks, unlike some other USAID projects that I'd evaluated where their implementers had gone off track. Well, the story would have ended there, as the evaluation was probably done in 2005, maybe 2006. Anyway, at the end of 2006 or early 2007 I got a call from the firm that had the contract for that project in Bosnia, East West Management Institute known as EWMI.

They said, "We're calling to see if you'd be interested in coming out and working for us on a long-term assignment, for a two-year assignment in Bosnia as Chief of Party of this justice sector reform project." Well, I was amazed, as my wife was happy to see me do some consulting on the side, but we weren't planning to go overseas long-term anymore.

But I had found the project to be very interesting in a field that I had a lot of experience in and so I felt that a cutting edge project could be very valuable for the body of learning on rule of law, as well as being just a really good project in Bosnia.

It turns out that the Mission Director did not have a good relationship with the Chief of Party there in the project. A couple of things happened that soured her on him for whatever reason. There was an incident where he didn't go over to what's the other side of the country, basically, for some kind of inauguration of an activity that she thought he was going to attend. She billed it as important, and he didn't, and that seemed to be the straw that broke the camel's back. She told EWMI that she wanted him recalled and to get a new Chief of Party.

I'd gotten to know people at the Mission, including the director, as part of the work there on that project evaluation. EWMI said, "Well, we've heard your complaints about so and

so, but tell us about sort of what you're looking for. We're going to have to go out and recruit somebody." Apparently she said, "Well, see if you can find somebody like Chuck Costello." That made me laugh, because he said, "Well, yeah, that's why we decided to call you. She was our own best recruiter, and we wanted to know if you're interested in taking that job with the project, and what you think of the country, etc, etc."

Anyway, it seemed exciting. My wife is game for such things. And so we said, "yes, we'll go." I spent two years in Bosnia as the Chief of Party for that project. Bosnia, again, was apparently, the kind of country that I'm drawn to for whatever reasons, ones that have gone through the agony of civil war or unrest and a need to reconstruct and put things back together again. These were the cases of Guatemala and El Salvador, my work in Timor and a couple of other places.

So Bosnia, without going too much into the history of the war there, called a civil war by most observers who aren't knowledgeable about the history. It was the former Yugoslavia breaking up not long after Tito's death with the collapse of the Soviet Union and Eastern European communist regimes split off. Bosnia is a country that has recognized a lot of cultural and ethnic differences.

For a communist country it was quite decentralized, and they recognized almost country status or republic status as to the constituent parts: Serbia, Slovenia, Macedonia, Bosnia, and Croatia. The militant ethnic nationalism that I fear we're beginning to see in our own country was happening there under the leadership of Milosevic in Serbia, which was the biggest of the group, and where the national capital was.

He began to try to expand his reach by claiming that wherever there were Serbs, the country was called Serbia, that you're defined ethnically, that wherever there were Serbs anywhere in the previous Yugoslavia he should rule, or Serbia should be in charge. Sounds similar to some things we're hearing from our own president, amazingly enough about Canada, for example. He began to pressure and take military sorties against some of the other Yugoslav republics, and most notably Bosnia-Herzegovina, because it had a significant Catholic Eastern Rite population of ethnic Serbs. It had a majority Muslim population and a significant Roman Catholic population of Croatian ethnicity.

Anyway, what he did ultimately was invade Bosnia using as a pretext Bosnian Serbs, the Bosnian Serbian ethnicity that he claimed were being discriminated against and oppressed, and he said that they were going to be liberated. There was considerable sentiment pro-Serb among Bosnian Serbs. Anyway, the truth of the matter is on the historical record, but it's often not recognized by observers. Milosevic started a war in Bosnia.

The war then took on what seemed to be the characteristics of a civil war, because Bosnian Serbs, armed by Serbia and with Serbian military support, did most of the fighting and the incursions into the territory of the rest of the country. The Bosnians, which by this time were more or less identified with the Muslim population, took up arms

to defend themselves, as did the Croats in Croatia, who were also under assault in their eastern half of their country where there are a significant number of ethnic Serbs.

The war turned into the worst conflict since World War II. Again, it became a very, very bloody war, and one marked by atrocities later judged to be genocidal on the part of Serbs against Muslim populations, in particular one famous massacre in Srebrenica in Bosnia.

The U.S. led a diplomatic effort to bring the war to a close, led by Special Envoy Richard Holbrook. It was a very successful mission in the sense that it worked to stop the fighting. The U.S. had engaged militarily by this point to try to force Serbia into some settlement by air strikes against Serbia, (for example, that would be repeated later on in the case of Kosovo, but that's later) It was the Dayton Peace Accords, as they are referred to. The parties were locked up at a Dayton, Ohio Air Force Base until they could agree.

