

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

AMBASSADOR JAMES DERHAM

*Interviewed by: Nadia Tongour
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INTERVIEW

Q: All right. Today is June 12th and this is an interview with Ambassador Jim Derham on behalf of the Association for Diplomatic Studies and Training. I am Nadia Tongour. And we'll begin with a little bit of a background of Ambassador Derham, who goes by Jim, right?

DERHAM: Right.

Q: His background, his life, and his early years before he joined the Foreign Service. But just for starters, what year did you join the Foreign Service?

DERHAM: I joined the Foreign Service in 1974.

Q: And at that time were you working? Were you in school? What were you doing?

DERHAM: I had gotten out of the army in 1972 and I was looking around for something to do. I worked first for the Veteran's Administration and then later moved to Washington D.C. to work at the Export-Import Bank. During that time I took the Foreign Service Exams. I took it twice. The second time I got all the way through and joined the Foreign Service in September of 1974.

Q: All right. Well, let's look at where you came from before you were in the military and the Foreign Service? So where were you born and what was your family background like?

DERHAM: I was born in New York City. I was the oldest of three boys. My father was an immigrant from Ireland who came to the U.S. in the late 1930s, I believe. My mother was born in New York City but also of Irish descent. I grew up in the Bronx. My father died when we were nine and the brothers were younger. So my mother went back to work and had to raise the three of us in the Bronx.

Q: Well, before you go any further, that was an unusual period for Irish immigrants. I mean there might have been a lot of Irish immigrants in the 1930s, but considering that many came in the 19th century what prompted your father to come here then?

DERHAM: Well, his family was from close to Dublin. And they were, they were involved actually in, in some of the, the strugglers in the earlier part of the century, in the 20th century. And then when the decision to reach a settlement with the British and to carve out Northern Ireland and create the Irish free state, some of the family either for political reasons or for economic reasons decided to go to the U.S. So my father came here.

Q: And he was how old at the time? Roughly I mean.

DERHAM: Yeah. He would have been, he would have been thirty.

Q: So he had already been sort of an adult.

DERHAM: Yeah, relatively old. He came here. He started working I believe for the Consolidated Edison Utility Company in New York City, was in the U.S. Army, World War II, and then returned to New York City and worked with ConEdison until his death in 1957.

Q: So he died fairly young then.

DERHAM: Well, he died at fifty-two. Yeah.

Q: OK. You were nine-years-old, so you may not have heard a lot. But was there a lot of discussion about Irish politics and Irish nationalism or?

DERHAM: None that I'm aware of. And in fact I think because there was an eternal conflict or difference of point of view about the settlement in the 1920s. People actually avoided talking about it.

Q: Within the family.

DERHAM: Within the family, yeah.

Q: But were there many detained? Was it an extended group that showed up together?

DERHAM: No, I think it was just him and his brother, his older brother Matthew.

Q: So you never really got the full picture of what was, who did what and when?

DERHAM: No, I heard it, I heard it second and third hand. There is, my grandfather I guess that would be, my grandfather was a pub owner in Balbriggan, which was the place just north of Dublin. And there is at one point the Brits came through and destroyed the, the pub for links with the——

Q: IRA (Irish Republican Army)?

DERHAM: Well, I don't know if you'd call it the IRA, but yeah, with the independence movement.

Q: Mm-hmm.

DERHAM: My Uncle James was one of the first members of, I don't know what they call it there, the *Dial*, I think it is.

Q: Mm-hmm. The Parliament for the House of Commons.

DERHAM: Right, right, the Irish House of Commons. And he died, I don't know quite the circumstances, but in an accident. They named a small park after him in Dublin. And so one of the things that's come down to our family here in the U.S. is a little plaque which says Derham Park in, in English and Gaelic. And so it's a nice little thing to hang on the wall.

Q: That is nice.

DERHAM: Yeah, no, it is nice.

Q: Was there any interest in learning Gaelic or was there any—from the childhood perspective?

DERHAM: No.

Q: None at all.

DERHAM: No. What did happen was when my father died in 1957 I think the family in Ireland sprung for a trip for my mother and the three of us to Ireland in what, in 1959. In those days you could still go by boat, so we were—we, we went across on the, on the United States and came back on the *America*, which were two of the bigger U.S. flagships in those days. We spent a month or two in Ireland, my recollection was, and it was pretty weird.

Q: Well, let's talk about that. Because I mean, after all, eventually you joined the Foreign Service. So one would like to think there might be some sort of linkage with your first foreign exposure. Or is that too big a stretch?

DERHAM: It's a very big stretch.

Q: No connection.

DERHAM: No linkage at all.

Q: (laughs) What did you think of Ireland as a ten-year-old by then, or?

DERHAM: Well, it was very, it was very different. And the kids were different and I'm sure they thought we were different. It was just a weird experience.

Q: Was it back to this little village or town, or where did you go?

DERHAM: Well, we——no, we went to Balbriggan, which is a small place, but Balbriggan is close to Dublin. So it's not as if you were like up in the hills kind of thing.

Q: Mm-hmm.

DERHAM: It was, I mean it was reasonably urban in that sense. I'm sure people could almost commute, maybe not in those days, but I'm sure you can commute from Balbriggan to Dublin.

Q: And your mother's family, where were they from——she was an American, but——

DERHAM: She was an American and I think both her mother and father were born in the U.S. So to get back to Ireland you have to go back two generations on her.

Q: Sure.

DERHAM: So she didn't really have any, any connection. But I guess her, her mother's maiden name was O'Toole.

Q: She was legitimate.

DERHAM: She was really Irish.

Q: (laughs) But I mean I was just curious whether, you know, the fact that this family sprang for this trip, whether, you know, she was going back to the same area of Ireland that she——

DERHAM: No, no, no, she was going back to visit her husband.

Q: Her husband's family.

DERHAM: Yeah.

Q: Right.

DERHAM: Yeah.

Q: That's a nice trip, I mean——

DERHAM: It was. It was an interesting experience. But it didn't, it did not spur any great

interest in——

Q: It did not spur any great interest at all.

DERHAM: It did not spur any at all.

Q: No roots phenomenon.

DERHAM: No, no roots phenomenon. And in a lot of ways it was, while it was an interesting trip it was also in certain ways for kids it was kind of stressful. You had just lost your father, didn't quite understand exactly why we're making this trip, didn't know how to fit in. I mean it wasn't all sort of bed of roses.

Q: Yeah. And do these kids, I mean that you met your cousins I would assume, right? I mean did they, they spoke English, right?

DERHAM: Oh yeah, no, no, no, no.

Q: You weren't basically having to deal with Gaelic.

DERHAM: No, no, everybody, everybody spoke English.

Q: Spoke English.

DERHAM: Yeah.

Q: What did your mom do when she went back to work?

DERHAM: Well, first she got a job as a bookkeeper in a gas station. And then she ultimately went back to Consolidated Edison as well in some sort of office job.

Q: Is that where she met your dad?

DERHAM: I don't know if that's where she met him, but they both did work for ConEdison before the war, I believe.

Q: Did either of them have an opportunity to go to college?

DERHAM: No. I'm the first.

Q: You're the first.

DERHAM: I'm the first one in my family who went to college.

Q: And was there much of a push growing up that, you know, you should go to school? I mean was that—I don't want to imply too much, the whole immigrant thing of having

kids go off to college, but certain amount of that is probably inevitable.

DERHAM: Well, as a kid I was, I was “bright,” in quotation marks. And went to Catholic school. And in New York City there is a reasonably well known high school, Regis High School, in Downtown Manhattan, which is a Jesuit school, where they have a Metropolitan area competition every year to take the class in. And I was one of the ones in my elementary school who was sent to take the test, and I passed the test so I was able to go to Regis.

Q: So that's commuted from the Bronx to Manhattan?

DERHAM: To Manhattan. Regis is right by St. Ignatius Loyola Church, which is like a very fancy part of Manhattan in fact, 80th, 81st Street or something like that, right on Park Avenue. So all the kids who were going to Regis, first they were all given scholarships, there was no tuition because they had passed the entrance exam. And it was all boys. But everybody expected that they would wind up going to college. And everybody pretty much did, with one or two exceptions. So early on I was on a track to go to college. So it was not something that one thought about a lot, it was just that's the way things are happening. So it's not as if my mother ever said to me, you know, you have——

Q: You've got to go to school (laughs).

DERHAM: You've got to do this.

Q: Honor the family.

DERHAM: It's just, you know, I got into Regis and then from Regis I wound up going to Fordham. And then ultimately I got through Fordham.

Q: And what about your siblings? Did they also follow that path or did they go in different directions?

DERHAM: They went in different directions. My next oldest brother, Dennis, also went to Catholic school through high school. And then he decided he had enough of New York and he moved out to Montana and he's lived in Montana for the last forty years. He had some really interesting experiences there. My youngest brother, Tommy, had——got, I don't know how to, how to summarize this——

Q: Talk, you can edit later.

DERHAM: Yeah, no, I will. Sort of got involved in drugs in the Bronx in a very——it was a very bad, bad time. At that point it would have been like 1969, 1970, 1971 when he had his first problems. Wound up being arrested various times. Ultimately was sent off to prison, Elmira Prison in New York. And then after he got out of prison——

Q: For drugs——drug related problems?

DERHAM: Well, for burglary, robbery, but related to drugs. And then died in the early 1980s, which was probably related to drug problems. So, we all went in different directions.

Q: And did your Montana brother become a cowboy or an equivalent?

DERHAM: He did in a lot of ways. He went out there and he managed a ranch for a while. In fact, at one point he was——Ted Turner has large properties out there and he was involved in the development of some of those properties. He worked in a really beautiful area of Montana. And he stayed out there in Bozeman, it was quite nice.

Q: Hm. So do you all stay in touch?

DERHAM: We do. We do. He was——one of our kids just got married three weeks ago, and so Dennis came east for the wedding, which is actually the first time I've seen him in a while.

Q: Yeah.

DERHAM: But we stay in touch.

Q: So then you went to——is there anything that you remember that was noteworthy about your Regis experience that's worth mentioning at this point? In other words, was this a big change to commute——forgetting the fact that you had a scholarship, but sort of the culture shock of going from, you know, community from Bronx to Park Avenue?

DERHAM: Well, it's not a cultural shock. It's just, it's just a long trip every day. I mean once you got there the kids that were there were, you know, Catholics, a lot of them Irish Catholics, a lot of them of reasonably modest circumstances. So it wasn't that you're, you're going to some, some fancy prep school. It took me a while to adjust myself to Regis. But you know, you're at an age where it is tough to——

Q: This is junior high or high school already?

DERHAM: High school.

Q: The school.

DERHAM: Was high school.

Q: OK, so it's high school.

DERHAM: So it's ninth, tenth, eleventh, twelfth grade. But by the third or fourth year, you know, I was reasonably well adjusted, certainly academically. I did have a circle of friends there. There was always a certain amount of——not tension, but I had the sort of

friends from high school and then sort of the old neighborhood buddies up in the Bronx too, which were kind of two different groups a little bit.

Q: Was your neighborhood in the Bronx, was it a predominantly Irish neighborhood?

DERHAM: It was predominantly——what do I want to say here——it was predominantly non-Protestant. So that, you know, I always, I always felt that it was funny that, you know, when you grew up, and particularly in those days, people would describe the U.S. as a Protestant country and that's the——well, the only Protestants I ever seen were every once in a while you'd see a black person who was a Protestant.

Q: (laughs)

DERHAM: None of, none of the——but the white people were either Irish, Italian, or Jewish. So those were the three ethnic groups. And the Irish and the Italians went to the Catholic schools and the Jews went to the, to the public schools.

Q: And did they mingle pretty well, or not? I mean at that age in the area, were you kind of each with your own?

DERHAM: It was more the Irish and the Italians would mingle. The Jews had their own communities.

Q: Yeah.

DERHAM: So. But I mean it wasn't, it wasn't a lot of hostility.

Q: No, I just meant in terms of who your buddies were.

DERHAM: Yeah, I know, they would all be from the Catholic schools.

Q: And did your mother——because after all at this point you're being raised by a single mother——did she ever remarry or did she——

DERHAM: She did not.

Q: She did not. And did she, did she have an extended, you know, matriarchal Irish clan to rely——to get support from?

DERHAM: No, it was——she did it pretty much on her own. She had very strong views about how to do things, some of which I think were correct, some of which I think were maybe not so correct.

Q: Such as——

DERHAM: Well, the way she——I mean understandably I guess she was very, very

sensitive about financial issues. And, and sort of wanted to control sort of all the money in the household, which was understandable. But I thought she could be a little more flexible. And I still think that's the case.

Q: Were you working while you were in school?

DERHAM: Sure.

Q: Summer jobs? Part-time jobs?

DERHAM: Well, what you could do, probably anywhere, but in New York City once you were twelve, you could get what was called a newspaper route.

Q: Mm-hmm.

DERHAM: And you could deliver The New York Post to——after school, because it's an afternoon paper. So once I turned twelve I certainly started doing that. And then by the time——to really work you had to be sixteen. So——

Q: So for example, when you talk about the finances, were you turning it to your mom?

DERHAM: Yeah. Yeah. We had some sort of negotiation on that.

Q: (laughs)

DERHAM: And then when I turned sixteen I got a job as a stock boy in Alexander's Department Store, which is a very big department store on Fordham Road. So I worked senior year in high school, I worked as a stock boy at night. And then I worked, all through college I worked at something or another.

Q: So now you're graduating from high school. Did you have any desire to go away, or was it a function of what you could afford to go to and Fordham was close, or what was the motivation?

DERHAM: Well, the deal was——the way this was explained to me, and I don't know how, how accurate it is. But parts of it I know are accurate, other parts I'm not so sure. So in those days graduating from Regis High School, which would have been in 1965, the policy of Regis High School was to give recommendations only for Catholic universities. So that, so that kind of limited what your universe was. So I applied to a range of Catholic universities. I applied to Georgetown, to Fordham, to Boston College, to Notre Dame, maybe Canisius. I can't remember that one.

Q: That's in Buffalo, right?

DERHAM: Yeah, that's in Buffalo. But what I did was I needed money. And the way the system worked then, and maybe still works now, based on my need, I would need

considerable money because our income would be relatively low. And while I, I got in to all of these schools, the only one where the money would work would be Fordham because Fordham—being in New York they had the Regents' Scholarship, which I would get, and then Fordham would give me a little bit more money. And plus, I could be a commuter student. Notre Dame, Georgetown, Boston College said fine, you're admitted, but we're not going to give you any money at all. And when I finally inquired about that somebody said, "Well, you need too much." And, and they can either, they can either do it or they can't do it, but they're not going—they don't go intermediate on that. So as a practical matter I didn't think I had much choice except to go to Fordham. So that's why I wound up going to Fordham.

Q: But you, you mentioned in passing, and that's a big deal, you got a Regents' Scholarship. Not everybody in New York gets a Regents' Scholarship. Can you explain that a bit?

DERHAM: It's a state, it's a state program, which I guess essentially pays your tuition to a state school.

Q: So you could have gone to another state school with a Regents' Scholarship is what—

DERHAM: Yeah, I could have. For that reason maybe I didn't apply to Canisius. Or, or maybe I just didn't—I figured Fordham was better than Canisius. So. But I mean a Regents' Scholarship was nice, it wasn't—

Q: Sufficient.

DERHAM: It wasn't sufficient, and it was—I mean not everybody automatically got a Regents' Scholarship.

Q: No, I know.

DERHAM: But it wasn't, it wasn't super-exclusive.

Q: I was always—as a non-New Yorker I always thought Regents' Scholarships were something more impressive than what they're making it sound.

DERHAM: Well, they were—it was a scholarship and it was worth something.

Q: It was based on academic merit, right?

DERHAM: Well, I think you took a test.

Q: OK.

DERHAM: I think you took a test as a senior. I think there was some sort of threshold

about your academic background. But then you would take a test. And so that way they would——because otherwise you ran into a problem where the, you know, somebody in an upstate school has a terrific academic record, somebody in New York City school has one that is not as strong, but in fact it's much——

Q: Competitive.

DERHAM: Yeah. So you had to level that out somehow, so.

Q: So essentially there was no money coming from home for college.

DERHAM: Oh no, no.

Q: It was all on your own.

DERHAM: Yeah, no, it was. And I did Consolidated Edison, the union there, actually had a little bit of a scholarship program.

Q: For children of employees or——

DERHAM: Yeah, for children of employees. And——

Q: Were you able to take advantage of that, or?

DERHAM: Yeah. Well, it was once again one of these competitive things where you——it was something for seniors in high school. And I don't know, you submitted an application and then you submitted an essay, I think. It was actually sponsored by the union, by the Communications Workers of America I think, or whoever the hell it was. And, then the final step was you would take the SATs (Scholastic Aptitude Test) with the other finalists. And whoever got the highest score would get the scholarship. And if there's one thing I can do is take SAT tests.

Q: You're good at testing (laughs).

DERHAM: I am. No question.

Q: Well, let me ask you something. Was your——and I'm not trying to make this a psychoanalytical question——but was your mom proud of you for going off to college, or did she care one way or the other, or?

DERHAM: No, she was proud.

Q: Did she think that was a good thing?

DERHAM: Yeah. She was most proud of me going to Regis.

Q: Ah-ha.

DERHAM: That was quite an accomplishment for elementary school.

Q: Were you the first and the only from your school?

DERHAM: No, actually that year there was one other guy from my class who both of us went to Regis together.

Q: But it wasn't something common.

DERHAM: No, it was not common, at all.

Q: Is Regis still a prestigious school in——did you have a lot of religious training in the process?

DERHAM: Oh sure.

Q: Were you expected to——

DERHAM: Yeah, well you had——certainly grammar school was a parochial school, Catholic school. You're taught by nuns essentially. High school is taught by the Jesuits.

Q: Mm-hmm.

DERHAM: Even those days at Fordham I think you had to take a year or two of theology and philosophy and the theology was Catholic theology and the philosophy was Catholic oriented as well. So, so yeah, religious training.

Q: Did it stick?

DERHAM: No.

Q: (laughs)

DERHAM: That's one of the problems with the Jesuits.

Q: Yeah.

DERHAM: They teach you——

Q: How to think.

DERHAM: They teach you how to think, and that's the problem with staying Catholic.

Q: Well, it's a great education.

DERHAM: So. But that's—I mean my mother was always very religious, so—but my brother and I are not at all, so.

Q: Well, what—so when you got to, to Fordham, what were you thinking about as far as—or were you just thinking about getting a degree or were you thinking about any particular discipline?

DERHAM: Well—

Q: I mean you were an Economic Cone Officer, were you interested in economics?

DERHAM: Well, I didn't have really very well formed ideas at all. It was, I would say for me personally, kind of the whole Fordham experience was, was complicated, to put it nicely, given my age and given the fact that I was walking to school, which is, I don't think is a great experience.

Q: What do you think about walking to school?

DERHAM: I lived—

Q: You were living in Manhattan by this point?

DERHAM: No, no, no.

Q: Or is Fordham in the Bronx?

DERHAM: Fordham's in the Bronx.

Q: I didn't know where Fordham was. I knew it was in New York.

DERHAM: It has a Manhattan campus.

Q: OK.

DERHAM: But the main campus is in the Bronx.

Q: So you literally were walking to school.

DERHAM: Literally, yes. I did. So it was in that way, I thought it was a very unsatisfactory experience. I had a lot of adjustment problems in college. That was also a very kind of tumultuous social period. This is 1967, 1968, that kind of stuff. And so when I went to college I really didn't have any idea of what I wanted to do. So I just decided I'd major in mathematics, since I was, I was good at math. And so that's what I did.

Q: That must have been tricky, living at home with Mom. And the younger brothers. All

together there at this point?

DERHAM: Yeah.

Q: Or did that bother you? Aside from the fact that you weren't living in a dorm. I mean you couldn't have lived in a dorm, they didn't have a—or did they have dorms?

DERHAM: Well, they had dorms, but it didn't, didn't make a whole lot of sense to take on that expense when I, you know, I lived half a mile down the road or a mile down the road, or whatever it was. Yeah, it wasn't—

Q: Terribly satisfying.

DERHAM: Yeah, no, for lots of different reasons. We were—my mother always perceived ourselves as being under financial pressure. My other—you know, Dennis at that point was obviously getting antsy about New York.

Q: Mm-hmm.

DERHAM: Tommy was not in trouble yet, but as it turned out was not the best neighborhood to be, be growing up in.

Q: Yeah.

DERHAM: So.

Q: So OK. That wasn't—you didn't have your, the stereotypical sorority/fraternity parties—

DERHAM: No, no, no. No, no. It was a New York City commuter student experience. And even more intense than that in the sense that I didn't have to get on a bus or anything. I just walked down the street.

Q: (laughs) Probably easier in that regard than going to high school.

DERHAM: No, it was. But as I said, I did—I, I, I, I had my problems with the experience, wasn't sure where—I was kind of drifting. The other thing is you go from Regis, where it's disciplined and you could never miss a class. You go to Fordham, it's up to you.

Q: Sure. You can sit in a coffee shop all day.

DERHAM: Yeah, yeah. And so I did a certain amount of that.

Q: (laughs)

DERHAM: Well no, it took me five years to get through.

Q: Well, that's not so unusual.

DERHAM: No, it's not.

Q: In this day and age. Did you have a good social life at least? Or at least make up for—because I suspect high school was probably pretty limited that way.

DERHAM: No, high school was better than college.

Q: Oh really?

DERHAM: For me, yeah. Yeah. I think—my whole college experience was not very satisfactory.

Q: OK. Then we can drop that or if you want to expand on it you're—

DERHAM: No, I just—by the time I got to be a junior I was missing so many classes that I was in trouble academically.

Q: Ah, OK.

DERHAM: And so they invited me to take some time off, to put it politely. So I did. I took a semester off.

Q: And what'd you do?

DERHAM: Worked down on Wall Street, which was—this would have been 1969, 1970. Wall Street was pretty interesting.

Q: What were you doing?

DERHAM: Working in a back room of a brokerage house, right? But Wall Street's always interesting. But it's a very long commute, but you could do that.

Q: Mm-hmm.

DERHAM: And then in the meantime I tried to get myself in shape to get back into college, which I did.

Q: And you went back to Fordham.

DERHAM: I went back to Fordham and so ultimately graduated in 1970. So I went in in 1965 and got out in 1970, so it was five years.

Q: Yeah.

DERHAM: Yeah.

Q: But as I said, in this day and age that's, you know, very——

DERHAM: Yeah, no, no, I know, I know.

Q: But yeah (laughs). So OK, so now you're graduating with a math degree, is that it?

DERHAM: Right, BA (bachelor of arts) in math.

Q: Did you have any thoughts then about what to do or did the military kind of solve the problem?

DERHAM: Well, the military, the military was always hanging over our heads. And so I had a low draft number. And the question would be——I did have a medical situation in that I had a long time ago——not a long time ago. But when I was——it would have been 1965——I was just getting out of high school, I had an accident playing softball and lacerated a kidney and had to have surgery to fix the kidney. And so I always wondered whether that would keep me out of the military. But in those days, you know, draft board were——they were under a lot of pressure to produce people. And I remember after I did my physical, and my doctor said, “Well,” he said, “there’s really nothing wrong with you anymore.” He said, “If you want, you know, you could probably go to your own doctor and try to get a bunch of opinions and stuff.” But at that point I was——

Q: Did you want to go in at that point?

DERHAM: Well, it's not so much I wanted to go in. I was kind of drifting in a certain way. And I figured the military would actually give you direction.

Q: Yeah.

DERHAM: Maybe not the direction you like, but it would, it would take care of the drifting problem. You wouldn't worry every morning about what you, about what you were going to do that day.

Q: Sure.

DERHAM: So I didn't——

Q: But I mean——let me rephrase the question. Were you aware of the fact that you needed some discipline in your life or some organization in your life?

DERHAM: I wouldn't say——

Q: Or was that something that came later?

DERHAM: I wouldn't say discipline. I would probably say direction.

Q: Oh, OK.

DERHAM: And I didn't have much direction on my own and I didn't really have a big plan. And so the military was, as I said, the military was willing to step in and solve that problem, which they went ahead and did.

Q: (laughs) Yeah, I guess with a, you know, BA or is it a BS (bachelors of science) in math—

DERHAM: BA.

Q: BA. Math is not—you have to do something, right, to—

DERHAM: Well, you do. And actually it's not—I mean you can go in a couple different directions with math. You can either go in an academic direction for a graduate degree or something, and I was—that was one option that I was at least thinking about. At that point my undergraduate record was so screwed up that—

Q: Yeah.

DERHAM:—I wouldn't have been a strong candidate for that. Then there are certain, certain jobs, certain industries, I don't know an actuary in an insurance company or something, you could think about doing. And you could always think about sort of teaching one way or another, teaching at the high school level or something like that.

Q: Right.

DERHAM: So those were the things that were, were possibilities. But as I said, the U.S. Army kind of stepped in and took care of that.

Q: So what did the U.S. Army do with you?

DERHAM: Well, actually it's a very troubled time for the U.S. Army.

Q: (laughs) I know.

DERHAM: So this was, this was 1970 I went in. So September 1970. And at that point we still had a pretty big presence in Vietnam, but nobody believed in it anymore.

Q: No.

DERHAM: And so the army in that sense was a very demoralized place. I mean I went

in, I was just drafted, I went in as an enlistee. But the officers that were supposed to give you kind of directional stuff were completely demoralized. And so it was, it was a very depressing experience. Not depressing, but it was, it was—for an institution it was in very bad shape. What the army did, the way the army did things in those days was if you had a college degree, which I did—and a number of the other people that I went in with did—the army figured, “These people are not sticking around. They are just going to serve out their time and get out.”

Q: Right.