They created a new Bosnia-Herzegovina state, which had three constituent parts, a basically Croatian part, basically Serb and a basically Bosnian Muslim part, and that's where we are today. But it was a very unsatisfactory constitutional settlement. It gave not enough authority to the central government to adequately reunite the nation and basically allowed the Serbian entity to veto a lot of central government actions. Anyway, the country was still quite divided.

However, as part of the constitutional settlement and the agreement there were international members placed on the country's highest court to deal with human rights genocide cases and to try to ensure that there would be true justice, impartial justice. As a corollary to that which turned out, from our point of view, U.S. or USAID, to be very valuable, was that they retained the judiciary as a national body. For example, there would be a local Ministry of Roads in the Bosnian entity, and there would be another one with probably the same name over in Croatia; but there was still a unified national judiciary and a High Judicial and Prosecutorial Council, HJPC, in charge of overall management and discipline of the prosecution and the judiciary.

There was an ability to deal with the judiciary the way you'd like to find them, of judges who weren't being assigned on the basis of ethnicity, and didn't answer to one of the quote, unquote entity governments, but only to the national government through the HJPC. There was still, I discovered, quite a pride in the judiciary in this fact. They had received some international help from the start, from EU sources and the UN. But USAID was really the first major donor engagement, I think, of some thirty million dollars over a five year project to strengthen the independence and the performance of the judiciary.

It was based on a theory of change or a model that was, I thought, quite creative. I've argued for it in other cases since that time. It was a 'model courts' approach in which you look at judiciaries at a provincial or municipal level that were most open to change and had greatest needs in terms of, say, case loads and such, and sign them up as model court to get the full package of assistance, which started with a customer service orientation.

The chief judge has a management model, bringing together other judges, court technical staff and even administrative staff in judicial offices to articulate a theory of change, of how they're going to get better and draw up plans to do so. We provided some important technical inputs, for example, introduction of electronic case management systems for the entire court, which greatly improved their management of their caseload.

Q: Can I come in with a context question? Was USAID the only donor involved working in this area, or were there other donors as well? And if so, how did you coordinate that? But how did that work?

COSTELLO: USAID was the only donor working directly with the courts. In what we would call trial courts there was still some international assistance involvement. And as I said, even international judges sitting on the high court and they were getting technical assistance to deal with these difficult, complicated cases such as war time crimes and genocide. There was a minor involvement of the British Department for International Development (DFID) office in working with the national government ministry of justice, with which there was some overlap with courts.

They were basically working in a different place on different things, but there was a need for some coordination. We would meet periodically to see to it that we weren't tripping over each other. However, the model court system was well received by judges, and built into the program was an effort to be able to draw in other chief judges to see what was going on in the model courts, and see whether they wanted to introduce that so that we could take this to scale. That's what we did over the life of the project.

I won't go into much more detail, except to say that I think it was a very successful project. We had excellent support from USAID. We had good money. We had, as is true in all the work that USAID did, starting in the late 80s in Central and Eastern Europe, a human capital endowment that's much stronger than what we're used to in most of the developing countries where we work. You have virtually entirely literate populations. You have well educated judges behind the bench in most cases. But I mean, you found people who were ready and willing to incorporate higher level approaches, more efficient, more productive approaches to their work, that we were in a position to bring to them. It was a very satisfying project.

It also involved some physical investments, most notably the Srebrenica courthouse, which had been badly damaged. Many courthouses were damaged or destroyed during the war. We didn't do a whole lot of rebuilding, but we did a lot of repairs. Part of that always involved changing the layout of judicial offices, which used to have iron bars or screens, and you go up to a counter like you're paying a bill, and try to get somebody from inside, the office group there to come and help you. We changed it so everything was open to the public and there was signage so that, if you're interested in filing a case, go to that end of the counter, to make these things all more open to the public and the sense of accountability of the judiciary to provide customer service.

We did a lot of that. It was much appreciated by the public to help build confidence. We did surveys periodically on trust level and customer satisfaction, and found that the judiciary ranked high within government as to citizen satisfaction. I like that project a lot, and maybe I was just lucky because I had been a senior aid official in a previous incarnation and had considerable technical expertise in the rule of law field as well.

The USAID Mission gave us a lot of latitude. They didn't try micromanaging us or second guessing us all the time, which, again, for the record, seen from the contractor side of the table, is sometimes a problem in working with USAID Missions. We didn't have a problem and we, I think, kept the Mission happy. We had a USAID FSN officer for democracy/rule of law, that sector, a woman who was quite capable. We had a good, close working relationship with her, and we'd go to the field together oftentimes.

There was a good understanding of what was going on, and the government was very pleased with progress being made. Also, there was still a European supervisory body and a UN representative for Bosnia overseeing the peace accords, and so we kept them informed too.

Anyway, I just hope this is helpful, showing that aid could play a critical governance role in a country that had been almost torn apart by civil conflict, and where restoring basic governance services to the public in an efficient and accountable way was a really critical part of building a successful democracy in that country. This, I think, contributed to that progress.

Unfortunately, over the longer term, the limitations constitutionally of the Dayton Accords have held Bosnia back to a great extent, and it's been continued Serb intransigence in the Serbian part of the country that has made it hard to reintegrate the country fully as it once was.

Though the country is known mainly as Bosnia, officially, it is Bosnia-Herzegovina. Herzegovina exists as one of the three entities within the Bosnian state, and it is principally ethnic Croatian, but our project worked in all three of the entities. (There is an independent state of Croatia, of course).

We were able to work pretty much avoiding or bridging the ethnic tensions or the structural tensions built into the country divided into three parts that way with a weak central government, because we dealt with the unified judiciary; and it was really important for the future to have that kind of a functioning institution for what was to be one of the three branches of government set up, under a parliamentary system with that same notion of separation of powers among the branches.

Q: Can I ask you a question about what this was? Fifteen, twenty years ago, right? Have you been able to keep up with what happened afterwards? I mean, a lot of this is obviously outside of the control of USAID.

COSTELLO: I've had some ability to follow. Bosnia has applied to join the European Union, and they are still in what seems to be a never ending process of preliminary discussions. I don't believe they've achieved formal candidate status yet. It's really the continued intransigence of the so-called Serb Republic of Bosnia that has made it difficult for the country to meet the accession requirements, having to do with that whole range of areas in which your body of law, your regulatory system, your market arrangements and so on, would meet European Union standards. As part of it, the EC, the European Commission, does an annual report on Bosnia, and the judiciary is one of the sectors that is covered.

I haven't read it now for a couple of years, but I'd read it every couple of years and would find that it tended to be a bright spot and one where they showed progress. What I've heard just sort of on the grapevine more recently is that there's been some backsliding and that some cracks or cleavages along the ethnic divisions lines are affecting the judiciary and the prosecutorial service. That would be very unfortunate, but not surprising, because if the judiciary was something of an outlier, what was needed was for the rest of the national unification process to grow, to advance a pace with the judiciary as a driver, and lacking that I wouldn't be surprised if there's been some backsliding.

The project overall, in the closing report, is on the USAID website if you can access it, knowing that this administration took down the USAID website, a great library of learning and development accessible to the world. The project hadn't quite ended when we came back home after two years. The project had another year and a half, perhaps to go, and it ended as what was considered a successful project.

It always leaves the larger question of ultimate impact beyond the affected beneficiaries, the customers, users of courts. Administration of justice, I think you could say, has improved; but the rule of law in Bosnia is a bigger issue depending on their democratic governance progress. It has to be fitted into that larger piece where we know there are still significant problems.

Be that as it may, it was a case where I think a good working relationship between a USAID Mission and the implementer (EWMI) it had chosen to carry out what was a well-designed project could, in fact, deliver successful outcomes and was worth the investment. Certainly, if you look at it as this administration is looking at foreign assistance right now and saying "it's useless, it doesn't do anything, it's unnecessary," that's totally false.

From the point of view of peace in Europe and U.S. interest in that and of improving justice in another country, which in turn is useful to our country for market purposes, investment purposes, etc., this was a good investment of U.S. taxpayer dollars.

Q: Thank you. Both of these experiences, Iraq and Bosnia are indeed fascinating. Going back to the theme of where USAID is now or isn't. I kind of put out a statement on LinkedIn and others on the USAID as we knew it is no longer but I think one of the challenges is that all the media attention has been on Africa, where, rather than building

capabilities, which is, I think what USAID strength is, and why we're doing mass delivery of services. There's no sense among the taxpayer of what we were doing to build capabilities, which is, I think, why USAID began. Anyway, well, thank you so much, and I look forward to our last session, and I'm going to sign off now.

Q: Today is March 19, and I am continuing the interview with Chuck Costello. It's been an amazing experience. This is interview twenty, and we are finally getting to a fascinating point on top of a fascinating interview where Chuck is going to share with us lessons learned. What he doesn't mention is that beyond Bosnia and Iraq, he did a whole number of short term consultancies, but we will pass by those for the moment. Please share with us your wisdom based on all these years working with and for USAID [U.S. Agency for International Development] and what you can share in terms of lessons learned.