DERHAM: “So we’re not going to do anything for them. And in fact, what we need is we need people in the infantry. And it’s good to have smart people in the infantry, because you want smart people in combat.”

Q: To know when to put their head down (laughs).

DERHAM: Well no, they do. And then reacting. So, for example, after I went through basic training they sent us off to advanced infantry training, which in those days was down in Fort Polk, Louisiana.

Q: Start at the beginning. So you went in, where was basic training?

DERHAM: Fort Dicks.

Q: In New Jersey.

DERHAM: Yeah, yeah. So——

Q: So far you’ve gone overseas once and you’re——the way you’re describing it, your world was pretty much in the New Jersey/New York area.

DERHAM: That’s correct.

Q: You didn’t go off——yeah. Yeah.

DERHAM: A couple minor exceptions, but I guess that’s true.

Q: Yeah, but the general——

DERHAM: Yeah, that’s right. So they sent us to Fort Pike. And this would have been at the end of 1970, beginning of 1971. Fort Polk was a funnel, a channel to go to Vietnam.

Q: Mm-hmm.

DERHAM: And in fact, Fort Polk had a little Vietnamese village where you would do combat exercises and try to learn about this and everything else. So we all thought we

were going to go up to Vietnam. Come the end of January and we're about to be shipped out and they came to us one day and they said, "Guess what? You're all going to Germany." And they had——basically what had happened was they were starting to draw down in Vietnam. They had left the units in Germany in very poor shape and they were trying to, trying to build them back up. So instead of going to Vietnam I went to Germany and went to——

Q: With no particular training for Germany.

DERHAM: Oh no, no, no.

Q: I mean you did village training——

DERHAM: I had actually had German in high school and university, but nothing from the army of course. So then what happens——so then another kind of interesting way the army does things. So they send us to——they send the whole unit to Germany.

Q: All of these people back in Fort Polk together.

DERHAM: Right, this whole class I had. So they sent us all over to Germany and what happens is——so we get to Germany and so I'm assigned to Third Infantry Division, which is actually a reasonably famous combat unit.

Q: I'm sorry, for what reason? Or why is it well known?

DERHAM: Well, actually it's been very well known these last couple years because it's very prominent in the, the Iraq——

Q: OK.

DERHAM: But even those days, Audie Murphy had been in the Third Infantry Division. It was very famous for the——in the European Theater, World War II.

Q: Mm-hmm, OK.

DERHAM: So they sent us to the Third Infantry Division as infantrymen. So what happens is you go through headquarters and Headquarters Company kind of looks at people coming in——

Q: And headquarters are located in Germany?

DERHAM: In Wurzburg.

Q: OK.

DERHAM: Which is a very nice place actually. Headquarters Company looks at the

people coming in and they say, “Ah, this person is a college graduate. We’re not going to send them to the field. We need somebody to work in the office.” So they take out all the college graduates and they send everybody else out to the field. So I spent a little bit over a year in Germany working on their computer systems.

Q: Did you know anything about computers at that point?

DERHAM: I knew a little bit. You didn’t have to know much anyway. There wasn’t much to them.

Q: Mm-hmm.

DERHAM: So I did that. And actually where you were, it was a great place to travel from. So we traveled, me and a couple of my buddies, we got down to Italy, we got to France, we got up to the UK, inside Germany.

Q: So this is like on leave or——

DERHAM: On leave.

Q: This wasn’t for work.

DERHAM: No, it wasn’t for work. The army itself was totally screwed up. It was——I remember one of the briefings they would give us, the——one of the second lieutenants would come, come by and talk to the platoon or the company and talk about not being what they called the “hashaholic.” And that meant it was OK to smoke a little bit of hash on the weekends at night, but you really shouldn’t be smoking it all day when you’re on duty.

Q: (laughs)

DERHAM: And so they were——that was kind of their attitude on drugs. They couldn’t control it and so they were——

Q: Yeah.

DERHAM: They would just try to limit it in some way. There’s also a lot of racial tensions and sort of fights and sort of that kind of stuff.

Q: On the side of the——even amongst the people that were educated, or——

DERHAM: Well no, I mean it was just a mix. You would go to the NCO (non-commissioned officer) Club or something and the blacks would be together and the whites would be——and that kind of stuff. It was a very——it was an institution in very sad shape at that point. But the trip was interesting.

Q: And how long were you based there?

DERHAM: A bit over a year. Because I got there I'm thinking in January or February of 1971. And then what they did was I was supposed to be in the army——

Q: That was a two-year assignment.

DERHAM: Well, I was supposed to be in the army for two years, but then they had too many people. So they gave everybody early outs.

Q: Oh, OK.

DERHAM: So, I came back in April 1972.

Q: So it's like a year and a half.

DERHAM: A year and——

Q: Two years.

DERHAM: Yeah, a year and two months or three months, like that.

Q: That's not too bad a tour.

DERHAM: No, no, no, it worked out.

Q: The alternative would have been——

DERHAM: It was fine. And then, you know, and then you can always——you always say you're a military veteran. Vietnam era veteran, whatever that means.

Q: You could get a motorcycle too (laughs).

DERHAM: Yeah, right. No, exactly. And you also got some GI benefits, which I later used. And as I said, it was a good opportunity to do some travel, which was good.

Q: And did that give you a better sense of direction, or were you——

DERHAM: No, no, it didn't give me a sense of direction at all. So I came back to New York in April 1972. So by then my brother Dennis had gone to Montana. My brother Tommy was still in the neighborhood. But obviously in very big drug problems and running up against the law and everything. And my mother was still working. I didn't know what to do, didn't know what I wanted to do. So the first thing that happened was——in those days when you came back and you were out of the army, since you were in the army you would get six months of unemployment, no questions asked. So you'd go down, you'd fill out the form, and then they'd send you, I don't know, fifty bucks a week

or whatever the hell it was.

Q: Whatever.

DERHAM: Yeah. Which was——

Q: Which was real money then I guess.

DERHAM: Which was something. It's better than nothing. And I was still living at home where my mother was, so——

Q: So it bought your cigarettes and whatever else.

DERHAM: Right, exactly. In those days I was smoking.

Q: Sure.

DERHAM: So in the meantime trying to figure out what to do. So at a certain point I talked to some friends and they were working in the New York school system, and they were teachers. And it turned out that the New York City——New York City had a real need for teachers, I would kind of say at the junior high——more the junior high than the high school level, in bad neighborhoods.

Q: Mm-hmm.

DERHAM: And particularly if you could teach math. And——

Q: And you could survive in bad neighborhoods.

DERHAM: Yeah, exactly.

Q: No, no.

DERHAM: All you had to do was if you went to the school and you sort of explained who you were and if the school said OK, we'll take this person on, you could, you could start working that way. But in order to do that, you——in addition to a bachelor's degree you needed twelve credits of education courses.

Q: Ah.

DERHAM: So I was told this and I, I just thought that any courses I took that were education courses would count. So long story, so over the story I took education courses. And kind of the last education course I took, actually it was down in Columbia University, it was in the education department. So it had a course number ED or something. And I picked it because I thought it was interesting but it was——I can't remember what it was, psychopathology or some crazy thing like that.

Q: (laughs)

DERHAM: And so, so I did the twelve credits, went to a school, school said they'd take me on. So now I have to go to the Board of Ed to get the final check-off. So when I go down to the Board of Ed (Education) sort of after all this big long effort, they look at the credits and they say, "Well, this course is OK. This course is OK. This course is OK. This course we don't accept the full three credits, we only accept a credit and a half."

Q: (laughs) You're short a credit.

DERHAM: So I'm short a credit and a half and so, so I couldn't work.

Q: Oh, they really wouldn't bend on that?

DERHAM: No, they wouldn't bend. So it's the Board of Ed——

Q: Yeah.

DERHAM:——which is a notoriously big crazy bureaucracy. So anyway, they didn't bend on that. And so what I decided well, maybe what I'll do is I'll take another ed course. So that fall I enrolled in an ed course. And then——but also at that point my unemployment was running out. So at the Unemployment Office they said, "Well, since you're a veteran what we're doing is there are some——putting some veterans in——there's jobs at the Veterans Administration."

Q: Oh. There's the connection to the Veterans Administration.

DERHAM: Right. So it's——and it's down on——it's like 34th, 34th and the West Side.

Q: Near Macy's. Whatever.

DERHAM: No, I don't think it's that close to Macy's, I think it's——

Q: Further.

DERHAM:——further away. Closer to the big post office I think. So I went down there and there were about half a dozen of us who started the same day with the Veterans Administration. And we were all kind of in the same situation. We were all people who'd recently been discharged. As it turned out, one of the guys actually went into the Foreign Service, became a pretty good friend _____. But we all started working in the Veterans Administration processing education claims, which was pretty stultifying work. And we were all trying to get out as soon as we got there.

Q: (laughs) But at least you got to know what the educational opportunities were for vets.

DERHAM: Well no, actually what you really learned was the deal was——what, what, what I do remember taking away from that was all these vets that were getting out had these GI benefits. Now, some of them actually used them for, for stuff. But a lot of them just had ‘em, and weren't going to use ‘em. So there was, there were a couple companies or certainly more than one I suspect. But what they, they had a course that was, was——the idea of the course was learn how to be a TV repairman. And so the course was you would sign up for the course and basically——I don't know what level the parts were——but they basically sent you the parts and you could build a TV.

Q: Did you do this?

DERHAM: No.

Q: (laughs)

DERHAM: But, no, you get the application and you would process it. And that was all, it was all OK. And so——but the scam was——it wasn't a scam, it was just, you know, this is the way the U.S. government works. They approved this course. So if you're a veteran, you say, "Here, you get a free TV." So, so yeah, so why wouldn't you do that? The company makes the money and the taxpayer pays. So that was the kind of stuff you saw there. So at that point——

Q: So wait, wait. So when you get there, you were giving up on the teaching in the, in the middle intercity, or?

DERHAM: Well no, no, I still had, I still had the teaching option.

Q: OK.

DERHAM: But I needed to, to complete the course.

Q: Right.

DERHAM: At that point, for some reason I became interested in the Foreign Service process.

Q: How'd you even hear about it?

DERHAM: Well, I don't know. I might have——

Q: I'm just saying——

DERHAM: It might have always been in the back of my mind. And the attraction to the Foreign Service process was it essentially didn't matter what your transcript was. In other words, you just take the exams and you start, you start at kind of zero and if you do well in that process——also——

Q: Because you were conscious of your less than stellar——

DERHAM: Right. Yeah, no, no. Well no, I just thought this would——this was another option.

Q: Sure.

DERHAM: So, and as I said, one of the guys, maybe more than one of the guys that I met at the VA was also involved in the process. So in those days——I think the exam was in December, I'm thinking. But I can't remember exactly.

Q: But before you go further on that, because that's why I'm asking you this, because it's like how does one hear about these things? It's something that really was never discussed at Fordham, or was it? In other words——

DERHAM: Well, it certainly wasn't discussed at Fordham. But when I was looking at——

Q: Other alternatives.

DERHAM:——what are my options at the U.S. government?

Q: Right, right.

DERHAM: What are the options if you don't think your academic record is going to get you into something? This seemed to be an option.

Q: Sure.

DERHAM: As I said, under different circumstances, who knows? I might still be teaching math down in, down in Junior High School Nine in the South Bronx. So what happened was I took the exam in December of that year.

Q: Mm-hmm.

DERHAM: And in those days——of course it swings back and forth, the good old Foreign Service.

Q: Mm-hmm.

DERHAM: In those days you had to pick a cone, a specialty. So I kind of looked at the things. So you had, like, political.

Q: Mm-hmm.

DERHAM: So I said, “Well look, I’m not George Kennan, so I’m not going to worry about that one.”

Q: (laughs)

DERHAM: I have economics, I don’t know anything about economics. Never took an economics course, or maybe took one in my life.

Q: Oh really?

DERHAM: Yeah. So I didn’t look at economics. Consular, you know, I don’t even know what consular is. And——

Q: Admin.

DERHAM: Admin, I know I don’t want admin because I can imagine what that is. So the fifth one was USIS, U-S-I-S (United States Information Service).

Q: It was already on the roster? I don’t remember.

DERHAM: Yeah. At that time it was.

Q: OK.

DERHAM: So I said, “Well, what’s USIS? USIS is, you know, culture, you go to movies or something, you read newspapers.” So I said, “I’ll do that. I can do that.” So you took the written exam, and I did well on that, just kind of knew I’d do well. So then I came down to Washington for the oral exam.

Q: They didn’t do it in New York?

DERHAM: No. I came down here and did it I’m pretty sure. And——or I know I did. So I took the oral exam and so I tried to kind of bullshit my way through it. But you know, acting like I’m this cultural butterfly from New York City.

Q: (laughs) Going to the theater.

DERHAM: Yeah, right, exactly. So I don’t think I fooled anybody on that. So then, the way they did it in those days was you did the oral exam and then the committee would meet and then the chair would tell you whether you passed or not. So he——so they go ahead and they do this. So he called me in and he said, “Unfortunately, you haven’t passed.” He said, what he said was, he said, you know, he said, “We really need economic officers.”

Q: (laughs)

DERHAM: He said, “Maybe you should think about trying to get in as an economic officer.”

So, so I said, I said, “OK, that’s, that’s a suggestion.” So what I did was I waited another year and I went through the cycle and I read a couple of John Kenneth Galbraith books and tried to understand a little bit about economics.

Q: So you never had any economics courses.

DERHAM: No. I think I had one as an undergraduate, but none to speak of really. So the——in the meantime, those of us in the VA are, you know, talking to each other saying how terrible the VA is and everybody——VA is like the bottom of the U.S. government.

Q: Now mind you, how long have you done this at this point?

DERHAM: Well no, a couple months.

Q: (laughs) But long enough to know.

DERHAM: Well, it was correct. It was a very, you know, it was a gigantic office with hundreds of people and they just, you know, you just sit at the desk for thirty years doing cases. So all of us were trying to, each in their way were trying to see what the options were. But one of the things was now that you were in the government system you could, you could look around. And I had felt at that point——

Q: We have time, I just want to make sure there’s enough time here.

DERHAM: OK. So I, I had also decided that I wanted to get out of New York, that, that I had kind of had enough of New York, I needed to——I wanted to leave the, wanted to leave the house.

Q: You’re still——at this point when you’re working for the VA, you’re still living at home?

DERHAM: I am. I am.

Q: And commuting to——

DERHAM: Commuting downtown. But I felt I wanted to get out of New York, see something new, see something different.

Q: Sure.

DERHAM: So you would get all these kinds of announcements for something.

Q: At the VA.

DERHAM: At the VA, but a government-wide kind of thing.

Q: Sure, mm-hmm.

DERHAM: So one of them was from the Export-Import Bank.

Q: Oh, OK.

DERHAM: And as a systems analyst, is what it was. So I pursued that and I interviewed for the job. And they were, they were hiring a number of people. And I guess, I guess maybe the math background helped a little bit. And so——

Q: Back up a second. Now at this point you've already decided though you're not going to teach at the PS whatever and——

DERHAM: Well, in other words I had——I did take the course that fall.

Q: You didn't——oh, you did. OK.

DERHAM: So I was kind of still developing that option. I had decided that I was probably going to go through another cycle of Foreign Service Exams. But as I said, I was also interested in seeing if I could get out of New York. So depending——

Q: It all——

DERHAM: Yeah, depending on what comes up, I'll pursue whatever comes up.

Q: Mm-hmm.

DERHAM: So, the Export-Import Bank thing came up. So I felt OK, let me, let me do that. So I took the job and I guess I transferred. I moved down to Washington I think in April of 1973 and started working for the Export-Import Bank. Which was——is, is OK. It's, it's systems analyst, was kind of like computer programming.

Q: Which is sort of what you'd picked up while you were in the military, right?

DERHAM: A little bit of that.

Q: Yeah.

DERHAM: It wasn't very complicated though. And of course it was, it was working for the government. It's not like working for Google or something where you actually, actually have to know anything. No, you could, you could just learn, it's pretty good. And it's just, you know, you keep your nose clean and stay out of trouble, you'll do all right.

Q: Mm-hmm.

DERHAM: So, I did move down to Washington. And started working at the Export-Import Bank, with no intention of staying there forever. But it gave me some, some time, gave me the experience of getting out of New York, living on my own.

Q: Where were you living, just for curiosity?

DERHAM: Well, actually it was funny. I came down to Washington. I didn't know anybody in Washington at all. And you know, you get one of these little books—you can still get them I guess—Apartment Hunters Guide, or something like this.

Q: Mm-hmm, sure.

DERHAM: So you look at the—you know, and of course you look at the books, all these people look great.

Q: Sure they do. (laughs) They have them in the boxes by the corners.

DERHAM: No, you do. And they all look great and you say, "Oh, just one after another."

Q: Uh-huh _____.

DERHAM: Yeah. So I started driving around.

Q: You had a car?

DERHAM: Yeah, I did have a car. I borrowed my mother's at that point. To drive down. So, but I was able to move around or when I did make the move. In fact, what I did first was I lived—used to be a YMCA (Young Men's Christian Association) right on like F and 17th Street or something? Right walking distance from the—so I, I lived there for a while. But I was looking around and—I mean the thing is—so I'm moving around in D.C. So the first places I'm going to are like on Georgia Avenue and stuff. And I said, "Holy cow." So I know D.C. is black, but this is ridiculous, right?

Q: You were —(laughs)

DERHAM: Yeah. So the thing is—right *(laughs)*—so, so finally I go to the other side of Rock Creek Park. This is—ah.

Q: Uh-huh.

DERHAM: So I finally got a place in McLean Gardens?

Q: Mm-hmm, sure.

DERHAM: Yeah. Up on——

Q: Yeah.

DERHAM: Up on where the hell it was.

Q: Up by Wisconsin——

DERHAM: Yeah, up by Wisconsin, not far from AU, American University.

Q: Mm-hmm, yeah.

DERHAM: Which was fine. And just take a bus to work. And that was kind of——so that's where I, that's where I moved. So there I am working for the Export-Import Bank. And, but also, as I said, going through another cycle of Foreign Service. And so this time I did get through.

Q: And you indicate——did you have to write the post you wanted and say this time——

DERHAM: Yeah, so I did econ. They took me in on econ.

Q: Do you remember anything about that test?

DERHAM: I don't remember anything at all. I remember the first oral, I don't remember the second——I don't really remember——

Q: Because they——you know, they kept changing that rule about whether they would tell you at the time or not. At this point were they telling you?

DERHAM: Yeah, no, they——I think they told me right away. I'm pretty sure they told me right away. And so then you kind of——then you don't know, you have to go through the physical and then the security thing. And you know, for an outsider, you know, you're thinking wow, this could be——who knows what's involved in that. Turns out not much. But, you didn't——there wasn't a way of knowing that.

Q: You don't remember how long it took?

DERHAM: Well, I mean I could figure it out, because I know when I went in.

Q: Sure.

DERHAM: And so I went in in September, so they were done with me by like June or July. And then once, once all the paperwork is done then you move very fast. Next thing I know I'm getting a call, you know, can you come in——

Q: Can you come in tomorrow (laughs)?

DERHAM: Yeah, exactly.

Q: Or in two weeks or something like that. And had you decided at this point that this was what you wanted to do, or you were sort of—how did you feel about the Export-Import Bank at this point?

DERHAM: Well no, I, I preferred to—this seemed more interesting than the Export-Import Bank.

Q: OK.

DERHAM: But I was, you know, never a big planner, huh? Just go step-by-step and see what happened.

Q: So you were with the Export-Import Bank for what, a year? Was it a year even?

DERHAM: It was a year, a little bit more than a year. So. But it was good. It's got a great location. And in those days they used to invite you to—at the White House when they had like things on the South Lawn or something they would invite—if employees wanted to go over. I can't remember whether I went to any of those. But I do remember there was, there's a Brezhnev visit and maybe—I can't remember whether the Shah of Iran came.

Q: (laughs) Well, he was still the shah—

DERHAM: Yeah, no, they probably had teargas or something like that. So it was—and for me, Washington was new. I liked Washington a lot better than New York because—

Q: Really?

DERHAM: Yeah, because I feel Washington is much more, is much smaller obviously, much more manageable, much more easy to understand where you are in the city and how to get around and everything else. And Europe is much more complicated than that. So it was a good experience. So.

Q: And so you say, "OK, Foreign Service here I am."

DERHAM: Right. So then—

Q: Or they say to you, "Welcome aboard." Whatever.

DERHAM: Yeah. So—

Q: Let's talk about that first period before you go into your first tours. Because we can save the first tour until the next time, but how was your exposure? How was—

DERHAM: Well, my first tour was not overseas.

Q: No, I know. But what was your first orientation A100 experience and introduction to the Foreign Service? And by the way, were you single then or were you married then? Had you met your wife at this point?

DERHAM: Well, I was single. And the story on that was——

Q: Because I seem to recall that you mentioned at one time that you had met Jolene at some point in this period.

DERHAM: Yeah. Well, in fact I was about to leave the Export-Import Bank. And she was——she, she was hired to replace me.

Q: OK.

DERHAM: And we had an overlap, so that's how we met. So that's——so met her just before I went into the Foreign Service. So, so did A100. I don't remember a whole lot about A100.

Q: So first of all, you were offered a position. Did they tell you anything about you're going to be an econ cone officer?

DERHAM: Yeah, yeah, you're econ cone——right, right, because that's what I had taken the exam in.

Q: Yeah. And so you came in and they——did you have to bid early or do you remember anything about bidding on the first tours or anything like that.

DERHAM: Well, what I do remember——

Q: Because the system keeps evolving.

DERHAM: The system changes all the time, yeah. The——what happened was——well, first time——of course in those days it was done in Rosslyn, huh?

Q: Mm-hmm.

DERHAM: In that big high rise.

Q: Mm-hmm.

DERHAM: It was kind of an interesting experience actually. It was, you know, it was all interesting. It was all new to me and all the stuff. So in that sense it was, it was interesting. The other thing is you're kind of in this class of——I'm trying to remember

how many there were——

Q: You were like, let's see, you were mid-twenties at this point?

DERHAM: So if it's 1974, I'm twenty-six.

Q: Mm-hmm.

DERHAM: So you know, you get into this class and, you know, you're——can't remember, was it eight——one hundred and or something. They always change the numbers. And I guess there were about, I'm thinking, thirty people, but I can't remember. And I was, you know, I had, it's a misapprehension, but you know, I thought——once again, going back to my George Cannon thing——

Q: One second.

DERHAM: OK. So——

Q: Yeah.

DERHAM: All right, I was in A100 and——those days at——in Rosslyn in the high rise. And for me it was an interesting experience. You got, you know, all these dog and pony shows.

Q: How many people were in your class roughly, do you remember?

DERHAM: I'm thinking thirty, but I would have to actually look at that. It was that magnitude. And I was, I would say, very insecure. Insecure in a sense that, you know, all these people with MA's——

Q: Uh-huh.

DERHAM:——or tremendous background or something. And I'm, you know——

Q: I'm just a boy from the Bronx.

DERHAM: Yeah, I'm just a guy who took the exam and passed it.

Q: Yeah.

DERHAM: And there are some people who are very articulate and sort of know what they're doing and everything else. But it was kind of OK. And you know, you'd go out to——remember whether it was West Virginia or wherever you go for the off sight——

Q: Harper's Ferry or——

DERHAM: Yeah, it was, it was Harper's Ferry, exactly. In retrospect, I've been told and I believe it to be the case, A100 is basically a parking lot where they figure out where they're going to send you. So they're just, they're just in-processing you is what they're really doing. What really happens in A100 is of kind of minimal impact.

Q: Don't you think they're also evaluating you and deciding who gets to do what kind of post?

DERHAM: No, not in A100. Maybe, maybe——

Q: I think maybe. I thought there were some people, for example, that might have been less social——and I don't mean what their backgrounds were——but some people who played better in the sandbox with others and——

DERHAM: Mm.

Q: You don't think they——

DERHAM: I don't think it was that important.

Q: All right.

DERHAM: So in those days I can't remember exactly whether you bid or not. And, it was obviously a very loose system to the extent you did. And what happened was there were, out of the whole class there were only four economic officers. So at a certain point the different cones did different things.

Q: Mm-hmm.

DERHAM: So what happened was they took the four of us over to the Economic Bureau to——you know, you go into an office and they, they kind of talk to you. And the guy we went in to see, we went, we went to an office at that point called the Fuels and Energy Office. And Larry Reich, who was——I don't know whether he was a division director, because I don't think he was the office director. But Larry Reich is the guy we met with. And Larry was kind of this——he, he was, he was a bit of a character, kind of a wise guy. But, very smart and good sense of humor.

Q: Kindred spirit, in other words.

DERHAM: Well, he was——

Q: (laughs) I'm just kidding.

DERHAM: No, he was, he was different in certain ways. So he later I think almost——I think he went blind in the Foreign Service.

Q: Oh.

DERHAM: And finally had to retire. But at that point I mean he didn't have any of these problems. So we met with him and he explained what they did and everything else. And he asked us who we were. So we had this experience. So OK. So that's it. This is the way I remember this. And it may be that this really didn't happen like this, but this is the way I remember it. So anyway, we went back to A100.

Q: Oh, this is like for one day or for an hour?

DERHAM: An hour, it's like an hour.

Q: Oh, OK, so it wasn't like you were with them all day.

DERHAM: Yeah, no, no.

Q: No.

DERHAM: It was an hour or something like that. That's my recollection. So then we go back to A100 and, you know, you go through the A100 program. So about——so I guess the whole A100 program was like six weeks or something.

Q: Mm-hmm.