COSTELLO: Okay, thank you, Marcy, one of the things that impressed me over the years in development work was an adage that is often used by people who recognize the work of those who've gone before them, and it's used in civil rights language; oftentimes it is to say that 'you are standing on the shoulders of those who have gone before you.' That is really what development work is all about and that will lead me soon into a question about, how do you evaluate or measure effectiveness in development work, or let's refer to it as foreign aid, as aid programs.

I'll use Guatemala as a country example, it's a country I know quite well. It's a country that has had for many, many years, centuries, we can say, an indigenous people majority. It's probably— it's shrinking over time, but I think it safe to say that probably half of Guatemalans still identify as indigenous. Indian is the term normally used for that population, but of course, it's now more appropriate to refer to them as indigenous or Mayan peoples. This is a population that is by far the poorest and by human development, standards of health, longevity, income and such measures far poorer or less developed than the rest of the country.

The Indian population is concentrated. I'm oversimplifying, but need to for this example. They tend to be concentrated in the north, northwestern half of the country. Now the USAID program was looking to reach, what was for a while considered the marching orders for AID, the 'poorest of the poor.' This was the part of Guatemala that most needed assistance for advancement in terms of standard of living. They also tended to be a marginalized population in terms of acceptance or recognition of their rights as citizens equal before the law, that notion. In most of those areas the supposed language of Guatemala, Spanish, is not used on a daily basis. They use indigenous languages.

Well, what I'm trying to paint is that— you can expect that when Chuck Costello was director of USAID/Guatemala for nearly four years in the mid 1980s, or not to personalize it --the USAID program -- in those four years was not going to dramatically

change the lives of half the Guatemalan population. The USAID program operated nationwide, with a variety of activities in many different sectors; but the concentration of investment by USAID was in what was referred to as the Highlands where the Indian population lived (or had centuries before actually been pushed up into the mountains so that the other more productive lands could be grabbed by the Spanish ‘invaders.’)

In the time I was there we had agricultural development programs directed towards small farmers. We had bilingual education programs so that indigenous-speaking children would be able to go to basic primary school in their own language. We had health programs so that the health system, which typically didn't reach beyond major cities, could operate a system of rural health clinics and so on and so on.

What I'm saying is that we had a program with a strategy to help raise the standard of living and the wellbeing of that population, and that it was in the American interest to do so. This was even before there were any armed insurgencies or major migration pressures of people wanting to leave or feeling they needed to leave Guatemala. It was done because we thought, dating to the Alliance for Progress in the 60s, that it was in our interest to see that serious conditions of underdevelopment, political instability and poverty be overcome.

We thought that a peaceful, prosperous Western Hemisphere was in our interest, and that was perhaps what underlay aid programs. But we, USAID as an agency, us as Foreign Service Officers posted abroad, were trying to see to it that programs approved by the Congress, money approved by the Congress and programs carried out would be effective.

The idea that I'm really trying to get at is that development is a process. It doesn't happen overnight, and so if you are committed to achieving successes, you have to recognize that it's a long-term effort. The lesson I learned the most was that, even if in my four years as country director in Guatemala or my time in Kenya, or El Salvador, Bolivia, or Ecuador, I had things that I was tasked with doing, I was trying to achieve results that were part of a long-term development process. I guess one big lesson learned is that you have to recognize that the work of those who've gone before you is what you're building on.

Maybe they didn't do some things right. Maybe there are times when the strategy really changes, but you are building on the work that's been done to try to solve problems and get positive development results. So that never stopped me in terms of lessons learned from trying, say, if I have a small scale irrigation project in agriculture targeted to indigenous farmers in the departments of San Marcos and Huehuetenango, what would be what the development advances that I'd hoped we could achieve in the next four years over the life of a project. And if they had discovered that engaging targeted farmers in providing the labor to tap springs to feed gravity flow and do the work to install piping that we'd get a better outcome than if I sent in some engineering firm, that's what we would want to stick with.

Well, that's the whole idea of how to do development one way versus another, and trying to figure out which gives the best outcomes in the most efficient fashion. Now, I could

probably have had engineering firms go in to do these, but the local communities would say, "Oh, great. But what is this? How do we use it? How do we maintain it?" So the idea is about 'local ownership.' A lot of the lessons we learned over the long term is you try not just to do things *for* people. You try to do things *with* people, and you try to build in sustainability in the investments that you make.