DERHAM: I don't remember what it was. So then——so at a certain point, and I almost remember who ran the A100 program. So this guy specialized in China. Very 'Foreign Servicey' kind of guy. Had us out to his farm somewhere in Northern Virginia or something for a social event or something. You know, with all his great Chinese artifacts and stuff. But I don't know whether he came to me or somebody else came to me. He said, "EB (Economic Bureau) is interested to know, they need somebody to be a staff assistant in EB." And then, "They wanted to know whether you'd be interested in this." And the way the guy kind of told me the story, he was kind of saying, you know, I think maybe he's probably making a mistake, but (*laughs*), but I'm just passing this message along. Said, "I don't know what the hell they see in you."

Q: Oh, you're kidding?

DERHAM: No, no, I think that was true.

Q: That's the tone.

DERHAM: Well no, and I would have——certainly not of those four people I wouldn't have picked myself actually. So, so the deal was, the way EB was——the way EB had set up their Front Office at that point, the assistant secretary was Tom Enders.

Q: Mm-hmm.

DERHAM: Yeah. And his—they didn't call it principal deputy assistant secretary, but that's what he was, was Jules Katz, who was very well known, economic officer. And the way the Front Office was set up was Enders had a staff assistant, Katz had a staff assistant, and then there was an executive assistant in charge of this—so they needed somebody to work for Katz. So I'm sure he interviewed me, but I can't remember it at all. And so that was my first assignment.

Q: So basically you think that the guy that you mentioned—

DERHAM: Larry Reich.

Q: Yeah.

DERHAM: Was the one—

Q: Is the employee that said hey, this guy is—

DERHAM: He looked at him and said, "This would be a guy to work with Jules."

Q: Yeah. Yeah.

DERHAM: So. And of course by then I'm thinking, "Well, I don't want to work for Jules. I want to work for Enders *and* Jules."

Q: (laughs) Oh. So a little ambition is kicking in.

DERHAM: Yeah, no, it was. And actually, it was—so you know, from being this kind of insecure guy in A100 class, a month later I think I'm a hotshot in the EB, in the EB Bureau.

Q: (laughs)

DERHAM: And in those days—well, a couple things to say, say about that experience.

Q: Well, what made—what do you think accounted for that transformation? The good response from Reich or from just your feeling you were doing well in A100, or?

DERHAM: Well, no, the feeling, the feeling that once you got into that job all of a sudden you were compared to—compared to being a systems analyst at Export-Import Bank or a case examiner at the VA, you were, wow, you were in a very fast lane.

Q: Yeah.

DERHAM: And in those days—a couple things to say about that job. First is that Enders was an extremely ambitious but also capable guy.

Q: Mm-hmm. He's also assistant secretary in ARA _____, right? Or W—whatever it—

DERHAM: Yeah, _____, probably, yeah. He had actually—at that point he had just come out of Cambodia, Phnom Penh, where he had been chargé in, in Cambodia. Most famously, the one time I guess the Khmer Rouge tried to—they tried to assassinate him and they blew a bomb up under his car. And he got out of the car and walked the rest of the way to the embassy. But I do know he, he kept—on the wall, on the Khmer Rouge radio, they broadcast that they had killed Enders. And of course they hadn't. But he was—

Q: He had it (laughs)—

DERHAM: So, Enders has a very strong personality. Katz had a very strong personality. Very experienced guy. He was in the Civil Service, so he couldn't go overseas. But he was a very savvy guy. And they had a very strong team. Their—I'm thinking one of their deputy assistant secretaries was Paul Boeker, who was ambassador in a bunch of places—

Q: Sure.

DERHAM:—and sort of passed away early on. Steve Bosworth, who was—I guess he's up in Tufts now or something—he was the director of the Fuels and Energy Office. Jim Placke, Joe Biller. There was a very, very strong team of people. So as a staff assistant you actually got to know all these people.

Q: And they got to know you.

DERHAM: Well, not only that, but they were always very interested in what was going on in the Front Office. So even though I'm like FSO-7 in those days, you know, with no experience at all, I have more access to Jules Katz than they do. So when you sort of walk around and do stuff and taskers and all that kind of stuff, they would like to talk and gossip with you about what was going on. So it was, it was interesting.

Q: So back up. So now, you've finished—because you're already moving into your first tour. So you have finished A100 and you've already got your assignments.

DERHAM: Right. But in other words—and I don't think I ever formally bid on the assignment. I was just—

Q: You sort of moved through the system really quickly in that regard.

DERHAM: Right.

Q: Yeah.

DERHAM: So then the other, the other thing—I mean there's lots of kinds of stories to tell about that first tour. But one of the things, in those days staff assistants, the theory was staff assistants needed to be aware of any developing taskings or paperwork requirements. So what that meant was when Tom Enders took a phone call, you would listen in on the phone call. And that was pretty interesting because for one thing Kissinger was secretary of state.

Q: Mm-hmm.

DERHAM: So you would—

Q: Hear him talk.

DERHAM:—hear him and Enders talk about—basically about economic issues. The other thing is Enders felt—for the most part I don't think there was an undersecretary of state for economic affairs while I was there. I don't think they had filled the job for almost that whole year. So Enders saw himself as Kissinger's economic deputy. Kissinger, to a certain extent, was running the whole foreign policy apparatus of the world. So Enders would call up Cabinet members, Bill Simon over at Treasury or something and do this and do that. And, and you'd listen in on the stuff. You never actually did much follow-up on these taskings or something, was just kind of eavesdropping. But it was, it was pretty fascinating. And Enders, that was right after the 1973 oil crisis and, and there were a lot of energy issues. The Department of Energy I think had just been organized, or maybe even wasn't a department yet or something. So the State Department had a very big role in that.

Q: Now, did Enders—just because you brought him up—he had been in Cambodia. He eventually, or I guess Latin America was later, but was he an economist by training or was he an Economic Cone guy, or?

DERHAM: No, I think he was more of a political officer. But I think—

Q: He just wound up in that job.

DERHAM: Well yeah, but he did—he had a PhD and he could certainly—he knew enough economics for that job.

Q: OK.

DERHAM: He was also—his wife was a real character too.

Q: She was tiny, right?

DERHAM: Yeah. Di—

Q: Enders was tall and she was——

DERHAM: Enders was like six feet, eight inches tall.

Q: Yeah.

DERHAM: And she was an Italian, Gaetana Enders. And——

Q: Apparently, from what I understand, she was quite a personality or powerful in her own right, or?

DERHAM: She was a——no, she has a personality. She was very well known——very much a social actor. She was——the one story, the one famous story I remember about her was——actually in those days we had——Alec Watson was the press assistant in EB.

Q: You mean future Ambassador Watson?

DERHAM: Yeah.

Q: Mm-hmm.

DERHAM: He was press assistant and in congressional relations or something. Little office off the Front Office. So somehow they had set up an interview between Gaetana Enders and Sally Quinn from The Washington Post. And Sally Quinn was pretty famous for getting people to damn themselves in these interviews. And so she interviewed Gaetana and just let Gaetana go on and on and on and on. And so Gaetana, among other things, sort of talked about how——what a great experience it had been in Cambodia and that the Cambodian people really made great servants and that she had brought back a couple. And then she went on——she was——I think because of——she was on some refugee committee or something. And for some reason she didn't like the way Senator Kennedy was sort of handling the refugee committee or refugee issue.

Q: She talked about him?

DERHAM: She talked about him. In a very, very unflattering way. And then——and of course what happened was Washington Post published the whole thing. It was all over the Style Pages. And I remember we came in that morning and——

Q: Oh, this is during the period you were working there.

DERHAM: Yeah, yeah, no, and Enders, Enders closed his door and Watson was the only one that got in to see him, because Watson was both the press and, and the——in dealing with Kennedy. And apparently Enders was so embarrassed by the whole thing he offered his resignation to Kissinger. He had to call up Kennedy.

Q: Oh my God.

DERHAM: And the story was that Kennedy was actually very gracious, that look, these kinds of things happen.

Q: Sure. And who am I to throw stones?

DERHAM: Yeah, right, exactly.

Q: (laughs)

DERHAM: But Enders was very much—there was always a lot of drama around, around Enders. And he and—he and Bosworth and Jules, they had—they were working on this thing, this energy policy. And it was basically—the concept was that—of course petroleum prices had, had gone through the roof. And one of the, one of the ways to kind of, to break the, the stranglehold that the Middle East had on petroleum prices was to encourage investments in petroleum in Alaska for example, Canada, other places in the OECD (Organization for Economic Co-Operation and Development). But one of the issues was that, in fact, if you could get petroleum out of the ground in the Middle East for, I don't know, a dollar a barrel, and you—to invest in Alaska you needed to get at least five dollars a barrel, while prices right now are at ten. Suppose you made your investment and the Middle East suppliers, you know, sort of loosened up the cartel, price could drop all the way down to a dollar, and you, you would lose our, your investment. So Enders and Bosworth in particular, but Jules worked on this too, decided that the way to get around this was to reach an agreement on a minimum price floor. So in other words, if you were a member of this agreement—and this would be for the OECD countries—you would agree that you would not buy oil, for example, below five dollars a barrel. So if the Middle East suppliers dropped the price you would put a tariff on the oil to bring it back up to five dollars. So, the problem with this, this whole program was what you're saying is we have high oil prices, and the way we're going to solve it is we're going to, we're going to make an agreement, we're going to keep oil prices high forever.

Q: Tariffs (laughs).

DERHAM: Right. So you can understand the thinking. But when you actually step back and say, "What the hell are we doing? We're raising oil prices on our own? We're trying to get them down." And they—actually they went through this and it was a big priority of Enders.

And I remember once Bosworth said—was in a meeting with Enders and the way he told the story was Bosworth said, "You know Tom, there's probably only two people in this world who actually really understand and support this idea."

Q: You're one.

DERHAM: And Enders said, "Steve, I think there's only one person. That's you."

Q: (laughs)

DERHAM: So ultimately the thing fell apart under its own weight. But it's one of those things that Enders was making calls to everybody and sort of wheeling and dealing and, and, and, and everything else. Jules, on the other hand, Jules was much less flamboyant, less dramatic, and also very experienced. He focused on mostly his three prior offices. One was energy, one was commodities, and one was food policy.

Q: That's—

DERHAM: Actually those were quite important offices and in those days State Department had a lot to do with it and a lot more, a lot more—

Q: Are these offices still in existence at State?

DERHAM: Not, not, not in exactly that form. And of course what has happened is over the years a lot of those responsibilities had been moved from State to USTR (United States Trade Representative) or Department of Commerce, Department of Energy as the case may be. So that while there are residual offices there, they don't have the clout that they did under Jules.

Q: And how long was—was this a year or two-year—

DERHAM: It was a one-year assignment.

Q: Sounds like a very good one for you, for—I mean a good exposure.

DERHAM: Well, it was good, it was good exposure. The other thing is you got to know the whole Economic Bureau. And I don't know how many offices were there, but maybe, maybe up to a hundred or something. So over the course of the year you pretty much got to know—

Q: —who the key players were.

DERHAM: Well, even the non-key players. But you knew, you knew all these people who were going to be your colleagues actually as an economic officer. So you got to know all these people that got to know you. The other thing you could learn was how the department functioned. And that's not something that's very intuitive.

Q: No.

DERHAM: You have, you have to be there and see how a bureau works with other bureaus, how does the bureau work for the seventh floor, what's important, what's not so important, and, and that kind of stuff. The other really key contact, the other person who I got to know in that job was Francis Wilson, who was the executive director of EB. And

Francis, who's very close to Jules, Francis was already very interested in personnel and in assignments and sort of reportedly in her safe kept files on all the economic officers.

Q: Francis is a woman? Because Francis is one of those unisex names.

DERHAM: Yeah, Francis is a woman, Francis Wilson. She kept files on all the economic officers and we consulted with Jules, this person should go here. This was—as I said, this was a much more informal bidding system than what's developed. And they could pretty much—

Q: Determine where you were going for your second tour, right?

DERHAM: Yeah.

Q: And what about, did you work as well with Reich? I can never get his name right.

DERHAM: Larry Reich. Well, he was still down in the office. I would see him.

Q: Yeah. He didn't turn into—I guess what I'm really—

DERHAM: No, he was not—no, he was not a mentor. He was just—

Q: Somebody who spotted you early on.

DERHAM: Well, and I'm not even a hundred percent sure of that. I think—for some reason I believe that. I don't know who, who would have told me that, but somebody might have. But there was no real kind of, kind of follow-up on this.

Q: OK. Was there any—because this has subsequently become more of a theme of mentoring junior officers. Were there any, you know, the sort of self-appointed or any emphasis on kind of guiding junior officers then?

DERHAM: The fast answer is no.

Q: Yeah.

DERHAM: And of course after being a staff assistant I felt I was such a hotshot that, how could anyone mentor me?

Q: (laughs) Right.

DERHAM: And actually there was a certain truth to that. Because I understood the department better than a lot of people understood the department. I knew a lot of economic officers. So in that sense I wasn't, I wasn't looking for a mentor. I did—for various reasons I got to know—it was at that point there was a, I guess it was a division, not even office, the Tropical Products Division who Tom O'Donnell ran that

division and Paul Falkowski was there and other people that were there. And since I subsequently first went to Rio to work on coffee and then returned to EB to work in the Tropical Products Division——

Q: You became _____ some sort or other.

DERHAM: Well, a little bit. But I certainly got to know Tom. And I don't know if I would describe the relationship as actually mentor-mentee, but we, we've stayed, we stayed very close over both careers.

Q: Did you feel, as part of your staff experience, and I say this having seen this from a little bit of a different bureau, were people being unusually nice to you because they felt that you had access to this information? In other words, did they just stop rising in that regard?

DERHAM: Well, in other words when you were staff assistant and then when you wanted to know what was going on in the front office, there was no percentage in being tough on the staff assistants.

Q: That's right.

DERHAM: In fact, you prefer to cultivate——

Q: That's right.

DERHAM: ——a pretty good relationship.

Q: Yeah.

DERHAM: That would be it.

Q: Well, what do you say that we stop at this point?

DERHAM: OK.

Q: OK, go ahead.

DERHAM: He was the director of S/P (Secretary of State Office of Policy Planning). He was obviously a very important advisor to Kissinger. I mean, you know, and Eagleburger was——

Q: But he had been an ambassador too, at one point?

DERHAM: Winston Lord?

Q: Mm-hmm.

DERHAM: I'm not so clear on that.

Q: OK, all right. Yeah, I don't remember. I mean I know I had—I think Winston Lord, just tangentially, I think wasn't his wife a very famous Chinese-American novelist?

DERHAM: She was. She was.

Q: Yeah. And I remember sometimes who was more significant. But he's the China person I think.

DERHAM: He was. But I'm not so sure he was an ambassador.

Q: OK, it doesn't matter. I'm just curious while we're on that score. So you had mentioned earlier that you had been getting to know the woman who was in charge of personnel, Francis Wilson.

DERHAM: Right, Francis Wilson.

Q: So how—at this point did you have to bid on your second assignment or were you—did she—were you sort of, you know—was the finger pointed at you?

DERHAM: Yeah, the finger was pointed at me.

Q: Did I go (laughs)—yeah.

DERHAM: She I think consulted with Jules and maybe Tom O'Donnell at that point. And it was somewhat similar to getting the EB staff assistant job.

Q: Mm-hmm.

DERHAM: Either she came to me or somebody came to me and said, "We think Rio would be a good job for you."

Q: Did you know any Portuguese at that time?

DERHAM: No, I didn't know any Portuguese. Actually I had no reason to be that interested in Latin America more than any other place.

Q: Right.

DERHAM: But it's a little bit characteristic of my career.

Q: (laughs)

DERHAM: No, I didn't have a big plan and then stuff happens and it happens and you

just follow that path.

Q: Right.

DERHAM: So that they kind of pitched the job to me as something that Jules is very interested in, that one of the responsibilities would be the coffee policy job. Which was actually a contentious issue at that point because the prices had gone up and we were in something called the “International Coffee Agreement.” And so, the job was, was, was pitched to me in that way.

Q: And what was the International Coffee Agreement, in a nutshell?

DERHAM: The International Coffee Agreement was an international commodity agreement. And basically, the thought was that commodities, international commodities, things like coffee, have great volatility in the prices. And particularly——actually it’s a little bit like the argument about investment in the petroleum industry. But coffee is a tree crop. So to have a good, a good supply, it takes, it takes a number of years. I can’t remember, it’s five years or something, between when you put in a coffee, coffee plant and you have a producing coffee tree. So that if you have people just responding to the prices going up and down, what happens is they over-invest and they under-invest and they over-invest. And this creates even more volatility down the road. So the idea was to try to support prices at a steady level. And the way you would support prices would be the consuming countries, when there was oversupply, the consuming countries would agree to set up import quotas, that they would, they would limit their imports. And it was a big complicated system about certificates of origin and where the coffee would come from. And that would be a way to smooth out the, smooth out the, the, the coffee price. The, the kind of vulnerability on this thing was that, as it originally was, was, was conceived, I think maybe back in 1960 or something, or the beginning of the Kennedy administration——

Q: So it wasn’t the Kennedy administration?

DERHAM: Yeah, it was. At least it’s original——over time it evolved into I guess a more complicated system. But it was really thought of as almost a development initiative, almost as in the sense of it was going to be helpful to the developing countries, particularly Brazil. Brazil, Colombia, some of the Centrals, some of the African countries.

Q: Mm-hmm.

DERHAM: But over time people were less interested in——or they couldn’t politically justify it so much as development. So over time, instead of calling it development, the justification became the argument that I just gave, you give us a steady price that’s good for consumers and that’s good for producers.

Q: At least in theory, right?

DERHAM: In theory, in theory. What happened was the Brazilians suffered a big frost in I think 1975 and prices went through the roof, coffee prices went through the roof because——

Q: No supply.

DERHAM:——that's the way the market reacted. And then at that point people in the United States, people in the Congress said, "Well, what's the point of this agreement? What you're doing is you're keeping the price level, except when it's not it goes all the way up and we're, we're, we're paying for all this."

Q: Right.

DERHAM: And this is not that good for consumers. So the agreement itself became controversial around that time.

Q: And so the idea was you would have a role in——

DERHAM: Well, I would be——well, the international——not the international——the Brazilian, the IBC, the Brazilian Coffee Institute, had its headquarters in Rio de Janeiro.

Q: Mm-hmm, mm-hmm.

DERHAM: And so the consulate was the one that was a liaison with that. So that was one of the, one of the important responsibilities.

Q: So this is sort of where? I mean at what point in time in your tour as a staffer do you get the word that you're going to be in Rio? I mean how much lead time did you have?

DERHAM: I mean I was only a staffer for a year.

Q: Right.

DERHAM: So there's not a big, big window there.

Q: Yeah.

DERHAM: I suspect in the second half of the year at a certain point.

Q: So were they going to give you language training?

DERHAM: Yeah, we got language training. So you go over to FSI (Foreign Service Institute) and you get language training and——

Q: For how many months?

DERHAM: You got I guess twenty weeks, twenty-four weeks.

Q: OK.

DERHAM: And actually there's a very famous lady who used to run the Portuguese program here, Dorothy Rauscher. And she was——at that point she was——she's getting on in years, but she, she had been in Rio——there used to be a language school in Rio where you learned Portuguese in the country. And Rauscher was involved in that program. But she was, but she was running the Portuguese program here. And she was one of these crusty old ladies who, a little bit like Francis Wilson, evaluated everybody who came in and if she liked you she would help you. And that was very important.

Q: Mm-hmm.

DERHAM: And she kind of liked me. I'm not a great language student. But for whatever reason she thought that I was good enough that I could get to a three-three before I, before I finished, which is actually what you wanted to do. So, I took Portuguese and got the three-three, yeah. And then went to Rio probably in April. And by then——Jolene and I went together.

Q: Well, let's talk about that. So you had met——for the sake of this exercise, you had met your wife at the Export-Import Bank, right?

DERHAM: Right, right.

Q: And so——

DERHAM: So she continued at the Export-Import Bank and then I think she went over to the Department of Commerce at the Maritime Commission, Maritime Administration. And, but we had decided that we would go to Rio together. So we got married in December of 1975.

Q: Mm-hmm.

DERHAM: And so that——so I think she took some Portuguese.

Q: She was able to that——so that——in that time wives could take, or——

DERHAM: Yeah, you could take it on the space available basis or something like that. So she got some. And then we both went to Rio and we went together in April.

Q: OK.

DERHAM: 1973, 1974, 1975, 1976 I guess.

Q: So we will discuss Rio de Janeiro the next time we meet, which will be fun.

DERHAM: Yeah.

Q: OK? Ready to go.

DERHAM: OK.

Q: Today is June 18th.

DERHAM: Right.

Q: The second session with former Ambassador Jim Derham. And we're talking about his second tour in the Foreign Service, which was in Rio de Janeiro.

DERHAM: Right.

Q: And actually——

DERHAM: The first overseas tour.

Q: The first overseas tour. But before, because the system at FSI has changed over the years, you were coming out of a first tour, highly unusual, as a staff assistant.

DERHAM: Right.

Q: And then you went into language training.

DERHAM: Right.

Q: But as you had mentioned last time, you didn't really have any econ background other than what you got as a staffer. Did they give you any specific training for your second assignment or first overseas assignment, which was going, as I recall, to be in the economic area?

DERHAM: No, they didn't.

Q: Area studies of any form and with the language training, or do you recall?

DERHAM: I don't remember. I'm pretty sure area studies were separate. My impression was that I didn't take area studies. But I certainly took——in a way you almost got area studies in the language program because in those days Dorothy Rauscher was the——in charge of the Portuguese program.

Q: Right.

DERHAM: And she had run the school in Rio. She was——and she was pretty advanced in age then. But she would tell us stories about living in Rio. And, of course in the system here where you have native speakers, particularly if it's Brazilian Portuguese at all from Brazil, you get a certain amount of area studies just in the course itself. But to answer directly, I didn't get any professional training and I really didn't get any area studies as such. I had worked in EB for that prior year, I had a sense of what issues the department, economic issues the department was following in Brazil. And in particular, I knew the whole coffee business was going to be a big part of my portfolio there. So I did have, so I did have a certain amount of background in that before I got to——

Q: Yeah, I was trying to get a sense of what they were doing in general for people being sent out for their first tour.

DERHAM: It was very hit or miss.

Q: Yeah.

DERHAM: Yeah.

Q: And, but nothing particular about the——obviously in the course of your area studies, or whatever they called it, in the course of the language, any discussion about the political situation, the military regime? Or was that sort of——

DERHAM: Well——

Q:——when you got there on the job?

DERHAM: Well no, I mean there was certainly discussion in the sense of just in the language program they give you a newspaper and they say read the newspaper and come in and talk about something, and you can talk about the issues and see what the press is following and that kind of stuff. But——and I'm not, I'm not so sure. I mean area studies are fine, but——

Q: No, no. And the reason I'm pushing this point has less to do with area studies as area studies, but the fact that you're going to a country where there's a military regime. And whether there was any particular guidance for new officers coming to post about how to handle yourself, whether there was anything to be careful about, or where there was anything at all? I mean maybe it was just very easy when you got there.

DERHAM: There weren't that many issues in that sense once, once you got there. Why don't we actually do that and then we——

Q: We can come back to it.

DERHAM: We can elaborate as we talk about——

Q: That's fine. So you get there and I'm assuming you had a sponsor. And did they find you the apartment that you were going to move in, or did you have to find your own?

DERHAM: Well yeah, we got there and——actually it turned out the guy I replaced, Tom Dawson, who was a very interesting guy, who actually when I——he had left but I did get to know him later on. He actually, I think, I think after that tour he went to London to be _____ staff assistant, and then he left the Foreign Service, he went to business school. I think he went to Stanford. He went to one of the big business schools. And then he got into Republican politics. I got to know him later. He was in the Reagan administration. He came back in as a political appointee in the Treasury Department and I got to know Don Regan very well. And then when Regan moved over to be chief of staff, Regan took him to the White House.

Q: So he had a career?

DERHAM: He did. And then he was in the White House and then I think he went back into the private sector. And I mean over the years I stayed in touch with him. And then relatively recently he was a spokesperson for the IMF (International Monetary Fund). I guess probably under the George W. Bush administration or something. Anyway, he was kind of a high-flying Foreign Service Officer and also had Brazilian relatives of some sort. And so that gave him a certain entree there.

Q: He knew the language presumably.

DERHAM: Well, he certainly picked it up. He was miserable in Rio. He really didn't like the job, he didn't like the consulate, he didn't like the consul general. And I think by the time he was leaving Rio, he was looking to get out. But he was always——in my contact with him he was always very cordial, he was always a very good guy, a very sharp guy. So when I got there my sponsor was Milt Drucker, I don't know if you know Milt.

Q: The name is familiar.

DERHAM: Yeah. Well, Milt and I kind of over the years, mostly in Latin America, criss-crossed paths. Milt Drucker was one of the Economic Section——

Q: I was going to ask, how large and——

DERHAM: Well, there was, there was section chief, Dan Tayer when I got there.

Q: A separate Econ Section chief. Or was it a poli——

DERHAM: No, it was separate. In those days it was almost always. And those were——this was when the State Department still did commercial work.

Q: Mm-hmm.

DERHAM: So there was no Foreign Commercial Service. So commercial work was a big, big deal in Rio. And Milt was kind of the guy who did the commercial work. I did the commodities and I did what was called macroeconomics. We worked for Dan Tayer who was the section chief. Then there was a Political Section Chief, but he was also like deputy principal officer.

Q: Mm-hmm.

DERHAM: It was Miles Rachette.

Q: Mm-hmm.

DERHAM: And Johnny Caswell was an econ guy. And then John Dexter was the consul general. And I can't remember who was head of the Consular Section when I got there. PD (Public Diplomacy) was very active and very big. I can't remember the section chief at that point.

Q: As you're talking about size now, as best as you can recall, how did the consulate then compare to the consulate you then took over fifteen years later or whenever, size-wise?

DERHAM: Right. Well, it was, it was bigger then.

Q: Mm-hmm.

DERHAM: But it was already—how do I put this diplomatically—it was obviously already in decline in the sense that even though they moved the capital I guess to Brasilia in 1960, people hung on for a long time.

Q: Yeah, that's what I was —

DERHAM: And I think Boonstra, Clare Boonstra was consul general there. But I think Clare Boonstra was actually DCM and at a certain point they told him he had to move to Brasilia. I can't remember whether he said—he certainly didn't want to move and he—I don't think he did move, but I can't remember whether they made him the first consul general or not. But already—it was clear that, that really all the political and to a lesser extent the economic policy and things and even the military locus of power was more and more in Brasilia. The U.S. government tried to reflect that in the way they did their staffing. So the Econ Section was bigger then than when I was there and you and I were in Rio.

Q: Mm-hmm.

DERHAM: And as was the Political Section. But even then you could kind of see the problems that were in Rio at that point that were also there twenty years later. And I mean the story I always tell is that when I got to Rio in 1976, I guess it was, when I got to Rio in early 1976, they were talking about getting out of that building. When I went back in

1995, they talked about getting out of the building, and Jolene and I in fact worked very hard on that, and almost did it. And as we sit here talking in 2013, they're still in that building. And which kind of shows a sort of lack of flexibility of the U.S. government. But even then in 1976, there were parts of the building that were essentially empty. There were also parts—you could see that we were slowly evolving into the Consular Section plus a big administrative staff to manage the building, and little bits of, of substance, little bits of representation sort of on the frosting, on the top. There was also in 1976, since it was relatively recent, since the final shift to Brasilia, there was still a certain amount of power struggle between Brasilia and Rio. And in my case what had happened was I think the way they had structured my EER (employee evaluation report), I was reviewed in Brasilia.

Q: And proposed—

DERHAM: So in other words, Dan Tayer would write my report.

Q: Mm-hmm.

DERHAM: And then I think it would be Claus Reuser, who would be economic counselor in Brasilia, who would, who would write the review.

Q: Was that specific to your case or was that common for others as well? Because that's highly unusual in general.

DERHAM: Well, it is. It was—certainly it was my case, I think Milt, but I'm not so sure. But the reason that it was done in—the justification for doing it was somehow I was working mostly on national issues. So one of my jobs was the macroeconomic portfolio. So what does that mean? Well, you go up to Getulio Vargas Foundation. In those days Carlos Langoni was the president of the institute, a well-known macroeconomist. He was later president of the Central Bank. Then you go talk to him about macroeconomic issues and you'd report on those. There were also a couple of still sub-cabinet economic agencies in Rio, and you'd be the one to go over and try to talk to them. And you'd be reporting on national economic policy issues.

Q: Was it—

DERHAM: Also, Claus Reuser was a very controlling guy and I'm sure he wanted it like that. And the consulate itself—Dan Tayer, great guy, he was, he was a great—he was very friendly to us, he was basically a commercial officer at the end of his career. So he wasn't really a hard charger. And I thought the consul general, John Dexter, was a borderline psychopath.

Q: Do you want to elaborate on that (laughs).

DERHAM: Well—

Q: And I don't—you can edit it later.

DERHAM: Yeah, no, I don't care. I suspect he's dead.

Q: OK, well, what was the problem?

DERHAM: Well, it's hard to say. I mean I did, I didn't work for him directly, right?

Q: Right.

DERHAM: I was essentially a first tour overseas junior officer. I don't remember what his full background was, but he was basically an East Asian hand, he was a China guy. Of course in those days we really didn't have anybody in China and all those places. They'd spent twenty years in Chinese and wasted their time because we weren't in China through the sixties and seventies and late fifties. So one had a sense that he was a little bit of a fish out of water. I think he was in his second marriage, Jeanie Dexter. She was in the military; her father was a general or something. And she was kind of widely disliked. So, I think he was in a post that he didn't really, didn't want to be there——

Q: Right.

DERHAM:——was not very happy. Rio on paper seemed like a great, a great place, a great job. It's not in reality. It's a lot different, it's a lot more complicated than——there are great things about it, but it's not——

Q: You're talking about as a consul general now, or are you talking about for anything?

DERHAM: I would say for anything.

Q: But at that point you were thinking of him.

DERHAM: Exactly. When we talk about him. So I had a couple of very nasty encounters with him. And——oh, I guess to talk about some other people on the staff. There's also a commercial counselor who was stationed in Rio, but she was a national officer. So she was there, but she didn't really report to Dexter. And that was Melissa Wells. I don't know if you know Melissa.

Q: Sure.

DERHAM: But she had a great career. She's a very kind of charismatic, attractive person. And obviously in a certain way she kind of out-shone him, I'm sure. But I remember, for example, Melissa wasn't there that long before she left. Actually I think it was to go out as ambassador maybe.

Q: She was an ambassador.

DERHAM: Yeah, she was, but at some point she had some problem with Helms.

Q: Mm-hmm.

DERHAM: But anyway, I think she went out to Africa to be an ambassador. So we had a farewell, there was a farewell party for her. And it was basically in-house. My recollection of this thing was that it was somebody's apartment. And so I was there and so Dexter came in. And I mean, I don't know, this is my first time overseas, I'm not used to these things. So anyway, he comes in. So the party goes on and on and on. So towards the end of the party he comes over to me and he says something to the point of, "You know, when a principal officer shows up at,"——

Q: I get where this is going.

DERHAM:——"at an event,"

Q: You're supposed to——

DERHAM: You should go over and shake his hand or something. So I said, "Oh gee, I'm——I wasn't really aware of that. I'm sorry." And then he went on to hassle me about it for a little while.

Q: Oh wow.

DERHAM: Yeah.

Q: Yeah.

DERHAM: And so I was just kind of steaming there. And I remember telling Jolene that night, I said, "This is bullshit. I'm leaving. I, I'll leave. I'm not going to take this crap from this guy."

Q: And for the clarification, how long had you been at post at this time?

DERHAM: I can't remember. It had been a while, but not——

Q: But you had met——

DERHAM: But it turned out I'd only, I'd only spent the year and a half there. So it'd been a while, but in the universe of things I wasn't there all that long anyway. I can't——I don't remember exact timing of it. I could probably figure it out——

Q: No, I was just curious.

DERHAM:——through when Melissa left. So as I said, I was furious. So the next day, to his credit, he called me up to his office and he said, "I want to apologize for the way I

handled that.” I said thanks, and that was kind of it. The other incident I remember was——this is kind of a typical Foreign Service thing. They needed——

Q: The first one was too actually.

DERHAM: Well, this is, this is an even more typical one. It was——they needed help in the Consular Section, right?

Q: Uh-huh.

DERHAM: And of course they’re going to go after people like me and Milt and John Caswell in the Political Section. And of course we didn’t want to do it. And at that time Dan Tayer left and Gordon Jones had taken over as section chief. So I mean I’m sure I talked to Gordon and said, you know, I prefer not to have to do this. And Gordon was kind of in the middle because he was getting pressure from the Front Office.

Q: Mm-hmm.

DERHAM: So, anyway, I ultimately did it——so when I got my EER——and I don’t know if I just told you this. Why would Dexter be doing my EER.

Q: Maybe he did some part of it too.

DERHAM: Yeah, maybe he did or there was something or maybe because I was a JO (junior officer). I don’t remember what the hell it was. But for some——

Q: Yeah, that’s OK. Go on.

DERHAM: But for some reason——

Q: He wrote something.

DERHAM:——he wrote something. And basically he referred to this.

Q: That you had not been gracious.

DERHAM: That I hadn’t been a team player or something. So now Gordon, when he wrote my EER, Gordon gave me an EER, the OMS (office management specialist) looked at it and she said, “Oh, you should show this to your mother. She’d be so proud.”

Q: (laughs)

DERHAM: Took it——

Q: It’s like——

DERHAM: Yeah, yeah. And that's the way Gordon is. He's a very enthusiastic guy. But Dexter, in the reviewing statement, really—and I said, "Well, this is, this is not acceptable. He did not witness any of this. I never spoke to him about it." And so I went to him and said this essentially. And he kind of backed off. I couldn't stand the guy, I was miserable there. And it wasn't just me. As it turns out, after I'd left he, he, he was there even after I left, but as it turned out there was almost like a revolt in the consulate and there were kind of all these nasty things where people would stick stuff under his plate at representational events and, and all of—I mean he was widely—

Q: Disliked.

DERHAM: I think John Dinger was there. John Dinger probably knows these stories.

Q: (laughs)

DERHAM: But he also had this conception of himself as the consul general in Rio, the sort of real senior U.S. government representative and just, just such a hotshot. The famous thing I remember was—this would have been July Fourth of 1976, which would have been the 200th anniversary. So, he decided he wanted to do a black tie event at the consulate. And what he did was—and he didn't invite anybody from the staff essentially.

Q: None of the junior officers.

DERHAM: Certainly none of the junior officers. And I don't know exactly who he invited.

Q: Not even to wait to be meeters or greeters?

DERHAM: No. And then at the last minute it turns out they weren't getting enough acceptances. And then I remember, I think it was John Caswell who was also a junior officer at that point, political officer, he was instructed that he would have to attend to sort of fill a seat and he'd have to go out and get a tuxedo and that sort of stuff. You know, it was just that kind of not-well-thought-through. When Dexter left the post, somebody in Rio had—knew something about the _____ and said, "Watch out, Jeanie Dexter loaded up (took) all the consulate China."

Q: Oh boy.

DERHAM: And they inspected the shipment when I got up here, and sort of, I guess took it all out, so. I think that was his last job, his last real job.

Q: Well, it probably had some bad taste.

DERHAM: Yeah, no, he was a terrible boss, in a lot of different ways. But you learn something about the Foreign Service when you see people like that.

Q: Sure, with a bad boss you learn more than you do from a good one actually.

DERHAM: Well, maybe.

Q: No, no, in terms of the negative.

DERHAM: No, I understand what you're saying.

Q: Well, back up for a second to what you were actually doing. When you went there did you wind up doing what you thought you were going to be doing?

DERHAM: Well, I thought——

Q: Did you travel around for work?

DERHAM: We traveled some. I did a lot of work on coffee. And that was good because the coffee institute was in Rio and it was an important issue in those days after the coffee frost. And I did some of the macroeconomics stuff. And that was kind of self-taught. Maybe it was I did my reporting through Brasilia——

Q: But did you——

DERHAM: But in other words, I would do a macroeconomic report, but I couldn't send that out.

Q: Had to go through Brasilia.

DERHAM: Had to go through Brasilia. In those days, I don't know if you knew Bill Courtney?

Q: Sure.

DERHAM: He was the economic officer at that point and obviously a very, very smart guy. Actually a very good economist who turned himself into a political officer. And in fact it was in Brazil that they were reporting on a nuclear program that kind of got Courtney off towards the Soviet Union and that stuff.

Q: Mm-hmm. Actually, I met him just coincidentally after Brazil before he was going to the Soviet Union.

DERHAM: Yeah, no, I haven't really kept in touch with all of them, although I thought I saw him last week in Arlington.

Q: Mm-hmm.

DERHAM: So the reporting I did was kind of the reporting I thought I was going to do. I learned, because I wasn't much of a writer. I'm a better writer now, but I wasn't a very good writer then, and I kind of learned how to——

Q: Learning the State Department way or——

DERHAM: Yeah, or how to structure things. And the economic issues were interesting because Brazil's economics were always interesting, so that was, that was interesting. There was BNDE (Brazilian Development Bank). Petrobras was there.

Q: Mm-hmm.

DERHAM: There were a lot of the think tanks. Rio's an interesting city in a lot of different ways. Brazil was new to us.

Q: But how about the fact——did the consulate then cover the five states?

DERHAM: The consulate covered Rio, obviously must have covered——

Q: Minas?

DERHAM: Must have covered Minas. I think somehow we structured it ——Milt Drucker had responsibility for Manaus. Probably he covered Espiritu Santo.

Q: Right.

DERHAM:——but who really cares? And there was still a consulate in _____ so that we didn't cover _____.

Q: Good idea.

DERHAM: Yeah.

Q: But you weren't expected to go to those specific places.

DERHAM: No, as I said——no, no I think Milt did the Manaus stuff so I would pretty much hang out in Rio. The plan was that I was supposed to go to Brasilia once or twice a year to kind of consult up there. And in fact what they did, which even created a little bit of an unease in Rio, before I got to Rio they said, "Why don't you come to Brasilia?" And so I went to Brasilia before I got to Rio and met——actually Crimmins was the ambassador but he wasn't there, but I think it was Dick Johnson, the DCM. I think Jim Marshall was the Economic Section chief, Courtney, Peter Whitney was up there then. I don't know who else. So no, so I didn't travel. We did travel a lot on personal things.

Q: I wanted to get into that in a second. But the question I had is that, that was definitely the case still in the 1990s, but there were so many players who were sort of forced to go

to Brasilia who were from San Paolo or from Rio who were home as much as they could. I was wondering if there was that tension between Brasilia and Rio or Sao Paulo because so many people who were officially national were home as much as they were in Brasilia?

DERHAM: Well, it wasn't tension. I mean it was, I guess, a reality.

Q: Yeah.

DERHAM: In those days it was much more than it is now, and when we were there it was kind of intermediate I guess.

Q: Yeah.

DERHAM: I never got the sense that Dexter was sort of hobnobbing with these people on the weekends. I mean the structure of the mission and it stayed like this over the years I would say, you have Brasilia, which has become more and more important. Sao Paulo has always been a very strong, important consulate and very, very——by and large very strong consul generals. So I think then it was Fred Chapin who was consul general. He was later an ambassador in Ethiopia and Guatemala. And he was a real, real strong player in the mission. Dexter, Dexter was consul general in Rio, but as I say, he was a jerk and I'm sure he didn't have that much influence. But say you had Brasilia, you had Sao Paulo, you had Recife, and you had Rio. And then in those days you had Porto Alegre, Salvador, Recife, and you had a bunch of consular agencies too. So it was very common for the back and forth, but that was just the——in my view——and I was at a level where I wouldn't know one or the other anyway.

Q: You wouldn't know.

DERHAM: Yeah. The other thing was it was still a military government. The military made the decisions. That wasn't all that transparent to us, particularly when we moved into the Carter administration, there was a lot of friction with the Carter administration.

Q: Well, that was one of the two or three themes that I was going to pursue. And this is, first of all, life for you in Rio at that point. I mean, for a young couple it could have been a lot of fun.

DERHAM: Well, once we figured out what was going on. Once, once you learn Portuguese and sort of get to understand Brazil, in those days there was a sizable U.S. press contingent in Rio.

Q: Mm-hmm, mm-hmm.

DERHAM: And they would hang out, we would hang out together with them. And then we got to know the guy from Time Magazine very well and the Newsweek guy and all these other guys. And there was, there was a whole group of Americans in Rio that you

got to know. And that was a good way to, to get to know Rio and to get to know Brazil.

Q: Mm-hmm.

DERHAM: At first it was very hard on Jolene. She came down here without a job.

Q: And she had had some Portuguese though, right?

DERHAM: She had had some Portuguese, but I remember the famous story she tells is that—or she told me—that we got there and they put us in a temporary apartment, or whatever it is. And of course I go out to work and she's got to—she's on her own at that point. I mean there were sponsors and stuff, but it wasn't as developed as it is these days of course. And she's kind of just on her own and I remember she said she went into the grocery store. And grocery stores in 1976 in Brazil were not like what we were accustomed to in the U.S., like slabs of salted meat or something on the floor or something, flies and everything. She said she came back to the apartment, she broke down and cried.

Q: (laughs) Why am I here?

DERHAM: Well, she had never really been overseas in any important way anyway. And as I said, at that point she didn't have a job. So but once, once we got settled it was, it was good.

Q: And did she get a job in the embassy at that point?

DERHAM: She did not get a job in the embassy. She got, I don't know, a job working for an Armenian jeweler. She got a couple of crazy jobs. Sort of a computer firm. She knew enough Portuguese that she could sort of do certain things, go from English to, to Portuguese. She picked up a couple of catch as you catch can kind of jobs, but she never actually worked in the embassy. But ultimately it worked out and we didn't, as it turned out, I got there in April, I left in April 1976. We left in December of 1977. So we were there, like I say, a year and a half, but essentially—

Q: And what was the reason for that?

DERHAM: The reason was—

Q: Because normally first overseas tours are shorter. I think eighteen months is not unusual for a first tour, but for consular—

DERHAM: No, I was supposed to be at least—

Q: Two years.

DERHAM:—two years.

Q: Right.

DERHAM: And what had happened was my guidance counselor? No, my CDA——

Q: CDO, uh-huh. Career development officer.

DERHAM: I don't think they called it that then, but——

Q: (laughs) OK.

DERHAM: I think it was Ed Stunf, and I think he was in charge of that——the officers. So he said that——I guess they'd looked at my whatever and he said, "You'd be a good candidate for the economics course because you hadn't had any economics training, but you're in Economics cone." And so that had a six-month cycle. So they wanted to get me into the one starting in January of 1978. So——and this is one of his things where Stunf came to me and he said, "Would you be interested?"

And I went back to him and said, "Yeah, I'd be interested."

And I didn't think I needed to talk to anybody about it. He asked me if I would be interested.

Q: Oh, you didn't go to your boss and say, "Oh, can I curtail?"

DERHAM: No, see, it wasn't a problem with Gordon.

Q: No. But you didn't know the term curtail at that point.

DERHAM: It wasn't even a curtail. It wasn't even——it was just——but it wasn't——it did go back in a cable, because that was the only way you could actually——

Q: Right.

DERHAM:——communicate. And of course then there was——then the admin officer, this guy Mamie Silverstein, another loser, saw the cable and I don't know, went running to Dexter or Gordon or something. And everybody got all spun up about that. But it never——it was just one more nasty thing, rather than saying gee, it would have been better to do it this way and they'd immediately kind of go after you. So it was another kind of bad experience. The one thing I did want to mention about——was——actually a lot of other things to mention about Rio.

Q: Yeah.

DERHAM: But the one thing I did want to mention about Rio is in a lot of ways I think the consul is becoming a backwater. And I'm very down on Rio. And I've known for

many different years, many different ways. And I felt that, a lot of us were doing work and, who really cared? But Furshet was there and Furshet was obviously a very capable officer who—I guess he was number two, working for a guy who was an idiot as consul general.

Q: And he was head of the Political Section?

DERHAM: Yeah. I don't think he was deputy consul general. I think he was just head of the Political Section, but when Dexter was not around——

Q: He was acting——

DERHAM:——I think he was, he was acting.

Q: Yeah.

DERHAM: And I mean I don't—I wasn't close to him and I actually don't get along with him that well.

Q: Furshet we're talking about, right?

DERHAM: Yeah, Furshet. What he did is he went out and he decided to do some research on I think it was torture or political——

Q: OK.

DERHAM: Yeah, sort of political violence against prisoners, political prisoners. And this required—I mean it wasn't something you could just open up the paper and read about. It was something that required a lot of work and, and he put a lot of effort into it. And in those days you could write things like air grams and I'm pretty sure he did, he did a long air gram on it. And it was very well done. It was something that, particularly in—as the Carter administration took over, there was a lot of interest in Washington in it.

Q: Sure.

DERHAM: And the point being that even in a situation where in a lot of ways you'd say you're wasting your time, he identified what could be done, what could have some importance, and did it. So that I was very impressed, I thought that was a very creative thing.

Q: And his career didn't suffer as a result of having been there, for sure. So.

DERHAM: No, no, it did not. It did not.

Q: Well, what you're saying is——

DERHAM: No, no. And my career didn't suffer.

Q: No, of course not.

DERHAM: The guy who replaced him, Milt had a good career, Larry Benedict, who replaced Milt, had a good career. John Dawson replaced me, he had a good career. Serving in Rio it was not by any means the kiss of death.

Q: Right.

DERHAM: But it was a consulate that's almost——backwards is too strong a word, but a consulate that kind of has all sorts of structural problems to try to, to try to punch at the right weight kind of thing.

Q: Well, do you think part of the problem might be the fact that it's the paradox of its location, that people can't take seriously cities like Rio, or?

DERHAM: Well, there's a little bit of that. I think it's more——it used to be the embassy, it's still in the embassy building. But it's, it's not——I mean when I was there there were tons of FSNs (Foreign Service Nationals) who had worked there when it was the embassy. And the people always kind of resented——not necessarily explicitly, but I always thought implicit kind of resentment——there was a sense of that in Rio, we're no longer the capitol kind of thing. And what is the really important stuff that should be done in Rio. I don't think there's much at all. But that's for a later chapter in my career.

Q: Yeah, at this point you probably could not have gauged that, in 1976 when you worked your first real overseas tour.

DERHAM: The other thing, the other I think I learned out of that was——and I don't know if I actually say this to myself, but——

Q: (laughs) You said it later to yourself.

DERHAM: Yeah. That I would never go back to a consulate unless I was going to be the principal officer.

Q: Mm-hmm.

DERHAM: Because I felt when you worked kind of in the staff of a consulate, you were just that much further removed from everything. So it's bad enough being in the Economic Section in an embassy. The Economic Section in a consulate?

Q: (laughs)

DERHAM: I shouldn't be talking like this in front of you, but.

Q: That's all right! I was a consular officer and I had my own reasons.

DERHAM: We have our reasons.

Q: No, no, no. No. I think the whole purpose of this exercise is for you to have the opportunity to say what you really think.

DERHAM: It's to——yeah, right.

Q: And then when you look at it later you can say hmm, maybe I don't really want to say that, maybe I do. But let's talk a little bit on the side of life there outside of the consulate. I don't mean just the social part. To what extent was crime an issue? And I'm thinking given that it was a military situation, that probably crime wasn't an issue, or at least not as much as it was in later periods.

DERHAM: No, I don't remember crime being an issue at all.

Q: OK.

DERHAM: I mean it was a big city, but it certainly wouldn't have struck me as any more dangerous than Washington D.C. at that time, or New York City, for example.

Q: Back up a little bit, backtrack to the whole military angle. To what extent were you not in your job as an econ officer, but you just living as a foreigner on the economy? What were you aware of? Was there a sense of censorship? Was there a sense of fear? I would say a la Chile or Argentina?

DERHAM: Yeah, well——so a couple of different things on this. One is, this was 1976, 1977 and this was Geisel. And Geisel was trying to unwind things. And, and he was very, very explicit about that. And they were unwinding things. The second point I guess I would say is that Brazil, even at its worst, 1970 or whatever it was——

Q: Right.

DERHAM:——was nowhere near like Argentina or Chile.

Q: Yeah.

DERHAM: So it was——and in fact, at that time both Argentina and Chile were, were kind of in pretty severe repression. It was very clear that Brazil was nowhere near that kind of situation.

Q: Right.

DERHAM: So you, you had a sense that it wasn't that big a deal frankly.

Q: Mm-hmm.

DERHAM: Press censorship was, was being loosened up.

Q: Mm-hmm.

DERHAM: In fact, it was that newspaper, _____ which was kind of a little on the left. I mean it wasn't sort of Marxist or anything.

Q: Mm-hmm.

DERHAM: But it was on the left. They used to have a little thing that they put in the papers and they'd say, "As long as you see this seal, that means there's been no prior censorship." They could probably gain that in some way, but that was out there. You didn't see a presence on the streets, you didn't see any kind of jackboots running around.

Q: That's—

DERHAM: Now, I do remember there was an incident, and the way it was reported in the press. It happened in Sao Paulo where it said the police or the military, I don't remember which it was, had broken up a, a meeting of a, a cell.

Q: Mm-hmm.

DERHAM: Of a Marxist radical cell. And that two of the participants in fleeing were run over or some unbelievable story like this.

Q: Yeah (laughs).

DERHAM: And it was clear—

Q: The car went backwards and forwards.

DERHAM: Yeah, exactly. It was pretty clear that there had been sort of an extra judicial killing kind of thing. So there was this kind of stuff. But as kind of a mainstream thing, there really, you know, it wasn't present. Everybody thought that they were moving away from it. There was, there was an opposition, it was a political opposition. It was _____ so it was not a democracy by any means. But it certainly was not, not repressive and was moving in the right reaction. As it turned out, when Carter came in they kind of wanted him to move faster and, and of course that got the Brazilians—whenever we start telling them to do things—

Q: They don't like it.

DERHAM: They don't like it.

Q: (laughs)

DERHAM: And then there was also the nuclear program that we were very worried about as well. So that was very famous. Warren Christopher famously visited Brasilia and had a series of apparently terrible meetings. This would have been 1977. And I don't know, the Brazilians——

Q: Didn't want to be told how to suck eggs.

DERHAM: Well, not only that, they didn't, they didn't go to the airport with him or something.

Q: Oh, OK.

DERHAM: It was a very kind of, kind of unpleasant wind up to the meeting.

Q: Well, then on that subject, did you have any, in your first tour there, any experience with CODEL's (congressional delegations) or any high-ranking visits? I mean you were, again, on the low end of the food chain, but I mean did you——

DERHAM: I had a couple. And one would have been my first CODEL.

Q: Sure.

DERHAM: It was Senator Gravel from Alaska.

Q: Mm-hmm.

DERHAM: Mike Gravel. I can't remember how early it was in my tour. Once again, I had never done a CODEL.

Q: Yeah.

DERHAM: And Nick Silverstein, who was the admin officer, who was a total jerk, and they just said to me, Gravel's coming in, X, X, X——

Q: Take care of it.

DERHAM: You have to take care of it. So I don't know what to do, get a car, pick him up. Gravel gets off the plane. It was him and a friend. It was kind of him organizing his own CODEL on the plane.

Q: Yeah.