So, in the case of a small scale irrigation project they needed to realize that you might not have had water at the farm, and now through the small scale irrigation, you're able to get a water pipe and a faucet at your little house. Does that mean you can now just drink that water? Not necessarily, but if you tapped into a spring at higher elevation and it's pure and you could maintain that purity to the faucet, you have also achieved potable water for that family, which is a significant additional development advance. Okay? But...

The likelihood is that the water was good for irrigating your crops and that can now double the production on your land, isn't actually potable, so people need to understand— from a health viewpoint— that you're going to have to boil that water if you want to drink it. Now you are dealing with 'unintended consequences' issues of why the children have a lot of problems with diarrhea. You have an opportunity, but you have to have thought it through in advance. And I can go on and on spinning this tale of interrelated development issues.

The point simply is that development is an ongoing, long-term process, and you need to keep inventing. You keep working with counterparts, like at the Ministry of Agriculture— designing projects that will improve lives, ways to farm their land on the hillsides more intensively. We had discovered that terracing of the hillsides would actually increase their arable land, and terracing is what you really need to be able to have a good irrigation system on these steep slopes. We're not talking about level flat land. These are people who live in the mountains. So then let's say we consider this program to be 'successful.'

StOkay, now you get to the question of, "how do you measure and what do you measure?" In the last twenty years there's been increasing insistence by the Congress and those who look at the utility of foreign aid investments in saying, "Did you get results?" Well, again, my lesson learned is that you can only show results, true results over a longer period of time.

Remember that results are different from outputs. You need to measure outputs in order to show that the project was 'successful' in terms of having been executed according to plan, that the 'goals' of the project have been achieved. For example, *x* kilometers of farm-to-market roads constructed, or *y* acres terraced or irrigated, or *z* health posts equipped. At the project level you can measure those things, but you can't really measure true 'impact' long-term on family wellbeing and living standards. Special evaluations can try to capture true results with quantitative and qualitative indicators, but you can't go that far with every project.

You'd like to measure results, be it at the level of one farm or the western half of Guatemala or the country of Guatemala, but this process of development takes a long time and it's hard to establish accurate baselines or follow timelines for a significant period.

But measuring aid effectiveness was one of the big topics that I dealt with, and there's been a big push for more rigorous, quantitative, data-driven evidence about programming. I agree with the need for that, to an extent, but it was only late in my career that this idea of having an evaluation officer right inside the Mission, or of devoting significant resources to evaluation, took hold.

Part of my own reluctance was that whatever I wanted to do — I'm speaking now as a senior USAID official at the country level, a Mission Director— you have limited ability to set your own budget each year based on 'results.' You make a request to Washington that you consider reasonable in terms of your strategy, levels of prior year funding and identified needs in your country for what you'd like and what you think is achieving results. You always are going to get less than you'd really like to have, but you go for as much as you think you might succeed in getting budgeted to your country program.

Well, that goes to Washington. It becomes part of a global budget for USAID Missions to Congress, whose appropriations levels vary, then comes back through the executive branch, and gets allocated to countries. What I found was, unfortunately and in a certain sense cynically, that whether I, in fact, had good projects really wasn't determining how much money I would get budgeted for next year.

I'd get budgeted partly on what it would take to pay off the so-called mortgage, that is to say, existing projects still ongoing for several years that had only been incrementally funded; and money for new activities would really be set by the priority ranking your country got, often mainly political, for 'new, freely available fiscal year funds.'

The rigorous evaluation that we'd like to talk about was quite divorced from the actual politics of how an aid program operates and how it gets funded. I always felt that the most I could really do was to try to see that the programs that I was managing were achieving defined objectives. And that gets you to the other very tricky part— again, a lesson learned.

When I set up a small farmer irrigation project, let's say I had ten million dollars, we would look at the costs of developing x number of small, mini-irrigation projects that would need equipment, pumps, tubing, some inputs of paid technical assistance, we might need to add some costs that the ministry is contributing to execution of the project. We would say we expect to reach 4,000 acres of new land on acreage under irrigation, or 6,000 families now using small-scale irrigation on their family farms.

Whatever those numbers were, supposedly those have been thought through carefully at the beginning, or as carefully as you could based on your plans, and then you try to measure. Year One, a low number. You're just getting started. Year Two, year Three, year

Four, year Five. As your program expands, your output numbers would increase. Well, the problem with that, as has been demonstrated, is that output numbers, e.g. acres irrigated—which is the easiest, not that easy, but still the easiest part to measure—doesn't really show that you've gotten the results you were after.