DERHAM: Coming in commercially. And I don't know, they had tons of luggage and I had to jam 'em in the car and there wasn't enough room. And then he said, "Where's my money?" And I said, "Money? What money?" you know. I didn't know. Nobody said,

“Here’s your checklist or anything. So he was just a very unpleasant guy. And I can’t even remember why he was going to Rio. It was just for a vacation. But it was kind of live-and-learn on that.

Q: Mm-hmm.

DERHAM: The other—I also had a really famous—

Q: Yeah (laughs).

DERHAM: So there was this guy named Freddie Richmond. Freddie Richmond was a congressman from Brooklyn. And he’s a Democrat, but very flamboyant. And he is a guy that’s—when the coffee prices went through the roof seized at it as an issue. And he gave Jules Katz kind of fits and very nasty congressional hearing, what’s this coffee—

Q: Oh, this is back while you were still—

DERHAM: No, this is in Rio.

Q: Oh, this is while you were in Rio.

DERHAM: This is in Rio as well. And so, so Richmond, who actually was very wealthy, decided he was going to Brazil and he was just going to pay for it himself, so. So it wasn’t—but we treated it like a CODEL. It was him and one of his staffers and like his staffers had his credit cards or something, he just—

Q: Mm-hmm.

DERHAM: And he was, he was one of these guys, he would say anything. And that one I mean, sort of logistically, I think I did OK on. I’m sure we brought them over to the IBC and sort of did that stuff. And he would make outrageous charges and, and then when, he was just doing it for publicity and I don’t think he learned anything at all on the trip or something.

Q: A colorful character.

DERHAM: Well, it turns out he was even more colorful than one imagined because he, he’s also I guess a—what would you call it—a pederast.

Q: Oh gosh (laughs).

DERHAM: Who was later forced to resign.

Q: Because he was chasing little boys or something?

DERHAM: Yeah.

Q: Oh my God.

DERHAM: Yeah. So I was——we used to make jokes about——

Q: But you don't think that's why he came to Rio (laughs)?

DERHAM: ——always make jokes about riding in the car with him and that kind of stuff. But so those are the two ones I remember. I'm sure there must have been more, but those are only——but there's not as many as you'd think you'd get there.

Q: No, I know.

DERHAM: Even when we were there I think that's the case.

Q: What——if you had to——because you're going to be leaving this place fairly soon in the course of this conversation. But I mean it was a year and a half tour. If you had to say what were the high points of that experience, did——first of all, did you make any headway on the coffee issue, work-wise?

DERHAM: Well, it wasn't, it wasn't clear what headway meant. I mean I was there to report.

Q: Right.

DERHAM: And they would tell me what their plans were and what they were going to do.

Q: So there were no actual negotiations——

DERHAM: There weren't negotiations, no, because negotiations would be done either bilaterally in Washington or in the International Coffee Organization in London.

Q: So you were simply reporting on this.

DERHAM: But I did, I did get very good access to the IBC people, because they knew that I would——and I had also had the advantage that I could say well, I'd just been up in EB for a year, I knew Jules Katz. They knew Katz very well. Katz had negotiated the first agreement with them, or the agreement they were under. So, so that gave me a certain amount of——

Q: Credibility in the end.

DERHAM: Entree, yeah. So that was good. I learned an awful lot about macroeconomics. I thought I did an OK job on that, but kind of my limitations on what I knew about economics and my limitations on not quite understanding how to be a good

drafter. We did get to know Brazil. Jolene and I took a very famous, for us very famous, trip. We went by bus all along the coast, all the way up to Belem.

Q: That's quite a trip.

DERHAM: Yeah. Those days you still had a consulate there. We hung out in Belem for a while. Then you get on the boat to go up to Manaus. And then we flew back from Manaus to Rio. We went down to Sao Paulo and took a——

Q: How long was this road trip? The bus trip?

DERHAM: Well, it must have been probably two weeks, yeah. And then we certainly got into Minas a couple different times I'm pretty sure. We also traveled south. We certainly traveled to Sao Paulo a number of times.

Q: Mm-hmm.

DERHAM: So it was certainly, the whole experience of getting to know Brazil like that was also mastering a language that——I worked pretty hard at the Portuguese and I got good at that.

Q: There were good things.

DERHAM: Yeah, on the balance it was, it was a good experience, it was a good career experience for me. It was a good experience for us personally. We had sort of put the marriage to the test a little bit.

Q: Sure.

DERHAM: And it was good in that sense too.

Q: You got married right before——

DERHAM: Right, well we did. So we got married in December of 1975 I guess it was, so. And then by the time we left in December of 1977, Jolene was pregnant with Michael and so we were going back to have a family.

Q: That's good. So the baby was then born while you were in language——I mean in econ training.

DERHAM: It was. It was. Yeah.

Q: So now you're living in _____ which once was a very glamorous or very upscale neighborhood. I guess it's also gone a little bit down from——

DERHAM: Yeah, it was OK. We lived in the same building that Milt Drucker was in

because when we got there he was in a somewhat similar situation. His wife Louisa I don't think worked. They, I think they had two small kids at that point. So I think Jolene hung around with Louisa. And Milt was a big fan of his, of his building. And there was an apartment that opened up and so we went into that building. Which was, it was OK. It wasn't, it wasn't terrific. Of course on the other—— there was that famous building, did you know the Flamingo building?

Q: Which one? What are we talking about?

DERHAM: There is a building called the Flamingo Building.

Q: Oh, OK. All right.

DERHAM: Which is this big gigantic——

Q: Pinkish?

DERHAM: Yeah, a little bit pinkish. Right on the point as you go around there. And for many years the consulate at the embassy used to have lots of apartments in that.

Q: I've actually known people who've lived there.

DERHAM: Yeah.

Q: Mm-hmm.

DERHAM: And it was notorious as a slum actually and it was something that neither the embassy nor the consulate could ever really get under control and over the years it got worse and worse. And finally, I don't think we've had people in there for a while.

Q: But it had a wonderful view.

DERHAM: It does.

Q: Yeah, I remember somebody making the comment, which isn't for this tape, but how God was kind to Rio and man made a mess of it, but you know, it really visually was beautiful.

DERHAM: Well, actually Rio——and I've often thought that about Rio——that one of the things about Rio is for the most part you would say boy, it's beautiful today but it was more beautiful fifty years ago or a hundred years ago. That's, that's one of the things about Rio is that——I mean even in the Cristo, there's an argument that that just kind of ruins a, a beautiful mountain kind of thing.

Q: Anyway.

DERHAM: Yeah. Yeah.

Q: So then you came back. What happened? Did you have a place to come back to in Washington?

DERHAM: No, we didn't. We bought a place. So we bought a place, we bought a townhouse down in Alexandria right on the edge of Old Town. And it was one of these neighborhoods where you thought, "Well, maybe it's going to be gentrified. It's going to get better." And probably still waiting on that.

Q: (laughs)

DERHAM: So it was a small townhouse, but we didn't need much. It was just Jolene and me and then Michael was born in April. And so then I took an econ course.

Q: And that's the six-month course?

DERHAM: In those days it was six months. They bounce around, six, nine months, six, even a year sometimes. So six months.

Q: Was it worthwhile? Was it good?

DERHAM: It was good. I learned a lot of economics from it. But Bruce and John, both of them at that point were Civil Servants, so they're in the course. So it's one of these things, it's like thirty people. Some of them, like me, are economic officers. But it's also typical Foreign Service. Some people are looking to kill six months, some people trying to change cones, some people who the hell knows why they're there.

Q: (laughs)

DERHAM: So the deal was that——

Q: Your CDO told them to take the course.

DERHAM: Yeah, told them or they needed to fill something. So the deal in the econ course was——now I haven't studied an economics, but I had studied mathematics. Well, the way the econ course is, the first two to three to four weeks is just mathematics. So you do the math, so then you can use that when you're doing economics. Well, for a lot of the people in the course that's hard because they don't——

Q: They don't remember the math they had in college.

DERHAM: Or they didn't have math in college, or you know, political officers or something, or, or whatever. And for me it was a snap. So what, what would happen would be that some people would get so battered by the first three or four weeks they would really never, never catch their stride. And I don't know, you had an exam every two

weeks or something that I cruised through. The first month and the whole course itself was a breeze for me. And I'm pretty sure at the end of the course we took the SATs or the GRE or something. And I'm pretty sure I got the highest mark in that.

Q: And the purpose of that was in case you wanted to do a master's or something?

DERHAM: Well, I think they did it for a couple of reasons.

Q: See what you learn.

DERHAM: It might have been the achievement test in economics or the——

Q: Or the GRE, yeah, probably, mm-hmm.

DERHAM: The GRE, something like that. Well, one is they wanted to make sure people were getting what they wanted out of the course. The second thing is, yeah, maybe you could use it for graduate school. Now, just to finish that story for me, there was also a deal with George Washington University that the course would give you a certain amount of credits towards the master's degree and plus you could take a non-thesis master's degree. So in other words, GW would accept the course for that. So that made it that much easier to get a master's degree. So since I had been in the army under the GI Bill——

Q: And you hadn't used it yet.

DERHAM: I hadn't used it. So that the army would pay me to take the GW courses.

Q: Mm-hmm.

DERHAM: So that was a good deal. I didn't have to pay for the courses.

Q: So did you do it right after you took the econ course?

DERHAM: No, after I took the econ course then I went up to work in the department.

Q: Mm-hmm.

DERHAM: But I went nights at GW.

Q: OK.

DERHAM: And so then in 1980 I got an MA from GW in economics.

Q: But the thing was it was while you were in Washington.

DERHAM: Right.

Q: You didn't go back at another point.

DERHAM: No, I did it then. I did it then.

Q: Well, that's good.

DERHAM: Yeah, no. So, the course is good. I liked the teachers. I did well in the course. And it gave me a certain amount of confidence.

Q: That you could really be an econ officer.

DERHAM: Yeah, that I was getting to the point where, where I was, in State Department terms I was a pretty good econ officer.

Q: Mm-hmm, mm-hmm.

DERHAM: So we did that.

Q: Now, what about, you haven't mentioned, so far you haven't had to bid on anything.

DERHAM: Well, no, actually it's the same deal again. Well, a couple things I guess. One is the practice—after you took the econ course you were supposed to take an econ job.

Q: OK. Well, of course. Yeah. There's nothing that says you have to do it in Washington. It could be overseas.

DERHAM: It could have been anywhere. At that point I thought I wanted to stay in Washington since we had just come back.

Q: Right.

DERHAM: Jolene had just had the kid.

Q: Right.

DERHAM: Michael. And it would have been a little bit disruptive to pick up stakes after six months, and we'd just bought the house, the townhouse and everything. And the management in the Economic Bureau was the same as when I left.

Q: Yeah, so they knew you before.

DERHAM: Yeah, it was Jules Katz and Francis Wilson.

Q: OK.

DERHAM: So they said, or Francis said, “We want you to work in Tropical Products,” a division which existed then. It doesn’t exist anymore. And in fact, in Tropical Products they had four or five officer positions. But one of the positions only did coffee. So that’s the one I got.

Q: (laughs) I didn’t realize you had such an expertise on coffee.

DERHAM: Yeah, I know. It was kind of scary. But, and in fact, I wasn’t, I wasn’t that crazy about it, but the way it was pitched was, “Look, Jules is really interested in coffee. It’s a very important job for him.” So I did. So I took that job for two years, from 1978 to 1980.

Q: You did a year and a half in Rio, then you did six months, so that’s a normal two-year block.

DERHAM: Right.

Q: And then you go 1978, two years——

DERHAM: 1980.

Q: OK.

DERHAM: So at that point, by the time I finished in 1980 I’ve been in the department for six years, I’ve been in the Foreign Service for six years, but actually I’ve only been out a year and a half. So, the coffee job was——most of the coffee job was dealing——well, I would say two things I guess. One was dealing with the International Coffee Organization, the International Coffee Agreement, which is based in London. And the other one, at that point there was a lot of congressional interest in coffee. And actually we had to get reauthorization of the agreement through the Congress. And that involved a lot of work on testimony and that kind of stuff that Jules would give. So, and, and then——

Q: And that’s stuff that you would draft or work on.

DERHAM: I would draft——I would go to the meetings in London. The other thing is they had a very close relationship with the U.S. Coffee Industry, the importers and the processors, Proctor and Gamble.

Q: Proctor and Gamble was an importer?

DERHAM: Yeah, Proctor and Gamble makes Folgers.

Q: I didn’t realize——

DERHAM: Yeah, Proctor and General was a big——General Food I think it was, I think they make Maxwell House. And those were the two big producers. But then there’s a lot

of traders and stuff. And it was a great group of people. It's one of these, it was kind of, you know, it's kind of a typical Washington story. It's between the executive and the industry and the Congress, it's kind of this iron triangle of people who all know each other and have similar interests and sort of want everybody else just to leave them alone and they'll just run the whole industry themselves. And that whole thing was kind of coming apart, but it was still there. Jules was very highly thought of by the producing countries, by the Congress, and by the industry too.

Q: Lucky guy to have such a——

DERHAM: Well no, because he was a very capable guy.

Q: Yeah, no.

DERHAM: A lot of experience, knew exactly what to do.

Q: But what——for a layman, or for one who's not so familiar with this, I mean the core issues here were pricing issues, or what was the——

DERHAM: Well, in other words——well, to explain the agreements, which actually I think we might have done earlier——

Q: Not really, just you said there was an interest in it.

DERHAM: Yeah. No, well the way the agreement works was when prices were——

Q: OK.

DERHAM:——were low——

Q: Mm-hmm, yeah.

DERHAM:——producers would accumulate stocks because they could only, they could only get certificates to export so much coffee. And then when prices are high they would let the stocks go.

Q: Yeah.

DERHAM: So that's a very kind of cumbersome thing and how do you determine——at what point do you trigger the, the controls on the exports? What was the size of the control? How do you deal with people who aren't part of the system? It's all a very complicated bureaucratic thing. What really——It was coming apart because prices had, had gone through the ceiling after the 1975 Brazilian frost and it wasn't clear, the kind of arguments we made why the agreement was a good idea were very hard to, to sell.

Q: As the years went by.

DERHAM: Yeah, as—and particularly we tried to move from a development argument to an economic argument, which was, which was also very high. And there was also a feeling that the executive was not very transparent on this, that they'd sit down with a couple key Congress people in, in the industry and kind of work out this whole thing. And guys like Freddie Richmond ran around saying, you know, yelling holy murder about this kind of stuff. So ultimately, technically there is still an agreement, but it really doesn't work anymore, doesn't have economic provisions, my understanding is. But, while I was there it was still, it was—

Q: And it was London—

DERHAM: Yeah, London. I would go to London, I don't know, three or four times a year. That's pretty good.

Q: Sure.

DERHAM: And it was, you know, it was one of these big multilateral organizations.

Q: Yeah.

DERHAM: Not much happens, everybody kind of sits around.

Q: Lots of talk (laughs).

DERHAM: Yeah, exactly. We were one of the big players, so, you know, we had a lot to say and do. My boss in Washington, Tom O'Donnell, while I was in the Tropical Products Office, Division, he moved from Tropical Products to London where he was our, our rep.

Q: OK.

DERHAM: So I was working with him there and, and here and, and, and got to know him, very good friends, still very friendly with him. So it was a very kind of narrow lane, but it was something that I was, you know, the State Department coffee expert.

Q: You were the resonant expert, yeah, yeah.

DERHAM: Yeah, and it was a lot of the other economic departments, it was one or two people who worried about that, and you know, somebody from Treasury worried about it and somebody at Commerce. We kind of worked together on this kind of stuff, and it was a good experience in the sense.

Q: You developed a camaraderie with those people.

DERHAM: We'd go to London together and that kind of stuff.

Q: Oh. Sounds like—and probably could tack on a day or two and see a few shows or something like that.

DERHAM: No, exactly, yeah.

Q: Yeah.

DERHAM: And in fact, since you knew they would have the big annual meeting. I think it might have been the end of August, beginning of September, if memory serves, every year. So you could actually plan like months in advance that you were going to be among them at this point.

Q: While you're there for your free time—

DERHAM: Yeah, yeah.

Q: That's right.

DERHAM: So, and I remember at that time—God, what was the big—what's the big Argentina, don't cry for me?

Q: "Evita."

DERHAM: "Evita." "Evita" was—well, in those days London shows were very good. I don't know if they're still as cheap as they are now. But when you go out there you'd try to go to a show. And so, one of the years I was doing this I said, "OK, this is March, I'm going to be out there in September. I'm going to be back in September." So I remember I bought two tickets for "Evita" and I picked a date that I knew I was going to be out there, and bought them in advance because you had to really buy them in advance. And the idea was Jolene was supposed to fly out and, and, and meet me.

Q: Mm-hmm.

DERHAM: Yeah. But she was pregnant with Christopher—

Q: (laughs) So you had them bang-bang.

DERHAM: Well, it wasn't bang-bang.

Q: A year apart or something?

DERHAM: No, two years.

Q: OK.

DERHAM: So when she—I don't know—started to bleed or something and the doctor said, "Don't travel." So that didn't, that didn't work out.

Q: Yeah.

DERHAM: But I think one other time, I think we, I think we attached it to the London trip. Jolene came out with Michael. And we went over, took the ferry across to Dublin and kind of visited, visited Ireland and some of my relatives and—

Q: So showed him where you'd gone when you were that age. You were nine years old, yeah.

DERHAM: Yeah, no, whatever. And, and then came back to London and then, then flew back, so that was good.

Q: Nice. No, I realize now, because it was the year that Michael was born when you came for the language class—I mean for the econ—you weren't calling it the language class, the econ class.

DERHAM: Yeah, no, still I mean—

Q: So now two years, a year and a half has passed since then.

DERHAM: Well, Michael was born in April 1978 and then Christopher was born in March of 1980.

Q: A couple of years.

DERHAM: Almost two years.

Q: Yeah, two years apart.

DERHAM: Yeah, so.

Q: Yeah. So then we'll—I think what we can do is sort of—let's see. Except for a summary of that period and then maybe sort of enter where you're going next and then figure out when we can meet next to talk about it.

DERHAM: OK. Well, I want to figure out if there's anything else to say.

Q: Was there anything—yeah, no, because it may or not be in terms of your experiences. I mean at that point, was—let's sort of go back for a second.

DERHAM: Well, to go back or what actually I said earlier too, so by, by the time, by the time fall of 1980 rolls around—

Q: Mm-hmm.

DERHAM:—so I've been in the Foreign Service six years.

Q: Right.

DERHAM: So that's six years of—I've only been overseas—

Q: Right.

DERHAM:—a year and a half. Of that six years I've spent three years in the Economic Bureau. And of those six years I've spent, depending on how you'd measure what I did in Rio, between two and three and three and a half years just working on coffee.

Q: Right.

DERHAM: So.

Q: But you've also, at this point you didn't really mention it, but like how many more classes did you have to take and were you—during the coffee period is that when you were taking the classes at GW?

DERHAM: Yeah, I got my MA from GW in June of 1980.

Q: OK. So I mean you managed to cram in a lot.

DERHAM: Oh yeah.

Q: You know, in that period as far as language, econ training, and expertise in coffee, whether you wanted the expertise in coffee or not, right (laughs)?

DERHAM: Actually, the other thing was that when we bought the townhouse in Alexandria, which is on Columbus Street, right? Which is, Columbus is parallel I guess to Washington, in the middle of Alexandria. So that's when I got my first bicycle and I started to cycle to work. And so you could, you could get a locker downstairs and you could bicycle in, take a shower, change your clothes, clean yourself up, go upstairs, work, go home, bicycle. So I started that, would have started that when I started in Tropical Products, which meant in 1978 I guess. So 1978. So I bicycled until—when I was in Washington I bicycled until 2005.

Q: Really?

DERHAM: Yeah.

Q: But now, at this—

DERHAM: I would bicycle——well, it's later in my career, but I, I would bicycle two hundred times a year.

Q: Wow.

DERHAM: two hundred round trips, yeah.

Q: You never did that in Rio though (laughs).

DERHAM: Never did it overseas, no.

Q: At this point you're at a six-year thing. You got tenure, presumably they've given you tenure by now, right?

DERHAM: I don't think we had——we didn't have——

Q: They didn't have a tenure system at that——

DERHAM: No, I don't think so.

Q: But did you have at this point a sense that this was going to be a fulltime career, or did you have——I mean, you know, time when a lot of people sort of what do I want to do next with my life kind of thing.

DERHAM: I don't, I don't think like that.

Q: You didn't. You just do it one step at a time.

DERHAM: Yep.

Q: So it never occurred to you whether to stay in or stay out or anything like that?

DERHAM: Well, it certainly, it certainly occurred to me, but it wasn't clear——I mean one of the reasons that I got in was I didn't, it seemed like the best option available.

Q: Right, compared to Veterans Affairs (laughs).

DERHAM: Right.

Q: I know, I——

DERHAM: So I was never in that period, or even much later, I was never, I was never——I never felt that I had options that were much more attractive, that were options. Now, it's funny you mentioned that. There was one, and I'm pretty sure it was during that period, there's something called——in U.S. government here, the Commodities Future Trading Commission.

Q: Mm-hmm, mm-hmm, I've heard of that.

DERHAM: And they—they were very involved in—one of the issues in, during that period were—there were manipulations of coffee futures contracts and it was felt that there was a, a Central American, Fiya, I think his name was, an El Salvadoran who was trying to rig the market in New York. I mean it became a big, a big deal, a big issue. And that was—Commodities Futures Trade Commission, I think it'd just been set up maybe under the Carter administration. But that was one of the things they were looking into. And it was kind of interesting because it was the futures market in New York. But it involved the foreign producers and there was an international aspect and the State Department was involved. But anyway, at one point the guy, the guy came to me and he said—

Q: The guy who was head of this or—

DERHAM: It wasn't the head of the commission. He was the senior guy doing this and he was the CFTC (Commodities Futures Trade Commission) and he said, you know, "We're really going to expand our operations into all sorts of commodities, from sugar, cocoa, all this other kind of stuff." And he said, "You know, would you be interested in moving over to the CFTC?" And I thought about it for a little bit and essentially said no thanks. But it would have been something that—that would have been a change at that point.

Q: Right. Yeah.

DERHAM: Because you would have gotten off the international track. The other thing I suspected is I suspect ultimately could have made a lot of money, because you would have left the government at a certain point.

Q: Right.

DERHAM: And you would sort of get into the commodities trade industry or something.

Q: Can be lucra—my reason for asking at that point was just that you were talking about the bicycling. And I was thinking well, it sounds like you had a fairly nice life here at this point, I mean in terms of, you know, the job, the biking, the home front, and so on. And so the idea of—the question I guess is sort of more related to the family and whether the family had—how the family reacts to being overseas and so on, I mean whether that was more issues that came along. But of course the kids were so young then that that wouldn't—

DERHAM: Well, at that point only one of the kids had been overseas.

Q: Right.

DERHAM: And——

Q: They had no idea what was going to——

DERHAM: So they didn't, they didn't know one or the other.

Q: Yeah.

DERHAM: I mean the other thing was I mean we were obviously not poor or anything, but I was the only one working essentially. And you know, Christopher was born in 1980, it's Jolene and two kids. So we were certainly not living in a life of luxury either. So. But it was OK.

Q: Yeah. All right?

DERHAM: OK?

Q: Today is July 10th and this is an interview with Ambassador Jim Derham. And when we left off last time we were finishing up six years in the Foreign Service most of which were spent in Washington. And he implied that life was going to get more exciting with a tour in Rome.

DERHAM: Right.

Q: So let's talk about how you managed to finagle that. No seriously, how did you get that assignment? Did you ever have to bid? Because you had mentioned that up until now you hadn't.

DERHAM: I can't remember whether——how the bidding process functioned in 1980. The one connection I did have was I knew the Italian desk officer or one of the Italian desk officers, Victorio Brode. Victorio had been a Vietnam veteran. In fact, he lost his leg in the war. And I met him in the Veterans Administration in 1972, I guess it was. So he had preceded me in the service. He entered in 1973. And then when I came in in 1974 we reconnected down in Washington. So I had been in touch with him on and off.

Q: More or less on a social basis?

DERHAM: Right, yeah, social-career.

Q: Yeah.

DERHAM: Kind of typical State Department thing. So when I was looking for a job, he knew I was looking for a job and I'm sure there must have been some sort of bidding process and I indicated interest in the job in Rome. And I think he probably had something to do with it as well. And I suspect EB probably had something to do with it, since it was a job——job in the Economic Section. Or actually, more technically it was in

the, in the Treasury Section.

Q: True.

DERHAM: Treasury has a number of offices overseas. They had one in Italy at that point and there were three officers. So there was the treasury attaché who was *Ciro DeFalco*. And actually that might have helped too, because I think I knew *Ciro*. I think he was in Brazil when I was in Rio. He was a treasury attaché in Brazil. Yes, I knew *Ciro* and the number two guy from the Treasury was *Bill Quinn*. And *Bill* I knew from Washington because *Bill* had worked on commodity issues, in particular coffee, I'd worked with *Bill*, coffee and a little bit of *coco* I think.

Q: And these people were from the Treasury Department?

DERHAM: They were from the Treasury Department. And then there was a third position. So in other words, the way the office was staffed was there was a treasury attaché, an assistant attaché I think it was called, assistant or deputy, probably assistant. And then the third position was called the financial economist. And the financial economist was the State Department.

Q: And that's the position you——

DERHAM: That's the position they gave to me. So I took Italian——since I had Portuguese, Italian is somewhat close.

Q: Sure.

DERHAM: Italian's tougher than Portuguese.

Q: How much did they give you? Was that at FSI (Foreign Service Institute)?

DERHAM: It was at FSI. I don't think they gave me six months, but I, I did well enough, I think I wound up with a three/three so that I went out there with the three/three.

Q: Did they call it a——because in the Spanish and Portuguese connection they call it a transitional course.

DERHAM: No, no, you start from the beginning.

Q: Yeah.

DERHAM: So I think we got there I'm guessing, I'm thinking September——would have been around September of 1980. And when we got there——

Q: Back up for a second.

DERHAM: Sure.

Q: Now, you had at this point a non-working wife. Was she working at this point? You had two small children?

DERHAM: Yeah, second——Christopher was born in March of 1980.

Q: So yeah.

DERHAM: So we went out there with two small children.

Q: Did she get any Italian training at that point?

DERHAM: I believe she did. I believe she got some, although I'd have to ask her actually.

Q: No, I'm just curious if at that period where the spouses were still——because much later there was a lot of that.

DERHAM: Well, I mean she had gotten Portuguese.

Q: She had gotten Portuguese.

DERHAM: And she didn't, she didn't work in Brazil.

Q: It's not unusual.

DERHAM:——precedential thing. So we got the job and it was——Italy was interesting in lots of different ways. I mean it's just, it's just a great place.

Q: Let's start from the beginning. You go there. Are you treated like a normal State Department officer? Because you're doing the sort of Treasury thing, was that at all unusual or?

DERHAM: Well, I mean, that job had been staffed by a State Department officer for a long time.

Q: So——OK.

DERHAM: So it wasn't anything new. There was——and this jumps ahead a little bit, but it's a good place to mention this anyway. There is a little bit of a problem there and there was——part of it was——Italy-specific part of it was more structural. First of all, Treasury and State don't trust each other.

Q: Mm-hmm.

DERHAM: Treasury, in particular, goes to great lengths not to have anything to do with State. So it's—Ciro, who's a very nice guy, very easy to work with and very plugged in, had great Italian, very, very nice spouse, he basically—what he would do is he would go back to Treasury. He would—I think they had a phone call once a week, which was the primary way they would, they would stay in touch. They would—and he would get his marching instructions from there. Now, he had a good relationship with the economic minister, John Holms and, and they got along well. But the bureaucraties—Treasury did not want to work for State, did not feel they had—had to really report to State, and they kept their own lines of communication. They—Ciro went to staff meetings, he was part of the country team, but it was very much a Treasury office.

Q: Mm-hmm.

DERHAM: For that reason, the—there was not a lot of trust—not I want to say trust—but the financial economist position was seen as a State Department position, and you're in the office, you were with them, but you are not Treasury.

Q: Mm-hmm. So they didn't exactly tell you all their little nitty things—

DERHAM: It was less that they had stuff they didn't tell you. They didn't give you much responsibility, because they felt that this is Treasury stuff and Treasury and Treasury does the important stuff. Structurally related to this was _____ office is a reasonably big office, for historical reasons probably dating back to the post-war at certain points Italy was considered a very important country and the financial issues were very important. They had gone through some crises in the late 1970s. But by the time I got there, we didn't need three people working on Italian macroeconomic issues. And of course in Italy nobody really knows what's going on in the economy anyway. So there's a lot of smoke and mirrors kind of stuff. So you had a combination of the bureaucratic sort of isolation and being a financial economist position, coupled with the fact that frankly there wasn't enough work for three people.

Q: And what about the actual Econ Section? Because obviously they had a regular Econ Section.

DERHAM: They did.

Q: How big was that and was there a possibility of doing some work for them or would that—

DERHAM: Well, you did—you worked with them. But the Econ Section—Treasury said, "Look, we're in charge of the macroeconomics. We're in charge of financial issues. We worry about foreign exchange, exchange rate policies. And the Econ Section knew enough not to get into that. The Econ Section had I think probably two, two officers. So, in other words, John Holms is the economic minister. There was a section chief, when I got there it was Randy Reed. And somebody who worked for him, who actually went on

to be an ambassador somewhere.

Q: But as an econ officer.

DERHAM: _____, yeah. So they kind of worked with John Holmes. Oh, John Maderos was there too. He worked for Randy for a while. And we, you know, we had joint staff meetings and everything else. But, the kind of division of labor was pretty clear. So, that was one aspect of it.

Q: And that was a three-year assignment? Two-year assignment?

DERHAM: It was originally a three-year assignment. So there were a couple other things to mention about that time. One was the housing actually, which was kind of interesting. I inherited an apartment that my predecessor, Peggy Jones, had had. And she had an apartment that actually I think was originally service quarters in a place called Teatro di Marcello.

Q: OK.

DERHAM: Teatro di Marcello is—it's kind of somewhat of a Coliseum-like building. And in fact predates the Coliseum and was originally considered the model for the Coliseum. And it's right, right by the Tiber, right by the Jewish quarter close to the synagogue and right by the forum in—and in the Middle Ages it was converted into a palazzi I guess, or something. These very, very beautiful and well-furnished apartments, residences, for various rich families. And we rented—we—first Peggy and maybe even before Peggy—we rented an apartment in—within the, in, in, in the Palazzo. And it was—

Q: You personally had to pick it out, or—

DERHAM: No, no, no.

Q: You inherited—

DERHAM: I inherited from Peggy. And it was a little bit peculiar, but it was a great location and it was big enough and the landlady, or the owner, which was Iris Origo, who was a very well-known English-Italian lady who was at that point old but very rich. And she had written a number of books about—during the war in the—what do you call the area by Flo—Tuscany. About her experiences in Tuscany. And she was a very kind of elegant, civilized woman. We didn't have a whole lot of contact with her.

Q: She had come to Italy because she—

DERHAM: She had married an Italian. I think probably an Anglo-Italian too. And they were a very rich family. And then one of our other neighbors was one of the great big Italian conglomerates—I blank on his name, but—

Q: But you called it—you said it was like the servants' quarters. Was that because this was a small apartment compared to the other apartments in this complex, or—

DERHAM: I think it originally was servants' quarters. It was for like maybe a—

Q: Butler and his wife—

DERHAM:—and the wife or something like. But it was—it was fine, it was fine for us. And it was right down in, in the center of Centro Storico.

Q: Mm-hmm.

DERHAM: The historic center of, of Rome. It's really a beautiful area. And—

Q: How far were you from work? Did you walk to work or—

DERHAM: In the morning I would take a bus because basically what I had to do was you had to go uphill essentially to the embassy on Via Veneto.

Q: Mm-hmm.

DERHAM: But in the afternoon I would walk home because you could walk down—

Q: Yeah, yeah.

DERHAM: You'd go downhill. It was a great walk, sort of passing all the monuments. I'd usually go by Trevi Fountains every afternoon, Piazza Venezia. It was, it was really something. And it was—I mean Rome was great.

Q: Yeah.

DERHAM: Rome is a great place. So, so the—and Jolene, who was with the two kids, Jolene would go shopping in Campo de Fiori in the mornings and it was—I think she had a, a very—it was—for her it was much more interesting than Rio was. And both just because Rome is just a much more interesting place, and that, you know, with the two kids that was—

Q: She was busier.

DERHAM: She was busier. And she—and actually, she struck up a friendship with—I don't know if you know Yvonne. Yvonne was Randy Reed's wife at that time. And Yvonne was Randy Reed's wife at that point. And Yvonne was—I don't think Yvonne was working. So they, they got this—there's a very famous book about Rome written by Georgina Mason, I think it is. And basically it's like, I don't know, fifteen, ten or fifteen chapters of walks around Rome. And this was an English woman who had

written this book, I believe. So they would, they would take a chapter every week or every other week and actually——

Q: Go on the walks.

DERHAM: Yeah.

Q: So she really got to know Rome well.

DERHAM: She did, yeah. She got to know it very well. So, so it was——

Q: And your children, were they too young to go to preschool? Or did they actually go to——

DERHAM: Michael at that point when we arrived, Michael was two, two and a half. He went to a local Montessori school for a while. So he had that experience.

Q: And Christopher was too young.

DERHAM: Christopher was too young and Christopher also had developmental problems, which I can tell you more about when we go back to Brazil.

Q: Yeah.

DERHAM: So, that was kind of the living situation. A couple of interesting things to say about the embassy. When I arrived there in September, Richard Gardner was the ambassador. And he was a political appointee under the Carter administration. And he and his wife Daniela, who was pretty——I think she had Italian relatives or something——she was pretty notorious actually. She was kind of a striking redhead. I mean at this point an older woman.

Q: And Gardner did what before. He was a political appointee, what was his background? Do you remember?

DERHAM: I think he was an academic, but I'm not sure. I think maybe Columbia University.

Q: Because his name is familiar.

DERHAM: No, no. Well, he, he came back——he was ambassador in Spain I think under Clinton.

Q: Mm.

DERHAM: So he was——even when he left, he was——he sort of kept his——he followed international relations and sort of kept his finger in those kind of things. So I got there in September of 1980 and Gardner was ambassador there. And then——but of

course there was an election in November of 1980.

Q: Mm-hmm.

DERHAM: And actually, this is kind of hearsay, but it's a pretty good story I suspect. So Gardner, you know, on election night, organized a big event at Villa Taverna, which is a fabulous place to have the ambassador's residence——

Q: It was——what was it? Villa Taverna was the residence? Is that what it was called?

DERHAM: Well yeah, it was the ambassador's residence.

Q: It sounds like it would be a bar or restaurant or——

DERHAM: No, no, no, a villa. A villa. Villa Taverna. I think it might have been a——I'm not sure whether it was a property of the old royal family. The embassy itself I believe was a residence of the Queen Mother. But I mean what happens is when you win a war you——

Q: You get the good property (laughs).

DERHAM: You get the good property. So Villa Taverna was a fabulous place. We still have it. Of course the embassy's in the same place. But my understanding is they kind of organized the big event, although I wouldn't think that the hours would work right, so this might be an apocryphal story. So they organized a big event on election night and Gardner was very confident that Carter was going to be reelected. And it became pretty, pretty clear relatively early in the evening that this, this was not going to happen. And all a sudden it wasn't much of a party——

Q: (laughs)

DERHAM: And so everybody kind of, kind of snuck off.

Q: (laughs)

DERHAM: And then the other story I think I heard——eh, this one I'm not sure about. But Gardner, you know, tried to, tried to hang on of course.

Q: After the Reagan——

DERHAM: Yeah, in other words they come in and oh, you need us here, continuity, and basically once Reagan's people came in they said, "Get out. Get out." So, so that——he was actually succeeded by Max Rabb. Max Rabb came from Jewish fundraising circles in New York City. Max Rabb had been Secretary of the Cabinet under Dwight Eisenhower. So he was a pretty old guy by the time 1981 rolled around.

Q: And he stayed for quite a while.

DERHAM: He did. I think he stayed—he might have stayed for the full eight years.

Q: Yeah.

DERHAM: Max Rabb was——

Q: So——oh, so you served under both of them.

DERHAM: Well, I served more under Rabb than I did under, under Gardner.

Q: Now, before you get into him, let's talk for a second about how are, you know, the structure of the embassy in terms of size, in terms of morale, in terms of things like that? Leaving aside your own specific——

DERHAM: Right. Well, I mean, and the embassy was gigantic I would say. And actually, getting back to my Brode connection, he came out to the embassy in the Political Section at that point.

Q: Yeah.

DERHAM: And the Political Section was very big. And, and the Political Section in particular was a very impressive Political Section. So it was like Bob Frowick was the political counselor.

Q: Mm-hmm.

DERHAM: I think that he was Holson's brother-in-law was his claim to fame.

Q: (laughs)

DERHAM: And actually Frowick was a great guy because he——

Q: And he had a son that joined the Foreign Service too, right?

DERHAM: Did he? Is that true?

Q: Yeah.

DERHAM: That I don't know. So but he was, he was kind of a classic well-dressed——

Q: Oh yes.

DERHAM:——well coiffed, sort of, you know, with your traditional Foreign Service. And his, his wife, who I guess maybe was Holson's sister I'm thinking, she was very

glamorous too, very attractive. So he was head of the Political Section. And I liked him because he liked me. He liked—he liked my work.

Q: Sure.

DERHAM: And he went out of his way to, to——

Q: Say that.

DERHAM: No, to call attention to my work, which was pretty nice. There was no reason he had to do it. He was the Political Section chief. So Victorio Brode was——and the way the Political Section was organized is, is my recollection, is for the most part each, each of the officers had a political party to follow.

Q: Mm-hmm.

DERHAM: So Victorio Brode did the Christian Democrats, which were the ones that were in charge of the coalition. Gerald Scott, who later was ambassador in Africa and places, I think still works at the UN (United Nations) for the UNGA (United Nations General Assembly). Gerald Scott worried about the Socialists, which was Batino, _____ at that point.

Q: Mm-hmm.

DERHAM: And then there was Bob Rachmales who worried about the Communist Party. And I think there was probably a labor officer _____ and some other people. So Victorio and I sort of hung out a lot. I do remember, he was——Victorio had perfect Italian, very flamboyant guy. And quite a drinker in fact.

Q: (laughs) Well, you never answered——you never finished the story about what the ambassador's wife was known for. Did she have affairs in the country or rumors——

DERHAM: Those were the rumors. Those were the rumors. But it was very hard to——

Q: Yeah.

DERHAM: Certainly from my perspective. But Victorio and I developed this habit of going out for long lunches on Friday in Rome.

Q: Semi-liquid.

DERHAM: *Very* liquid. Which is not a problem for me——

Q: No.

DERHAM: Because I would go back in the afternoon and I had nothing else to do, and so

I could just nap at my desk. Victorio, on the other hand, had a real job. So he would go back and he would be——

Q: You may want to edit this when you're (laughs)——

DERHAM: Well, no. Victorio is——I could tell you——I could do a whole interview on Victorio Brode.

Q: (laughs)

DERHAM: So, so it——Victorio is a bit more tricky to maintain that.

Q: Yeah.

DERHAM: But just, just to tell you one anecdote about what kind of job I had——

Q: Or didn't (laughs).

DERHAM: The way the office was set up is there was a separate——well, there was a suite you went into and then you went into the suite and to the right was the treasury attaché's office, Ciro, and then to the left was Bill Quinn's, the assistant. And then if you walked through Bill Quinn's office you got to my office.

Q: You had to go through his office every time you went in there?

DERHAM: Well, there was actually another door off of——I mean for the most part I did go through that way. But there was also a door that opened from my office onto the principal corridor. So you could actually leave the office and——

Q: Sneak out.

DERHAM: Sneak out. So the one——I think it was——would have been probably 1981. I mean when does the promotion list come out, usually September or October——

Q: October, yeah.

DERHAM: Yeah.

Q: Beginning of October.

DERHAM: Usually on a Friday too.

Q: Mm-hmm.

DERHAM: And I remember, by then I was very frustrated in the job because I wasn't——I didn't think I was doing much. So I remember I had——I left early and

instead of going straight home I, I went, I went and I watched a movie. I watched a movie by myself.

Q: Mm-hmm.

DERHAM: And what happened was——

Q: You weren't expected to be promoted.

DERHAM: Well, I wasn't, I wasn't——didn't even know it was coming to come out that day. So, so what happens of course, the promotion list comes out and Jim Derham's got promoted. And everybody's looking for him and——

Q: (laughs)

DERHAM:——they can't find him. They can't find me at home and so——

Q: Wow.

DERHAM: A little bit crazy. But, so that was——

Q: Of course you were being promoted for the works you had done prior to——

DERHAM: Oh, who knows why you get promoted really.

Q: Yeah, no.

DERHAM: So there was one part of the job which was interesting. When I had gotten there in, I guess in the late 1970s or certainly during Gardner's time there, there was a decision to be——a policy decision to be more——have more contact with the Italian Communists. And this was because they were sort of relatively independent of the Soviet Union and there was always also the possibility that one of these days they were going to get into the government and maybe they needed to have some contacts with them. So this is primarily a Political Section matter. And by the time I had gotten there the real danger, the real crisis, which would have been between 1976 and 1978 or 1974 and 1978 all the way up to the kidnapping of Aldo Moro, had actually passed. And they were——they were still very strong, very important and still independent of the Soviet Union, but it seemed less likely that they were going to come into the government. Nevertheless, because of the way we do things, a certain amount of bureaucratic inertia, and actually it also made sense, we did, we did undertake to develop contacts. And basically this is Bob Rachmales in the Political Section.

Q: Sure.

DERHAM: But they wanted somebody on economic policy.

Q: Mm-hmm.

DERHAM: So——

Q: So you got to meet with the Commies.

DERHAM: Yeah, so Jim Derham got this, this responsibility. And I got——I was able to travel to, to, you know, various conferences. In those days you used air grams.

Q: Mm-hmm.

DERHAM: You'd get air grams about Italian economic policies or communist economic thinking. And it was a great experience. It was, it was something I was able to do, there was a certain interest in it. The Italian Communists, at least the ones I met, which tended to be the younger ones on the economic side, were very kind of sincere, almost good-government types.

Q: Sure. Philosophical more than——

DERHAM: Yeah, philosophical, but a little bit unrealistic I think in practical politics. But it was, it was a great experience. Actually I remember one of my first trips was up to Bologna for some sort of conference they were giving. And I remember I went up by train and you, and you got into the downtown train station. And it had been a month after I guess the fascists had blown up the train station there and killed eighty people. So you could, you could see there was——Italy was——the policy in Italy was, was pretty crazy actually.

Q: Well, actually yeah. Because what year was Aldo Moro assassinated?

DERHAM: Aldo Moro was assassinated in 1978, I think. And Aldo Moro was famously——

Q: Red Brigade?

DERHAM: It was the Red Brigade. And actually the Red Brigades was still active when I was there. Famously, after they——I mean I read up a lot about the Aldo Moro——it's a fascinating case. And they kept him——they kidnapped him, I can't remember what——for sixty days or a month and a half or something like that.

Q: Before they killed him.

DERHAM: Yeah. And after they executed him they put him in a car and they parked a car halfway between Christian Democrat headquarters and Communist, Italian Communist headquarters, to sort of symbolically say the responsibility of this was between these two parties.

Q: Wow.

DERHAM: And actually it was very close to where we lived, it was like three blocks away or so. It was—but this had happened before we were there, so it—but this had happened before we were there, so it wasn't the case. In fact, when we were there just before I left the Red Brigades did kidnap Brigadier-General Dossier, who was I think assigned to NATO (North Atlantic Treaty Organization) in Rome or something. And in fact, both the Italians and I guess some help from us, broke the case. And actually rescued him and rolled up the Red Brigades.

Q: I was going to ask. So by the time—

DERHAM: That was—

Q: That happened while you were there?

DERHAM: Yeah, that was, that was 1982.

Q: Yeah.

DERHAM: And actually, when you think about it, it was—you would think that we were, as American embassy officials, we were pretty attractive targets and pretty vulnerable. Nobody worried too much about that kind of stuff. In other words, I would walk home every night, you know, walk out of the embassy. And we had no real security at, at our—any special security. So people thought about things in a lot of different ways I would say.

Q: Well, they certainly didn't think in terms of terrorism and us, not like—because I have a personal interest in this. I'll tell you about it, but I'll make it short. I taught a course on terrorism (laughs)—

DERHAM: Right.

Q: —the year before, 1979 before—I joined the Foreign Service at the end of 1981. And we talked about the Red Brigades. We talked about all of these different groups. But never once was there any association in the minds of the writers of the textbook or the people teaching that we were targets, that we were somehow directly involved. It was more of an academic thing.

DERHAM: Yeah. Yeah, that's probably right. But I would also say I think it was—I mean obviously in the case of Dossier it was because he was an American associated with NATO.

Q: Yeah.

DERHAM: I think it was more—there was more an acceptance that this was, this was

part of, part of the way things were.

Q: Right.

DERHAM: This is part of the risk you run, and you couldn't, you couldn't have zero, zero risks. But, you know, I never——certainly in Rome we never felt at risk, yeah. So on a personal basis we traveled all over the country. We went to Sicily, we went north to Milan. Till McClane was a consul general there. We had known him in language school. I remember we went to visit him. We of course would go to Venezia, you have relatives, you go to Florence. We spent I think at least one of our Eastern vacations or one of our vacations up in the Italian Alps. Go down to Naples because they had a big PX (postal exchange) down there and you could get down there and back in a day if you wanted, but also visit people in the consulate. It's just——

Q: Nice life.

DERHAM: It's a great country, a great culture, great people, great food. We also had the advantage that once the Republicans came in they put the value of the dollar up. So for the two years I was there the dollar got stronger and stronger and so——

Q: And you traveled and would do things for less money or——

DERHAM: Yeah, yeah. So there were a couple of exceptions, but we did almost all our traveling in Italy. And it was, it was really a great experience.

Q: But then you what, did you try to curtail? You said you were initially supposed to be there for three years.

DERHAM: Yeah, I was supposed to be there for three and——but I was sort of frustrated with kind of the lack of responsibility, the things I'd mentioned, the problem of working for the Treasury. I felt I wasn't really being taken seriously.

Q: Well, your connection with Frowick was because you were working on the communist——

DERHAM: That was part of it. One of the things I could do was——and in those days you could do these kind of long reporting pieces, turned into air grams. So there were some important sorts of economic policy issues that were——one of them I remember was scala mobile, which was the way they indexed wages to the cost of living in a very automatic way. So the wages were always going up and up and there was no flexibility in it. And sooner or later it was going to cause problems and you were going to have to revise it and this is one of the things people were always talking about. And I remember, I did a long piece on it. And I remember Frowick either wrote on it or, or——I don't know if we had emails then——he said, you know, just thought it was a fabulous piece of analysis or something. Which, as I said, there was no real reason why he would——

Q: Yeah, but that—you remember that, and that's nice. Yeah.

DERHAM: There were a couple of other, other times that he reacted favorably to something I had done or worked on. So I think we just had a—it wasn't a close chemistry, but it was very good chemistry.

Q: But aside from those things, you know, it wasn't really clear and maybe that was the problem. How did you spend your eight hours a day?

DERHAM: Well, I, I, I certainly didn't have a full——

Q: A full portfolio.

DERHAM: ——portfolio. But there were certain things we worked on in the Treasury Section. One of the big, one of the big deals we used to do was we would do every quarter. We would do an economic forecast for Italy. We spent an enormous amount of time doing this thing. And I would draft or sometimes I'd even be a principal drafter. And but the thing was, even that, it was——

Q: You didn't feel very challenged or worthwhile?

DERHAM: Well, the one anecdote I'll tell you is that most of the time what you did was ——OK, so what's going to happen in the next quarter of the Italian economy. Well, usually it's going to be pretty much like the last quarter, right?

Q: Yeah.

DERHAM: So, so you kind of played——

Q: Massage the——

DERHAM: You play around with the numbers, look at what other consultants are saying, and make a couple of changes, and come up with your own number supposedly. But it's basically just part of the whole consensus. So we used to do this and after we'd done this a couple times and I kind of got a little bit frustrated with it. So I said to myself, "Well, this time I'll do it and I'm just going ——I'll do it completely independently. I won't look at what anybody else is doing and I will try to do an analysis based on blah, blah, blah." And I, I put a lot of time into it and sort of came up, and I came up with a number that was actually different than——it was, it was obviously a little bit outside the mainstream kind of thing. And so I sent it to Ciri and Ciri, you know, Ciri. Ciri's a great guy to work with, but there was no way Ciri was going to send something like that back to Treasury. So he just changed it to the——

Q: Back to the standard——

DERHAM: To the, to the standard. And I can't even remember what the, you know——

Q: Well, did you figure out whether you were more correct or——

DERHAM: I don't even remember.

Q: You don't remember.

DERHAM: Well, so much time that passes and you can fudge these things so much. And then the Treasury would take the Italian thing and they would have the other big country forecast. And they would mash them all together in Washington and then there'd be——

Q: Something that——

DERHAM: So you'd do stuff like that. As I said, I did have the economic communist portfolio, which I did.

Q: The Friday lunches.

DERHAM: The Friday lunches. No, and things like reporting on the scala mobile and other things. I mean I could find some stuff, but I didn't feel I was really being employed to my——and plus, I was the third guy in a three-man shop, blah, blah, blah, blah, blah. So, I was getting restless. And I decided that if I could I would leave after two years.

Q: OK.

DERHAM: And of course to this day, you know, Jolene says, "Only person who ever curtailed out of Rome."

Q: (laughs) She would have happily stayed on for a while longer, huh?

DERHAM: Right.

Q: What was the procedure for curtailing as you remember?

DERHAM: I'm not sure. I'm not sure. What I did do was by then after the Republicans took over, so in ARA, or as it was called in those days, Tom Enders came in as assistant secretary. And I had worked for Enders in EB in 1974.

Q: I remember.

DERHAM: Right. And one of the people that Enders brought in with him was Steve Bosworth. And I had known Steve Bosworth from, from EB. And one of the things I remembered from Brazil was how neat a place Bahia seemed to be, Salvador de Bahia. So it turned out in 1982 that job was opening up and I had just been promoted, I think probably to an FSO-2. You know, FSO-2 in those days was what it was called. And so I think that was probably the right level.

Q: What was the position? You didn't say.

DERHAM: Oh, it was consul——

Q: Oh, it was?

DERHAM: Principal officer.

Q: Principal officer, OK.

DERHAM: So in those days the principal officer, a junior officer, and then there was a USIS (United States Information Service) guy there.

Q: Mm-hmm, mm-hmm.

DERHAM: So, so I contacted Bosworth and I said, you know, "I'm interested in that job." And I don't know, I don't even know that he ever answered me, but they put me into the job. And so we left.

Q: I hope before we complete this process that you will have some experience in the normal personnel system with the department (laughs).

DERHAM: Yeah, I have some other stories.

Q: I mean because so far you've managed to get jobs without any contact with the personnel system.

DERHAM: Well, no, no, no, the personnel system has always been involved in this.

Q: Of course, but you never had any day-to-day dealings with them.

DERHAM: Yeah, but anyway.

Q: That was OK with the post in Italy?

DERHAM: Ciro was very unhappy. Ciro felt, and I don't think he ever forgave me, I think he felt that I was, you know, like ungrateful or, you know, making him look bad.