Measuring actual results means you have to have quantitative—and I'd argue—qualitative measures that look at what the real impact in that kind of a farming project would be, such as "Did people feed their children better, the nutritional impact? Did farmers earn money now because they weren't just growing subsistence corn and beans, but also have some to sell on the market, and using irrigation to grow some high value crops like vegetables or cardamom?"

Those become very complicated issues of measurement, and the kinds of things that doctoral research usually goes after with time to spend a year or two looking at a given subject and examining data. Well, AID Missions aren't in a position to do that, typically. The best I ever hoped to do was to say either midterm or final project evaluations that would say, "Did they achieve the expected outputs, and are there some ways here to measure that those outputs led to intended income or quality of life results that would be achieved, positive results?"

Now, in the case of Guatemala, one of the most positive results I could ever hope for, but couldn't be measured directly linked to the project, would be that small scale subsistence level farmers in the highlands could now raise enough food and earn some cash—enough so that half of the year the men didn't go need to go down to the South Coast where the big farms were, to work as day laborers down there to earn enough money to bring back a little bit of money to support their families, or they didn't have to go down there and take the whole family to survive for six months of the year that way.

Of course, taking the children out of school, and there's no schooling available in the camps or the temporary housing they would have on the South Coast—so that was always an objective of our overall program, but we couldn't measure that as a project output. So I'm just trying to give an extended example of the difficulties in measuring what is true impact.

Now, let me switch over sharply to something that most people don't realize about aid programs, which is that sometimes there isn't a project at all, that the foreign aid program isn't always about funding a project on maternal child health or a program for building primary schools in rural areas or installing potable water systems, for example. To use the jargon of our business, sometimes what you provide is "program assistance."

It's non-specific in the sense that you're not building x miles of road or y number of schools; you are basically giving freely available cash to help a government deal with its macroeconomic problems. Now, there are two types of program assistance, the one that started in Colombia and was used widely for a time, but then later, wasn't much used because it was too difficult to prove that it worked and some questioned whether it was really working at all. It was called "sector assistance."

So, to take Colombia and to use agriculture as the sector that I like to talk about, USAID would say, “What's the budget for the Ministry of Agriculture?” And it's x . “In order to really provide agricultural extension services to the small farm population or the poor sections of the country, what would you need? Well, you would need x *plus* y .”

And so then USAID would say to the government, “We'll make a dollar cash grant to Colombia, and that helps you balance your national budget. It helps provide foreign exchange that importers need to have access to import needed products into the country; but you get the dollars, and that means that you will create an equivalent amount of local currency.”

“We're now trying to further use those dollars that helped you support your import needs. We want to see use of the local currency, the pesos generated, because anybody who uses the dollar from the central bank has to buy it with a peso. We've agreed to support your agricultural development, and that thirty million dollars you've said you need or forty million dollars in additional budgetary authority to provide adequate extension.”

“So in effect, what we're doing is giving you a capability to improve your own development investments locally, but we've agreed not to use it to build farm to market roads or for a project. No, whatever your program is for government support to agriculture now you won't have to say ‘We'd like to do this, but we don't have the money,’ because through this aid mechanism we're beefing up your ability to carry out those programs.” Okay, that's sectoral program assistance.

The one that I'm more familiar with, that I was directly involved with both in Washington and overseas in Central America, was “cash grant program assistance” to countries that were suffering from serious economic crisis, maybe a debt crisis, maybe a foreign exchange earnings loss because of weather or natural disaster or because bad government policies were creating damaging distortions to the local economy. Okay, so this is a different kind of program assistance.

When the World Bank does it's called ‘policy-based lending’ (because they're making loans.) We were making grants and called it ‘program aid conditionality.’ Again, I'll use Guatemala as an example. AID would say to the government that you have lost control of your currency because you're trying to import more than you are exporting. What that means is that your Guatemalan currency —the quetzal —won't buy as many dollars as it used to, or as you'd like to. So you either have to reduce imports, which is going to drag down your economy, or you have to earn more dollars to fuel the international trade that your economy needs.

Well, Guatemala and all of Central America during this period of the '80s had these economic needs, but to comment on the political relationships of foreign aid programs: This was a period of two decades worth of civil war and internal conflicts and concerns by U.S. government of communist attempts to gain control of governments in several of those countries by armed means. Well, that led to greater political support for budget

levels for those countries, many of the countries such as Costa Rica or El Salvador Honduras, and only later, Guatemala.

AID would say, “We can help support your economy, and in effect, help to overcome the negative impacts of the war that are undeniable. But listen, you need to put your house in order, because it's not right for us to be providing cash assistance (a subsidy) to support bad policies, to keep doing the wrong things, to keep your problem ongoing; we intend to help you here, but it's help for you to set things right, because we don't intend to do this forever.”