Q: Because you wanted to curtail out.

DERHAM: Yeah, because I wanted to leave his shop. And it was never anything personal and he did a great job and he actually went on to have a very good career too. But he, as I said, I think he was unhappy with that.

Q: Anyway.

DERHAM: So anyway, so we left summer of 1982 I guess it was. Probably we didn't even stay a full two years, but almost two years.

Q: Sounds like you covered a lot of territory in the country in any case.

DERHAM: Oh yeah, no, it was, it was a great experience. Italy is just a great place and I still have very fond memories of Italy. So does Jolene. So does Michael. Less so Christopher because he was way too young.

Q: Too little.

DERHAM: Too young.

Q: But just before we left Italy, what was the sort of difference in terms of style for the limited amount of time that you had working from Gardner to Rabb?

DERHAM: Oh. Well, Rabb was, I can't remember how he made his money, but he was very, very rich and he was very well plugged in in financial circles in New York, particularly in the Jewish community. When he came to Rome he might have been in his eighties, but he was old. I don't know how he was as a younger person, but mentally he wasn't all that sharp.

Q: At the time you met him, or in the 1980s.

DERHAM: Yeah, well yeah, when he got there.

Q: When he got there.

DERHAM: Right, exactly. So we would have these big, gigantic staff meetings, which are the ones that I'd typically go to, although sometimes we'd go to smaller ones too. And he, for the most part, wouldn't be paying attention. And he kind of was in and out about the conversations and he just kind of let people go on and on. But he had a couple things, he had a couple of pet peeves or something. One was strikes in Italy, which of course were——

Q: Big.

DERHAM: Infamous, right? Any time anyone would say strikes almost, he would——

Q: (laughs)

DERHAM: He, he would, he would start——

Q: He had a——

DERHAM: No, he would start going on, you know, about how strikes would be the end of Italy and I'll tell you, you know, like strikes, a couple other things like that. Just kind of knee-jerk, not, not very imaginative, kind of right-wing reaction. I mean strikes were a problem. And I sat in on a couple of meetings he had with ministers in, in Villa Taverna, like a note taker. I mean he would make kind of silly, not insulting, but you know, talk about how Reagan loved jelly beans and kind of, kind of silly things like that. And you know, the Italians are very well behaved and, and, you know, they understand our system, that sometimes we put people ahead of missions in Western Europe that, you know, they're not very good reasons for being great diplomats and everything else. So he was kind of, kind of funny in that way. But the one story I do remember about kind of what his value to the administration was was—my recollection was that at one point the administration wanted to sell fighter planes to Saudi Arabia. And I think the way it worked was I think the Senate could veto it. And so the administration wanted to, wanted to make the deal go through. So they needed to be counting their votes. And they were one vote or a couple votes short. This may be a little bit apocryphal too, but it's a good story.

Q: (laughs)

DERHAM: My recollection is they flew Max Rabb back to the States and they put him in a room with, I think it was Larry Pressler, who was a Republican Senator from South Dakota.

Q: Oh, I know.

DERHAM: Right.

Q: No, no rocket scientist.

DERHAM: Yeah, no, no rocket scientist. And when Larry Pressler came out of that room he had decided he would back the deal for—and I'm sure it had to do with financing coming from New York or something, that you know—so Max Rabb did kind of deliver on that stuff.

Q: That was the value added.

DERHAM: Italy's this big embassy, the politics were always complicated. We had a very good DCM, I think it was Bob Paganelli when I first got there. I think John Holmes ultimately became DCM, maybe ahead of Paganelli. So you know, they were in the embassy and they sort of ran the railroad, that kind of stuff. And really that wasn't for Max Rabb to do it.

Q: Yeah (laughs).

DERHAM: But he was, he was a piece of work.

Q: Actually, you reminded me, were you there or were you aware of much in the way of relations between the embassy and the embassy for the Vatican? I mean we have an embassy to the Vatican.

DERHAM: Well, I don't think it's called an embassy. I think when I first got there it was almost, it was just an office. And then Reagan appointed a personal representative to the Vatican, Wilson. I can remember his name, it's William Wilson.

Q: That's right.

DERHAM: Who was a buddy of his from California.

Q: And his wife completely redecorated the quarters beautifully (laughs). I remember that.

DERHAM: Yeah, but I don't, I don't think he actually spent that much time in Rome.

Q: I think he had the title of ambassador, didn't he?

DERHAM: No, I think he was the personal representative, but it might have been ambassador.

Q: All right.

DERHAM: But there was a guy who actually ran the office, Michael Hornblow. And I don't know. They didn't really do that much and they had some contacts, but the U.S. embassy itself was just gigantic compared to——

Q: So I mean you weren't aware of, you know, I mean like in Brussels with three missions——

DERHAM: No, no, no, it was nothing like that. It was the, the thing to the Vatican was, was, was very tiny, very much in almost an appendage organizationally of the bigger embassy. And I mean it was, it was pretty neat in the sense that the Vatican is always pretty neat, and that kind of stuff. I don't think there was much happening in a policy sense or even in a bureaucratic sense between the two.

Q: So you're wrapping up your time there. Are you going to get a refresher course in Portuguese? Are you going from Point A to Point B directly?

DERHAM: Well, I'm pretty much going from Point A to Point B. I mean I didn't need a refresher course in Portuguese. It had only been a couple years. My Portuguese was good enough that I mean it might take me a while to warm up again, but you know, I could do that on my own.

Q: Mm-hmm, mm-hmm.

DERHAM: So we left, as I said, I think we probably left in I think July of——

Q: Of 1982.

DERHAM: And got to, got to Brazil maybe in August of 1982.

Q: So you had a little home leave or——

DERHAM: Yeah, no, we had time back in the States.

Q: Yeah.

DERHAM: So.

Q: So now we're back to a really fun place too.

DERHAM: Yeah, well Bahia was great. When I got there I succeeded Doug Hartley. He was a good guy, but not a _____ as an officer. CJ Hall was a junior officer. He's a terrific officer and unfortunately left the Foreign Service, but sometimes happens when people are that good.

Q: You had three of you. You had a USIS person you said.

DERHAM: We had a USIS person who got there at the same time I did, Hugh Ivory. So there were the three of us. So they had just moved into a little building for the office, a little bit on the outskirts of Bahia, Salvador City. And then, and then we had the first kind of legendary principal officer in Bahia, Alec Watson.

Q: Oh sure.

DERHAM: Yeah. And he had found a place, I think it was in Brotas, which was kind of up on a hill, but it really wasn't suitable anymore to——

Q: A house? You mean a residence or——

DERHAM: A house in residence, yeah, it was a house and kind of a big piece of property. It was kind of a ramshackle place. So the first thing we did was he was kind of, you know, a typical State Department person, the first thing you do is take care of yourself and take care of your housing. So we wound up finding a right on the water.

Q: Oh nice.

DERHAM: Oh yeah, it was, it was fabulous. It was a beautiful place. And actually it was owned by a Brazilian-American couple who lived in Sao Paulo at that point, or maybe still in the U.S. And they were very pleased to rent it to us and we were very pleased to

have it. And it was just a fabulous place, it had a big deck overlooking the ocean and it was good for entertaining.

Q: Good for the kids too.

DERHAM: It was good for the kids and the other thing in Bahia is help was not an issue.

Q: No.

DERHAM: And then in those days you get ORE (Official Residence Expense) too.

Q: Mm-hmm.

DERHAM: So it was very attractive financially for me. So I got there in 1982, so the ambassador was Tony Motley.

Q: Sure.

DERHAM: And the DCM was Harry Kobb. One of the things I had going for me at that point, my Portuguese was good and once I, once I got going on it again. Having been in Brazil before, I mean I had read a lot and thought a lot and seen a lot in Brazil, so I knew Brazil. So I didn't have to spend a lot of time learning about Brazil.

Q: Learning about——right.

DERHAM: So it was, it was a very good situation in that. As a consul in Bahia, as U.S. consul you're kind of a big shot.

Q: Yeah, big fish.

DERHAM: Big fish in a small pond. And so that was very nice. And you know, you had a driver and we had nice housing. And in those days we still had five posts in Brazil, we had Porto Alegre, San Paolo, Rio, Bahia——

Q: Manaus or Recife?

DERHAM: Recife. So we had five. So I mean, you know, my boss was the DCM and of course his boss was the ambassador, or my boss's boss.

Q: Mm-hmm.

DERHAM: But they didn't spend a lot of time every day worrying about what the hell is going on in Bahia. They had to worry about the embassy, after the embassy they worried about Sao Paulo and Rio, and then as an afterthought came the three smaller posts. So my feeling always was on a day-to-day basis I didn't have to worry about Brasilia looking over my shoulder.

Q: Mm-hmm.

DERHAM: What I did need to do was when I had visits or when I did good reporting, but not necessarily a lot of reporting.

Q: Mm-hmm.

DERHAM: Just do good stuff that people would notice——

Q: Mm-hmm.

DERHAM: ——every once in a while.

Q: Mm-hmm.

DERHAM: Rather than churn out, you know, this weekend Bahia——

Q: Yeah.

DERHAM: ——kind of, kind of reporting that people love to do. Or that you love to do in Rio.

Q: (laughs) I have to have a reason——

DERHAM: Yeah, no, exactly. So that was kind of my strategy. And I think it worked out OK. As I said, because you were a big shot but——

Q: No, no, that's right.

DERHAM: ——you were a prominent personality, it was easy to have contacts. Bahia was favorable to the U.S. The boss there, Antonio Carlos Magalhães, was favorably disposed to us.

Q: And accessible I'm sure for interviews or——

DERHAM: Accessible when he needed to be accessible. He wasn't tremendously accessible. And I always felt what am I going to do, go see Antonio Carlos every week to say, "Antonio Carlos, what's going on?" But when I need to see him I would get him and vice versa. And then everything else kind of flowed from that. And so that when we did get visits from Tony Motley, for example, Ambassador Motley, we were able to organize good programs. He and I hit it off very well.

Q: You and Motley.

DERHAM: Yeah. He liked me, I liked him. Our spouses got along. He's very easy to get

along with. He's a very personable guy, he's kind of a down to earth guy. And, but he's a very effective guy. He knew Brazil well because he had been raised in Rio.

Q: I couldn't remember, what was the reason that he spent time? But he had a connection to Rio, right?

DERHAM: Yeah, he did. I'm thinking maybe his mother was Brazilian or something.

Q: Mm-hmm, something.

DERHAM: Something like that. But he had spent time in Rio and he always, he always loved to use his street Portuguese, which wasn't quite as good as he thought it was——

Q: (laughs)

DERHAM: ——but it was good enough. So I got along with Tony. Harry Kobb was very ——Harry was a very capable guy, very serious guy, and, and so we had certainly for the first two years we had, we had a great experience there with those two.

Q: And now, is this going to be a three-year——

DERHAM: It was going to be a three-year tour, and I did do three years.

Q: Now, before you leave, because they had the, the, the post there, was it Bahia-specific, or did you have, you know, Espiritu Santo also or——

DERHAM: We had Espiritu Santo and we had Minas.

Q: All out of Bahia?

DERHAM: Yeah.

Q: So what did Rio have? Just Rio and what?

DERHAM: Well, maybe we didn't have Minas. No, no, no, no. We didn't have Minas. We had Alagoas, for sure. Maybe we just had Alagoas. No, I'm getting my states mixed up, we had Sergipe.

Q: Yeah, OK.

DERHAM: OK. So we had, now that I'm thinking about it I think we only had Sergipe. So I mean Bahia famously is the size of France.

Q: I know. If you had to go out of——

DERHAM: No. And the one place I would go would be Sergipe.

Q: OK. You knew it well (laughs).

DERHAM: I would go to Sergipe a couple times a year and you'd drive up there and it was interesting. And then Bahia you could go down south, go down to the coco area. And you could, you could go out west to Feira de Santana and some other places. So one of the nice things about Bahia was they had an artist colony there.

Q: Mm-hmm.

DERHAM: And we got to know a number of the artists, mostly the painters, Calasans Neto, Carybé to a certain extent, Costa Pinto, there were a number of other people. And through Calasans Neto we got to know Jorge Amado, and his wife. I mean not very close——

Q: No, no——

DERHAM: But we would run across them, he needed a visa waiver every time he wanted to go to the States.

Q: Why, because he'd been a political——

DERHAM: Because he had been a Communist.

Q: Yeah.

DERHAM: And under the law at that point you had to get a waiver. And even though it was the Reagan administration, Amado wasn't a problem, so we'd always kind of roll out the red carpet for Jorge Amado. So that was a very nice feature. One of the legendary U.S. government people in Bahia was Alec Watson, the consul general. But the guy who had been the branch public affairs officer just before I got there, I think was John Dwyer, and Dwyer, you know, is a fabulous officer but certainly a fabulous USIS officer.

Q: Mm-hmm.

DERHAM: Everybody knew John Dwyer. I think when I was in Bahia, I think at a certain point he became PAO in, in, in Brasilia.

Q: Right.

DERHAM: So we would see him every once in a while and he would come through and, and people just loved him so you had access to all of those, all those people.

Q: So did you learn to do samba pretty well during that (laughs)?

DERHAM: Well, no, they don't have——

Q: No, they have carnival——

DERHAM: Well, they do. But they don't do samba, of course.

Q: They do——

DERHAM: What's the——

Q: Well, they call it _____, right?

DERHAM: Yeah, no, no, but what's, what's the——not the dance, the——

Q: For——

DERHAM: The pantomime of——

Q: With the animals.

DERHAM: No, no, no. The slaves——the slaves weren't allowed to fight, so instead——

Q: Oh, capoeira.

DERHAM: Capoeira. Capoeira. You'd see a lot of that. And you know, and you'd go out on the island in the bay there. Don't even know if it was an island actually. Trying to remember what the name of that is. But you know, people would come up and you knew enough people with boats, you could go out on a boat on the bay. And you know, wind up eating oysters and crabs and all this other kind of stuff. Or get together with, you know, go to Calasans Neto and introduce them to Jorge Amado.

Q: People got a lot out of that.

DERHAM: There were all these kinds of neat things you could do. So as I said, when, when Ambassador Motley came through, you know, give him a good forty-eight hours——

Q: That's right, that's right.

DERHAM:——and that was the thing you were focused on. So that worked out well. It was an interesting time. They completed the transition away from the military. Antonio Carlos had a big role in that and in fact was——my last year he famously broke with the military in 1985 and of course we were there for the whole Tancredo Neves being selected and then, then dying before, before taking over. And, and all that kind of stuff.

Q: So you were doing——effectively you're shifting now from a very different——you're in a way evolving. You're an economic officer. You're doing now political reporting, you

did some of that in, in Rome and now you're covering everything because you're——

DERHAM: Yeah, no, because Bahia, the economics was not——

Q: Significant.

DERHAM: It's not that important.

Q: No.

DERHAM: I mean who cares what's going on in the Bahia economy?

Q: No, no, no. No. No.

DERHAM: And politics was much, much more important.

Q: What about the left in Bahia? Because they had a lot of worker priests and they had Santera working up there.

DERHAM: Well, there, there, there was a certain amount of that, but it wasn't——Antonio Carlos kind of——

Q: He controlled the show.

DERHAM: Yeah, he controlled that whole state. There was a left wing, but they were pretty, pretty stifled in Bahia. There were some liberation theology types in the interior. I remember once I visited a bishop actually from the U.S. A very nice guy but very radical, sort of talking about the whole situation there.

Q: Yeah.

DERHAM: And but it was much——it's——you know, Bahia's a very traditional place. And it was at least from 1982 to 1985 the left was not in a position to do much of anything. What you worried about in Bahia was what Antonio Carlos was into and who were his rivals or who was breaking with him or reuniting with him or, or what, what was the future for the son, Louis Eduardo, or the daughter whose name I can't remember.

Q: His son, is he still in politics, do you have any idea?

DERHAM: No, his son's dead.

Q: The son died?

DERHAM: Yeah.

Q: I'd forgotten that.

DERHAM: The son died in a later term. But Louis Eduardo at that point I think was in the state legislature or something, maybe the president of the state assembly. Antonio Carlos still had a daughter, Ana Lucia, I think it was, who was a lesbian, and led a notorious personal life. And I think——

Q: This was well known at the time?

DERHAM: Well, it was, it was known. It wasn't something you'd read in the press, but everyone kind of knew it. She ultimately committed suicide, I think maybe when I was there. I mean Antonio Carlos' personal, his family story is a mess. And you know, with, with the daughter dying and I think the story was that, you know, his wife lived in fear of him or something like that.

Q: He was a tough character.

DERHAM: Oh, he was.

Q: I mean I thought that whole region was somewhat in fear of him——

DERHAM: Well, he was. Well, it's one thing to be in fear of a politician, it's another thing to be in fear of your husband.

Q: Right.

DERHAM: He was, you know, Antonio Carlos was a survivor because he was a politician for the military regime. When the military came in he made his——

Q: He——

DERHAM:——terms with them, yeah. Did very well under the military. And then in 1985 broke with the military.

Q: Mm-hmm.

DERHAM: And transited over to the new civilian regime, and was I guess president to the senate there. So that——so in fact, in my, my three tours in, in, in Brazil——

Q: He was around in all of them.

DERHAM: He was around in all of them, yeah. But actually that's one of the things about Brazil is that, you know, the longevity of the politician is very impressive.

Q: Mm-hmm.

DERHAM: Jumping ahead a little bit, when we were in Rio one of the people I'd go to

see was Brizola.

Q: Mm-hmm.

DERHAM: Well, Brizola at that point, you know, I'd been acting on a national level in politics for like over forty years. Antonio Carlos was a little like that. José Sarney, Sarney's maybe still around now.

Q: Must be a hundred years old at this point.

DERHAM: No, he's like ninety, but I think he's still in the senate.

Q: Well, they live a long time in Brazil. I mean Neymar just died (laughs)——

DERHAM: Yeah——

Q:——politician, so——

DERHAM: So, so anyway, but I mean the politicians in Bahia were, you know, you worry about Antonio Carlos and, you know, how people were reacting, what that dynamic was. And it wasn't really too much else to worry about. You, you kind of figured out who his protégé's were and what was happening with the family, Louis Eduardo the son was obviously being groomed for big things, and what was going on there. And you didn't worry too much about——I mean you'd go talk to the left-wingers and, and——but there wasn't——I don't think they had much, much impact.

Q: Now, had they renovated the Pelourinho yet or was that to come for the next tour? Because——

DERHAM: I don't think——I don't think——

Q:——when I was there it was lovely, but I don't think——

DERHAM: Yeah, I don't think they have renovated it yet.

Q: Or fixed it up.

DERHAM: Yeah, you could still go down there and it was pretty——it's pretty interesting. But it was still——it was dangerous at that point. Certainly at night it was all like hookers and muggers and that kind of stuff. So the——and——

Q: So that was not a place that you would automatically go to to——

DERHAM: No, you'd, you'd go more to go out in the bay——

Q: Mm-hmm.

DERHAM: You'd go down to Mercado Modelo and, and that whole area. And as I say, you'd do the artist things. You'd go up on the coast——

Q: Right.

DERHAM:——and some of the, some of the beach resorts there. One of——got to know a little bit about Odebrecht. One of my neighbors at the, at the place where we lived, Victor Gradin, was the financial director of Odebrecht and maybe the most——certainly one of the most important people who was not named Odebrecht in the group. And got to know him and some of the other people that were——

Q: Do you know much about the history of Odebrecht? I mean when did it start?

DERHAM: I——no.

Q: I mean I'm just trying to——

DERHAM: I'm thinking——yeah, I think post-war, but I'm not sure.

Q: Yeah.

DERHAM: Because I'm sure when I was there, in the 1980s, the guy who founded it was still around whose name escapes me. And they were, they were big then and becoming bigger. But nowhere near as big and powerful as they are today. So——and we didn't have that much to do with them.

Q: No, I was wondering if——

DERHAM: We knew some of the executives and I said, I knew Gradin. And but not a lot of contact day-by-day on what they were up to since a lot of stuff they were up to was really interesting was outside the consular district anyway.

Q: Yeah. Well now, shifting to the family side, didn't you get your third kid out of this period?

DERHAM: Yeah, we did. Kathy was born in 1983.

Q: Mm-hmm.

DERHAM: So, that was our third. Our other——the other kind of family issue to say was it became——it had been clear in, in Italy, but it became more clear once we got to Bahia, that Christopher was having developmental problems. And it was somewhere along the autistic spectrum. And it was getting——I don't know if it was getting worse, but it was not——he, he was getting older in calendar years but not getting, not developing the way you would think, particularly verbally and, and some other

behavioral things. So a part of it had to do, I always thought, would—he was in environments that weren't English speaking. For example, he went to a nursery school where they were all Portuguese. And he was a beautiful looking kid, he had these kinds of big blue eyes and sort of this kind of stuff. But he was obviously having developmental problems. And I remember, we came back here, we were back on home leave or whatever it was one year, probably would have been 1984 I'm thinking. And we went up to the Children's Hospital. And so they spent a day with him. And I think it was a little bit unfair to him in the sense that——

Q: He didn't know what was happening.

DERHAM: Well, not only that, but he's back from Brazil and in an unusual environment and we're living out of a hotel, and that kind of stuff. And so this, this doctor followed him for a day and they gave him various tests and everything else. And so we went to meet with the doctor and the doctor said, "I think he's autistic." And wow. Because I——

Q: He's how old at this point?

DERHAM: Well, this is 1984, he's four.

Q: OK.

DERHAM: So I mean I always thought that he had certain autistic tendencies, but I thought it was more complicated than that. But anyway. And the doctor was less flexible.

Q: He wanted to put a label on it.

DERHAM: Yeah, he did.

Q: Yeah.

DERHAM: And in fact, he'd give us a letter with the label on it. And so we kind of said, "Well, what should we do?"

And he said, "Well, you know, they have these programs here at Children's Hospital. We might be able to get him into a program here at Children's Hospital." This might have been maybe early 1984. So maybe I had like a year and a half to go.

I said, "Well, you know, we're kind of——we're kind of overseas and, and,"——

Q: You're not kind of overseas (laughs). You are (laughs)——

DERHAM: "And you know, we can't——you know, we're not in Washington or the Washington area."

Q: Yeah.

DERHAM: And so he kind of—he kind of looked at us and he said, “Well,” he said, “you need to, you know, you need to decide.”

So, and I remember, it was like a Friday and so I said, “Well, you know what? Maybe we need to pull the plug on this.”

Q: Pull the plug on Brazil?

DERHAM: Yeah.

Q: Or pull the plug on the kid (laughs).

DERHAM: Pull——

Q: No, I'm kidding.

DERHAM:——the plug on Brazil.

Q: Yeah.

DERHAM: So I remember, so I called up my CDO (career development officer) on a Friday afternoon.

Q: Now you're in the personnel system (laughs).

DERHAM: Well, not for very long, you'll see.

Q: Uh-huh.

DERHAM: And, and basically I was going to say, “Look, for medical reasons I'm going to have to curtail. So get me out of,”——

Q: So you were like halfway through your tour at this point.

DERHAM: Right. But in other words, it would be two years before I would curtail.

Q: Right.

DERHAM: I wouldn't think they would have too much trouble filling that job actually.

Q: Yeah.

DERHAM: Attractive job. And of course what happened was he wasn't in the office or something, or he wasn't, he wasn't around.

Q: He didn't take the call, right?

DERHAM: He didn't take the call. So, so instead we spent the weekend kind of chewing this over. And after kind of a——after a discussion Jolene and I kind of talked about it and basically, you know, the situation in Bahia was good for me, it was good for her, it was good for the other two kids. While it might not be ideal for Christopher, we had to make a decision for all five of us. And so, we changed our minds. We said, "No, we're going to go back to Brazil and we'll do the tour."

Q: Mm-hmm. And then when you get back you'll deal with his——

DERHAM: Well, yeah, we'll, we'll see what we can do in Brazil.

Q: In Brazil, OK.

DERHAM: And in fact, we——there was——Dow Chemical had a big operation in Bahia and one of the spouses there knew something about these kind of problems, so she would come by and work with Christopher. And we just started working on our own with, with, with Christopher. And that's the way we decided to do it. So anyway, so.

Q: So you went ahead and finished out——

DERHAM: Yeah, so we finished out the tour. So it was three years, 1982 to 1985. The——I guess the one thing to mention is both Motley and Harry Kopp left. Motley left to come back to be assistant secretary.

Q: Mm-hmm.

DERHAM: Replaced I guess Elliot Abrams. And he brought Harry Kopp back to——

Q: By the DAS or some——

DERHAM: Yeah, be the DAS or be the economic DAS.

Q: Mm-hmm.

DERHAM: And so they both left, and I think they left in 1984. And Diego Asencio replaced Motley and Alec Watson came in as the new DCM. So——

Q: Diego Asencio of the famous case, is that the kidnapping case?

DERHAM: Yeah, it was the kidnapping——Our Man Inside. So it was Diego and his wife Nancy who——they're, they're, they're very different people than the Motleys. A good guy and I got along with him. He was——but he was a very experienced guy and sort of knew what he was doing and was not, was not going to be buffaloeed by anybody. But he would, he would——the couple times he came to Bahia, when he came to Bahia

was he wanted to promote his book. So, so——

Q: That's why you said it like that (laughs)——

DERHAM: No, well——

Q:——his experiences at the hands of the——

DERHAM: Yeah, well the name of the book is I think Our Man Inside.

Q: OK, all right.

DERHAM: And so he would come to promote the book. And so that was, that was kind of what he was interested in. And actually, the book was written by both of them.

Q: The husband and wife?

DERHAM: Yeah. And so Diego gave his perspective, she gave her perspective. And he was, he was very full of himself and he sort of loved to do that.