Going on, “But if you will float your exchange rate so that it will find a natural market equilibrium, and if you will stop imposing export taxes on sugar cane, because that hurts exports and farmers who want to produce sugar cane for export, and it's in your interest to change your tax structure in certain ways,” so on and so forth.

So, this is what you would call program assistance based on macro-economic reforms. This has been widely used, and I must say, misused at times, because if you're a politically important and sensitive country, sometimes you have pushback power. You can say to the U.S., “Oh yes, we agree we need to do this stuff, but we're in the midst of a crisis, and we can't do all of that at once, and we have to take it slow.” So there'll be pushback and they'll say, “Well, you asked us to express it numerically, you asked us to do forty. But now this year, we can only do ten, and we'll keep trying to do ten a year.”

And then you get to the point where you make a judgment, because you are an economic development agency, and that's a fundamental part of your job. Foreign aid is meant not to subsidize or give charity indefinitely. It's meant to help create in the country the conditions for sustainable development. Now, a country may need to borrow— all countries borrow— but you have a debt limit that you can carry, a sustainable limit. But I haven't factored in U.S. foreign policy interest, which you can't ignore.

In Central America a number of them were in such severe economic crises that they were in danger of defaulting on their international debt, and that included payments to World Bank, Inter- American Development Bank, the IMF [International Monetary Fund], international institutions that the U.S. considers an important part of the global financial structure. So at all costs, there's always an effort to prevent default on those loans.

On occasions, what we even did was promise that if World Bank, for example, would keep lending new money for useful purposes in Costa Rica, the U.S. government would give one of these cash grants to Costa Rica, with policy conditionality attached about government, budget deficit levels or foreign exchange rate policy. It was to get them to continue a necessary reform process, and they'd get the cash, and cash is cash, so the government would use it to pay outstanding debt to the World Bank. And then since they're in ‘current’ status, the World Bank would agree to be a net positive lender, so they would agree to fund new projects in Costa Rica.

I hope that readers don't find these examples tiresome, but what I'm trying to explain in part is how the system works. In order to judge whether it's effective or not, you have to fairly understand what you're trying to achieve, and how measurable are those achievements, and how you decide when they're working or when they're not working.

For example, when you're dealing on a macro-economic level, and the government agrees to liberalize its foreign exchange regime, well, that means they no longer let you come to the central bank with one quetzal and get a dollar to pay for the product you've just imported, fertilizer, let's say.

They're saying no. The market rate says that it takes one quetzal and a half, one point five, to actually value one dollar and so that has some impacts. It makes it harder to import. It may lead to economic contraction, economic pain, but it's an adjustment that's necessary to put the economy on a sound footing. Maybe, if you're from USAID, these are things that USAID doesn't decide all on its own, I mean, it's USAID money and you're carrying out much of this negotiation with the government, but the Embassy is often involved as well.

I remember in the case of El Salvador, State Department/Washington was involved, the NSC [National Security Council] in Washington was involved because they considered their political objectives and imperatives to override these quote, unquote, good uses of money and consider U.S. interests were served more by saying “no, no, just keep them afloat for now. They'll have to deal with these tough economic decisions later.”

And there were years when that's how it was handled in El Salvador. There was one year where I was directly involved from Washington, where the State Department, and in effect, the NSC and the White House were at odds, where the State Department was saying, “yeah, we agree with USAID. This is reasonable. This needs to be done, and it meets our political objectives well.” And inside the NSC, basically they're saying, “No, you're being too tough. You're being too tough. We can't put that much pressure on them now.” Well, eventually that gets settled inside the NSC at a high level. And if it doesn't, it goes to the President.

Again, I'm using sort of, I hope not too anecdotal, handpicked examples of how the system can work and how one of the lessons learned is that— whether it's at the project level or in a program assistance mode, there are always competing considerations. Normally, you don't find your program with either project or non-project assistance running into severely competing political considerations of U.S. foreign policy. But sometimes that happens.

Take the case of Guatemala, that I'm again most familiar with. Guatemala still had, in the early 1980s a military government that was rightfully accused of human rights abuses. Even though there was an insurgency that the U.S. found very troubling and very threatening, and was opposing through military and economic assistance next door in El Salvador, for example, and next door in Honduras, the Congress had said, “We don't want military assistance in Guatemala.”

Congress had written it into the law, so the administration couldn't provide it, and there was enough negative feeling in the Congress about the Guatemalan government that they didn't want to see high assistance levels and prohibited assistance that flows directly to the Government of Guatemala, allowing it only through non-governmental organizations, NGOs. Well, during the time I was in Guatemala, '83 to '86, there was a major democratic breakthrough. The military agreed to hand over power to a freely elected government, and a free and fair election was held in 1985.

Then, Guatemala's budget level for the USAID Mission jumped sharply. We were able to give program assistance, a thirty million dollar cash grant to support an economic reform package that the government had devised and that we favored. And our programs at the project level had higher levels of funding. We wanted to be able to show that this transition to civilian government and what was seen as good social policy reforms and an attempt to work towards the ultimate resolution of the civil war there all served American interests very well.

It was a case of how, when you get breakthroughs— and this was always one of the reasons I think that I tended to go to countries that had levels of conflict— because if you could get conflicts resolved well and achieve political breakthroughs in the process where you would get a democratic opening, that this is where you could have really major impact on the future of a country, and that U.S. political and foreign aid assistance to that country would help support it.

It's the same question in foreign aid as in love and in war, "timing is everything." If you have a regular program, you know it's long term. When you get breakthroughs, you can make major advances if you get economic policy right, and a country's economy starts coming back strong, you start to see a good pattern of economic growth. If you have good policies from the government that are going to pay attention to the development needs of the majority of the country, then you're achieving true development impact of sustainable and equitable, broad-based patterns of growth.

Well, what more can I say? I mean, the lessons learned are that, one, you're not going to get it done by yourself. You're not going to get it done in four years. It takes long-term commitment of the United States government to an objective of helping overcome poverty in the world as being in America's interest, as well as the interest of those people. Improving levels of democratic governance is good for those people, good for us, good for stability in the world order.

I'm reciting the reasons why I think that U.S. policy for the last sixty years, longer than that, really since the end of World War Two, certainly since the sixty years or more of the existence of USAID as a program and as an agency, makes sense although it is very hard to measure. But we've been part of a dramatic —historically speaking— rise in income levels in poor countries, a reduction in extreme poverty and global economic growth, GDP [Growth Domestic Product] growth. This is at a time when we have had extremely productive years of economic growth in our country. It's not as if we have hurt ourselves

by providing small amounts of our government budget, less than 1 percent, to promote development in poor countries.

I'm obviously stating that I think the lessons we've learned and the objectives we've followed for foreign assistance and USAID are highly beneficial to both sides. This runs directly contrary to what is now happening with the Trump/Musk administration, where they've decided that foreign aid is somehow bad and that it should be cut. They're wrong, and it's an extremely selfish, self-damaging kind of decision making for our own country.

And now I'm not talking just about somebody in USAID who went overseas to do good and help people, though that was obviously part of my motivation. The ethos of the entire agency was to help people, help countries; but that's good for us too, and I'll state as a career Foreign Service Officer, but more basically as an American citizen, that I think the lessons learned, the main lesson learned is that a well-run, well-thought out foreign assistance program that learns lessons and adapts to changing circumstances is very much in the interests of the United States and is a benefit to my fellow citizens. I had a very fulfilling career in a personal sense, part of that due to a sense that I was serving my country in my work. End of story.

Q: Well, thank you. Thank you very much, Chuck, that's a very appropriate completion of this very fascinating oral history that you've provided from a very rich perspective, looking at it from many points of view. I'd like to say for the record that I was very excited when I saw an opportunity to interview you for an oral history, because you're always somebody who I held with great respect, but at a distance, and I now realize that it was exactly the right thing to do. I have learned so much from you, Chuck, as I know the people who will be reading, let us hope that at some point we return to that kind of an approach, actually an improved foreign aid. And all I can say is thank you Chuck. It's been an extraordinary experience.

COSTELLO: Thank you, Marcy, thank you too. We've known each other only slightly as Foreign Service colleagues—never serving in the same country, but I appreciate the invitation to give an oral history, and I think you've been a great interviewer. You've drawn me out and helped me think about and articulate what we hope will be valuable for future readers, even if I tended to go on and on too much when I started talking. And I certainly consider that we've passed from just being subjects in an oral history process and ones who slightly knew each other to becoming friends, and so—

Q: —Absolutely, I really—

COSTELLO: —Delighted we've had this chance to do it.

Q: Well, thanks, and I do consider the same. With this, we end a fascinating trajectory of Chuck's views from so many perspectives, from having been a Peace Corps volunteer, worked in USAID, from various points of view, a lawyer, so many roles and thanks again.

COSTELLO: USAID will return, not in the same form perhaps, but as a reaffirmation of the belief that America's role in the world can and should help other, poorer countries achieve sustainable growth and development for the benefit of their people. It's good for our people too.

End of interview