Q: How long was he held anyway, do you remember?

DERHAM: Fifty-five days I think, is what I remember.

Q: Oh.

DERHAM: And then Alec Watson was——you know, he was the DCM.

Q: Mm-hmm.

DERHAM: Alec and Judy. And now he——and he was a good boss. I mean the problem working for Alec was he knew Bahia. Everybody, everybody knew him in Bahia. So you were always kind of——

Q: In his shadow.

DERHAM: In his shadow. I was in his shadow even when he wasn't there, but certainly when he was there I was very much in his shadow. So it was a completely different——you know, it was very different like with Harry Kopp. Harry didn't really know anything much about Brazil, he deferred to me when it came to Bahia. Alec, who, you know, in a very nice way and everything, he was never a bully or, or, or insensitive or anything, but he was, he was a legendary Bahia——

Q: He was Mr. Bahia, yeah.

DERHAM: So it was always——I was always kind of a little insecure with Alec. So it

changed—the last year changed very much, it was a very different relationship with, with Brasilia. Plus, I had some personnel problems. I——

Q: In a three-man post (laughs).

DERHAM: Well, those are ones we have.

Q: Oh yeah, no, no, no, no.

DERHAM: So the BPAO (branch public affairs officer) and I detested each other.

Q: Wow.

DERHAM: Yeah. And basically at the point where we didn't talk to each other. The——and then the guy who replaced the, the new junior officer, replaced CJ Hall, was a disaster. Guy who should have never been in the Foreign Service, and I think that was his one and only tour. All sorts of personal and judgmental problems. And——

Q: Did he get fired or did he just leave?

DERHAM: Well, I wrote him an efficiency report.

Q: That would leave him to——that would encourage him to leave (laughs).

DERHAM: Right. And the story I'll tell you about that is——see, for me, at that point the——

Q: We don't need to name these people.

DERHAM: Yeah, I know.

Q: (laughs)

DERHAM: But in other words, it was difficult. Because I——you know, I'd gotten along with——when Motley and Kopp were there, at least for the first half of their time, I had CJ Hall, who was a great officer, I got along with great with him. Brasilia knew he was a great officer.

Q: Right.

DERHAM: And while I was having problems with the BPAO, they hadn't reached the extremes they reached later. So then Asencio and Watson show up. And so then they look at Bahia and they see——they know that I and the BPAO just——

Q: Don't like each other.

DERHAM: Can't *stand* each other. It was really——

Q: Was it personalities or——

DERHAM: It was——

Q: substance?

DERHAM:——it was a series of things. It was part substance, part personality, part I wanted to be principal officer, he felt he was BPAO, which is a co-equal, and he wasn't going to take directions from me. And I thought he was doing things all wrong. And then as I said, the JO (junior officer)——it's, it's a disaster. So the two anecdotes I'll tell on that were when I wrote the report on the JO, Alec Watson was the reviewing officer. So in other words, I write the——

Q: Yeah.

DERHAM:——is reviewing. Well, I was——this was going to be my last report on him, so——and I just felt I, I, I'm not going to pull any punches on this. And I wrote——

Q: This is for the BPAO or for the junior officer?

DERHAM: Junior officer. BPAO I didn't write a report.

Q: Didn't write the report, that's what I thought.

DERHAM: So I wrote for the junior officer and I wrote a devastating report, easily the worst report I ever wrote. And I didn't, I didn't sugarcoat it or anything. So, it goes to Brasilia. And so, Alec gets it. Alec kind of knows this guy, but he doesn't know that much. He's not at post.

Q: He says, "Are you going to write this report?"

DERHAM: Well no, he calls me and he says, "Boy, this is a really rough report."

So I went through all the reasons I wanted to do it like this and he just——I said, "This guy just has to be pushed out."

So OK, so he's listening. So, what he did was he called up this guy. And, and he said, "This is——have you read the report?"

And he said, "What do you think of the report?"

And the guy kind of waffled or something.

Q: He waffled?

DERHAM: Yeah.

Q: He didn't fight back?

DERHAM: No. No. And that, that sealed it for Alec. The other story I will tell on this poor guy, which—but it's, it's, it's a story. He was a JO. And basically the way we worked was we did, we did visas.

Q: Mm-hmm, yeah.

DERHAM: In Bahia. And basically he ran the kind of day-to-day Consular Section. So he had—he was a guy who I think for his own social-culture reasons was conflict-averse, which is lots of those people in the Foreign Service.

Q: (laughs)

DERHAM: But conflict averse to the point where he would never say no to anybody. OK? So these—

Q: Which makes it difficult in the visa business (laughs).

DERHAM: Yeah, and not such a quality in the visa business.

Q: No, no.

DERHAM: And we didn't do that many visas and I didn't really pay that much attention. And you know, blah-blah, blah-blah, blah-blah. So one day he's out or he's sick or something, or he's traveling. So now I'm doing the visas. So, a visa applicant comes in and they're from Governador Valadares.

Q: The most famous visa mill in—

DERHAM: Right. And also, out of our district.

Q: Yeah, yeah.

DERHAM: Because it's in Minas.

Q: That's right.

DERHAM: It's a terrible case.

Q: I know.

DERHAM: I mean you just look at it—well, you just look at it, it's a terrible case. So I

deny it. So, I go back to my desk, blah, blah, blah. So later on in the morning, another applicant comes in from Governador Valadares, *another* terrible case. It is just a terrible case. So as I remember this, so like even on a third or fourth case that I'm turning down from Governador Valadares that I turn to Cecelia who's the FSN who does the consular stuff, and I said, "Wow, this is pretty unusual, getting these many cases from Governador Valadares."

Q: She says, "No way, José."

DERHAM: No, she says, "No, we've been getting lots of them."

Q: Oh.

DERHAM: I said, "Really?"

She said, "Yeah."

And I said, "And they've all been denied."

She said, "No, they've all been approved."

Q: Oh wow.

DERHAM: And it was—and I mean, you know, it was probably criminally negligent I think, or criminally irresponsible or something. But—and it was not so much—it was just—he was the kind of guy that could not say no to people. I remember another time—I can't remember what the circumstances were. Somebody showed up who was selling rugs, right? Like from the Middle East or something, Turkish or Iranian or something.

Q: Mm-hmm.

DERHAM: This kind of stuff—

Q: Well, they're called Turkos in Bahia, or whatever—

DERHAM: This is the kind of stuff you run across, and you just say, "Go away, I'm not interested in it." And somehow I can't remember the story, I was talking to the guy about it. And I said, "Oh, I see you're talking to—the guy is trying to tell you a rug." So anyway, the bottom line was in fact *{phone rings}*—is that you?

Q: Sorry, I'll turn it off. OK.

DERHAM: So anyway, the bottom line was it turned out at the end oh he said, "Oh yeah, they were good deals, I bought some." But to me it was just him, he could not—he could not, could not push back.

Q: Say no.

DERHAM: So anyway, that was, that was, that was my——

Q: So he left the Foreign Service——

DERHAM: So yes, I mean I didn't follow him that closely, but yes, he left.

Q: But I mean clearly having these two bad situations for the last part of your tour there would color your experiences there.

DERHAM: Well——well, it was——the story I'll tell about my BPAO, which I always want to tell nasty stories about him.

Q: (laughs) Is he still——did he stay on, or did he leave?

DERHAM: Well no, he and I left at the same time actually, because we were both there for three years. We had a visit——God, some——very famous writer. Writer——oh——Raymond Carver.

Q: Mm-hmm.

DERHAM: And his, his partner. I don't think they were technically married, but his partner, Tess Gallagher, Tess Gallagher's also a poet and she was very, very well known. So I mean at this point we're doing——I mean he's doing his programs, I'm doing my programs, we're not talking to each other any more than we have to. It's just a terrible situation, we're not talking. So this would have been probably my last year there. So anyway, so they come to town and they're in the——what is it, The Maria? Is that that big hotel there? Yeah, The Maria. And so they're staying at The Maria. And I don't think I even knew they were in town. So——

Q: So it was not an official visit. I mean——

DERHAM: Well, it was some sort of USIS visit.

Q: Oh, OK.

DERHAM: But in other words, it was his program, it was his visit——

Q: And he didn't want to tell you——

DERHAM: He didn't want to tell me or, or whatever. But anyway, so I get a phone call from the lady who was like the commercial director of _____

Q: Right.

DERHAM: Somebody we knew very well. And she says——

Q: “Are you coming to the party tonight?” (laughs).

DERHAM: No, no, no. No.

Q: No.

DERHAM: She says——she says, “You know, we got this very famous author, Raymond Carver, right here, with, with his spouse. And they’ve been kind of dumped in the hotel and, and left, left on their own.”

Q: Well.

DERHAM: So what had turned out was——I mean at this point he had——the BPAO had his own problems, had marriage problems, it was——he had also some issues. But he was kind of very unhappy at that point. He apparently had gone over and I guess picked him up at the airport or something, taken him to the hotel, took him to the——gave them a briefing about Bahia, saying, “It’s a terrible place, very dangerous, you know, you have to be very careful here.” And said, and you know like——

Q: “Enjoy your time at the beach,” (laughs).

DERHAM: Yeah, right, right. Why don’t you just hang out at the pool, here’s my card, or something. Maybe——I don’t know, maybe there was a program they were going to do at the university or something but then then they just left them. And so she had picked up on this, the commercial director, and sort of called, called me up and said, “You know, it’s,”——so fine, so we tracked them down and we took them out, showed them the town, took them around. I think we even went to the beach with them and stuff. And he was a very interesting guy. He was——I didn’t realize it at the time, but he was——by then he had, he was on the wagon for I can’t remember how many years, because he apparently had a tremendous alcohol problem.

Q: Yeah.

DERHAM: But I remember at one point——I didn’t know that, and at one point I remember offering him a drink.

Q: (laughs)

DERHAM: And he kind of looked at me and——

Q: “You don’t know my story.”

DERHAM: No, he didn’t say anything. He kind of waited and he waited and he waited

and said, “No thanks.” And then in retrospect—I sort of—and so—and Tess Gallagher was very interesting. As I said, she was a poet and you can look her up, she’s published a number of things. So, but the final part of the story is they went back to the U.S. And she wrote a poem about it. She wrote a poem about the briefing.

Q: Oh really?

DERHAM: Yeah. And she published the poem.

Q: How about how bad the guy said Bahia was.

DERHAM: About the briefing.

Q: Yeah.

DERHAM: About, about the briefing. And she published it in—it was published in like Harper’s, or something like this.

Q: Wow, that’s a reputable journal (laughs).

DERHAM: No, it did. And actually, and then she changed it around a little bit and it showed up in a couple of her collections. But it, it—and I remember at that point the, the person I used to deal with up in Brasilia was—one of the people, Fran Swit. But Fran had also worked with—

Q: The name is—

DERHAM: Yeah, she was very famous. And she couldn’t stand them either. And I mean when the poem came out, I mean I don’t think it mentioned his name, but it mentioned—but everybody—you could read it—

Q: Could know—

DERHAM: Yeah, no. And it was just, just a devastating thing. I almost felt sorry for the poor schmuck. So but anyway, that was kind of my experience with him.

Q: Well, I think that’s probably a good spot to end up.

DERHAM: That’s good.

Q: Today is July 2nd and this is an interview with Ambassador Jim Derham. When we last spoke we were discussing his 1982 to 1985 tour in Bahia as principal officer. And what we didn’t really cover, though it wasn’t his focus in general though it is important, is sort of the political climate that was of that period. Because this was sort of the tail end of the military regime and the beginning of the elected government. And I just wanted to get a sense of the atmospherics in Bahia in that context.

DERHAM: OK, well Bahia is in a way, I mean it's an essential part of Brazil, but it's not the center of the economic or political life as maybe Sao Paulo or Rio or even Minas is. But it is—it was important. It was clear by—well, it was clear throughout that period, it was clear the first time that I was in Rio that they were—that I was in Brazil—that they were going to move towards, they were going to move towards civilian government. Geisel and the military had made that decision. But they were going to do it at their own pace and their own, in their own way. So from 1982 to 1985 the president was Joao Figueiredo, I guess it was, who was the last military leader. And they had—what they wanted to do, they being the military, and their civilian supporters, was they were, they were prepared to, to sort of hand over the reigns of power. But, as I mentioned, they wanted to do it on their own terms. And they had identified—I think it's Andreassa, who I think was minister of maybe communications or transportation in the government. And he was going to be the—he was the government candidate.

Q: The government candidate to be president.

DERHAM: To be president.

Q: Because he was close to the military or?

DERHAM: Yeah, he was, he was, he was the one the military wanted to hand over power to. So there were a couple of different issues here. One was that the opposition also decided to present the candidate, Tancredo Neves.

Q: Mm-hmm.

DERHAM: And—but the bigger issue was how the president would actually be selected. And military wanted the—either the congress or an electoral college arrangement to do it, which was essentially the congress. And they wanted to do it because they could control that and they could get who they wanted.

Q: And they controlled the congress at that point.

DERHAM: They controlled the congress. And so certainly the ruling party, PDS I guess at that point? PDS—well, it's PDS and PDMB. They had—the military—one of the things the military did was, as they made the transition back to a civilian government, they, they organized the political party system. They organized a PDS, which was the government party, which was the majority, controlling party. And—but they also allowed an opposition party, which was majority party, controlling party. But they also allowed an opposition party, which is the PDMB, the PDMB. I think one of the criticisms of the civilian governments prior to the military where they were all fractionalized and very small parties and everything. So the military kind of had this vision that they would—a two-party system, if you will.

Q: But Antonio Carlos Magalhaes, was he with PDS? I can't remember what he was at

that point.

DERHAM: OK. So——

Q: Yeah, go ahead, I'm sorry.

DERHAM: They had, they had the two-party system. In fact, Antonio Carlos was part of the PDS at that point. And the big, the two issues were who's going to be president, the second would be how the president was going to be selected. And what developed over the 1984/1985 period was the movement——get my Portuguese and Spanish mixed up here——Diretas Já, Direct Elections Now. OK. And it was a very powerful movement. And Paulo Maluf was involved in this well. I think maybe Paulo Maluf wanted to be government candidate, but I think they ultimately decided on——Paulo Maluf was a very powerful San Paulo politician. Antonio Carlos played a key role, because he was part of the PDS, he had been associated with the military government since the military government took over in 1964 at one level or another. And by 1984, he was, he was the boss in Bahia, and for that reason was the player on the national scene and a very powerful and very savvy guy too. He sort of knew, knew how to do politics. So he, he in fact——and I'm trying to remember when this happened——it was——it turned out for——they were building a new airport out in Bahia.

Q: This was while you were there.

DERHAM: While I was there. The old airport was pretty rickety. And there was——and they inaugurated the airport's——the airport's called Dois de Julio? Dois, yeah.

Q: I don't remember, yeah.

DERHAM: But *dois* is two, right?

Q: Mm-hmm, mm-hmm, mm-hmm.

DERHAM: Yeah. That's two in Portuguese, right? No, *Dois de Julio* is——*Dois de Julio* is Bahin Independence Day or some crazy thing like that. I'm trying to remember when they inaugurated it. I don't think they inaugurated in——

Q: On the dois de Julio?

DERHAM: No, because I wouldn't have been——it would have been too early in 1984 and it would have been too late in 1985 for me. But anyway, they did have a big event to inaugurate the airport. So it would have been I'm thinking maybe early of 1985 or something like that, late of 1984. You'd have to look it up. And at that point Antonio Carlos announced that he was no longer going to back the government candidate. And things really started unraveling at that point. And I believe he did it in the presence of the Air Force minister or something. It was a very dramatic event. And it was, actually it was

a little bit interesting in the sense that, you know, they invite the, the, the consular corps in Bahia, which is pretty——there are only four professionals and another dozen honorary consuls, which are of course the usual mixed bag. So we would always sort of go to these events and hang out and gossip and all this kind of stuff. And you know, I went to the event and he made the announcement. And I didn't realize how important it was. I was just kind of sitting there and gee, that's interesting what he's saying, and everything else. But in fact, it was a very, a very key, a very key defection in the government coalition.

Q: Did he say who he was supporting? Was he going to support Neves or was he going to——

DERHAM: Yeah, he wasn't going to support Andreassa, I have to check that name, and I'm, I'm pretty sure that meant he was going to support Neves. And so, at a certain point the opposition put together their ticket, which was Tancredo Neves. And this would have been around that same time because Sarney became their vice presidential candidate. Sarney was also associated with the military and I think more or less the same time as Antonio Carlos took a walk to the other side. And all during this time there was a struggle over whether they were going to have actual elections or if it was going to be done indirectly through the congress. Ultimately, the military prevailed in that it was an indirect election. But they did not prevail because Tancredo Neves was picked to be president.

Q: So then a lot of people in congress actually got gutsy and opposed the government candidate, or what?

DERHAM: Yeah. No. Well, I mean once, once Sarney had left and Antonio Carlos had left, I mean it's very hard, that kind of regime, when you're trying to transition to, in this case to a civilian regime. It's very hard to control the pace and stuff. And when things started getting ahead of themselves. And I think a little bit of that happened. I mean by that time the military had been in for twenty years. People couldn't understand anymore why they needed to be there. The whole business of running the government I think was a corrupting influence on the military. The military decided they were leaving. And so, as I said, they tried to manage it, but at a certain point they kind of left control. And once, and once the civilians prevailed, the civilians weren't interested. Andreassa was a very uncharismatic, somewhat considered a military hack.

Q: Yeah.

DERHAM: I think he retired from the military too. And so once the civilians saw that in fact it's going to be up to them, they took control. And I mean Tancredo Neves, although the opposition, you know, he was from Minas, he was a very moderate guy. And then with Sarney, Sarney was a very conservative guy, although he has a couple of funny tendencies.

Q: And he shifted parties a few times I think in his career.

DERHAM: Sure, yeah, well, all of the Brazilian political scene is——continues to be characterized by a lot of party shifting. So that the Tancredo Neves-Sarney ticket, if you will, was a ticket that would be somewhat reassuring to the military. I think what the military wanted and was worried about was a couple different things. One is that they would continue to have a reasonably adequate budget and that there would be no reprisals against the military for what happened during the twenty years. And certainly originally that was the, that was the intention, although over time that, I guess that changed a little bit. But ultimately it wasn't, it wasn't an Argentina or Chile situation where there had been thousands and thousands of people killed or disappeared, so it was a much more civilized process, a Brazilian process. So Tancredo Neves was selected. I believe the inauguration——

Q: Were you still there for that?

DERHAM: Yeah, yeah, the inauguration would have been March or April——

Q: Mm-hmm.

DERHAM:——I'm thinking, of 1985. And then of course they had the whole drama of Tancredo getting sick and dying before——I guess either right on the day he was going to get sworn in or the day before——

Q: I thought he got sworn in?

DERHAM: He might have got sworn in and then the next day he went into the hospital or something like that. And of course the, the, the, the story was that he, he had suffered some sort of stomach infection or, I don't even——I don't think it was cancer——or like a, almost like a——not a burst appendix, appendicitis, but something along those lines. But sort of kept putting off going to the hospital because he was worried that if he was all a sudden not the presidential candidate or the, or the presumptive president that everything would fall apart and that, I don't know, the opposition would go one way, the military would maybe step in again or try to step in again. So he, he, he kind of insisted on, on, on not admitting himself into the hospital until after he had been sworn in. And then it turned out by then it was too late. And, and it was a very kind of dramatic——I'm thinking it was two or three weeks when he finally sort of fought the, the infection and ultimately succumbed to it in Sao Paulo I believe it was. And Sarney in fact took over.

Q: Was leaving the scene.

DERHAM: That's when I pulled the plug on Brazil myself, so——

Q: Well, before we leave, let's ask one last thing regarding this period. In terms of the popular attitudes towards this, I mean there was dancing in the street? Was it an enthusiastic response? Or was it ho-hum after twenty years of military rule?

DERHAM: Well, the kind of big development was the Recollections Removal. And that mobilized lots of people in the street. And the people could see that, that, that they were really a force to be reckoned with, that the military was not interested in trying to repress them. So I, I think there was a real, real feeling that in fact the civilians were going to take, take over again.

Q: Right.

DERHAM: But it was done—I mean obviously it was just drama, there was drama in the movement itself, there was drama in sort of the—when the majority came over to the side of Tancredo. There was drama in Tancredo's health crisis. But it was not, it was not a tumultuous period politically, certainly not in Bahia. You could sort of see what was going on in various points and it sort of played out that way. And there was a reasonable consensus that the civilians were going to retake, retake the government. It was not going to be possible to have direct elections yet. And that, you know, Tancredo, or in the other case Sarney, was not, was not going to come in and sort of kick the table over and then be a radical in any sense. So there weren't many surprises. And I think all the players were willing to, to, to wait and see and see what the opportunities were. Certainly by then I mean Lula was, was a figure then in Sao Paulo in the Labor Union Movement and the PT was beginning to become a factor. So you could see that there were going to be new players and then the whole political equilibrium was going to ship. But it wasn't disruptive in that sense.

Q: Good. Thank you. So now we're in 1985. You mentioned last time sort of the dynamics at post and the difficulties in that environment within the post.

DERHAM: Right.

Q: But now, you had wanted to kind of shorten that tour. Were you planning on spending the full three years there?

DERHAM: No, no, I did the full three years there.

Q: You did the full three years.

DERHAM: I did the full three years.

Q: What was your next assignment, and how did you get it?

DERHAM: Well, let me actually talk a little bit about—just to wind up on Bahia—I did stay for three years. At one point we were even thinking, you know, maybe a fourth year.

Q: Ah, OK.

DERHAM: I mean it's very comfortable. You're a principal officer. As I explained

previously, you didn't have to spend a lot of time worrying about Brasilia. As it turns out I wasn't even offered the opportunity. I don't know if they were even thinking about it or they, you know, it's a three-year cycle and they just filled somebody else in.

Q: You didn't formally request a——

DERHAM: No, I never requested it. By the time I really started thinking about it and I looked into it, it turned out somebody had already been selected.

Q: Mm-hmm.

DERHAM: The other thing I would say is that I find I have a pattern when I, when I serve, at least, at least in kind of the executive, in the front office kind of type of job in a post. The first, usually the first year you get there——although it wasn't quite the case in Bahia since I'd been in Brazil before——but the first year you're there you——all the contacts and you're meeting people and you——it's very busy. And it's a tremendous learning experience. You have this learning experience for the first year. So the second year you're kind of complete with this learning part of this thing. And you're probably, probably doing as, probably as good as you can, you're as productive as you can. But you may even start to become a little bit——it gets a little bit routinized or something, that you kind of——you've done it before and stuff. And then by the third year it's a real danger that——

Q: You get bored or you're——

DERHAM: Well, the third Fourth of July rolls around, the third, you know——

Q: Fill in the blank.

DERHAM:——whatever it is, or the third, you know, day of the army kind of thing. And you say, "Here I am in these bleachers again. What am I doing?"

Q: (laughs)

DERHAM: So it was probably just as well, probably just as well, that I only stayed there for the three years. The other, the other addendum to note is that in fact at that point there was building towards a downsizing of the Brazil, U.S. presence in Brazil. And in fact, I was succeeded by Dan Strasser, who had a Brazilian wife. I think she might have even been Bahian. So it was kind of his dream job. And he got there and they decided they were going to close the post. And so they closed, they closed Bahia and they closed Porto Alegre.

Q: While he was there?

DERHAM: They closed Bahia while he was there. Porto Alegre might have closed a little bit later. And there were a lot of ironies or, or, opinions about it. One was that the guy

who kind of presided over this was Alex Watson who was the DCM. And of course he was the guy that was the legendary——

Q: Mr. Brazil.

DERHAM:——principal——no, principal from Bahia.

Q: Oh.

DERHAM: And so he, ironically, had to preside over the closing of Bahia. And what they did was they moved Strasser down to Rio. And he was like a political officer over there. Maybe with Sam Lupo or I can't remember, it was CJ——

Q: Well, his name was well known. So it was before I got there.

DERHAM: Yeah. I——I mean he liked Brazil but I suspect he was never as, he was never as happy in Rio as he would have been in Bahia. But anyway, it was, you know, within a couple years it was closed. So I had——by then I had gotten it in my head, and actually a little bit looking like people like Alex Watson and some of the others, some of the other people I'd seen in the department, particularly on the econ side, to do a year of university training.

Q: But hadn't you already done that with Georgetown or GW when——

DERHAM: With, with GW.

Q: Uh-huh.

DERHAM: Well, State Department university training.

Q: OK.

DERHAM: In other words, spend a year on the State Department's nickel.

Q: Ah, OK.

DERHAM: And what they had was they had what they called Advanced Economic Training, or something like that.

Q: Mm-hmm.

DERHAM: They send you to the university for a year. So I had had it in my head that I knew that Harvard at the Kennedy School had a program where you could go for a year and they would give you a master's degree, they'd give you a master's in public administration. So that sounded like a really good idea to me.

Q: Sure, for a nice Irish boy from (laughs)——

DERHAM: Right. Now, as it turns out the Kennedy School, you know, is not like the College of Arts and Sciences kind of thing, and it's a little bit——

Q: It's a little bit what?

DERHAM: Well, it's a little bit of a business for Harvard.

Q: Sure.

DERHAM: In other words, they would——it's——a lot of the people there are considered mid-career, like I was. And basically, as I said, you go for a year, you take a certain amount of credits, no actually required courses or something. You could take courses in the Kennedy School, in the College of Arts and Science in the graduate school, and as long as you did a certain number of courses they'll give you the degree.

Q: Regardless, I mean there's no formal structure to the econ master's or whatever.

DERHAM: No. No. And it's not——it's, it's considered master's in public administration——

Q: Yeah.

DERHAM:——which is one signal that it's maybe not the most rigorous master's you're ever going to get. The other thing is, the tradition in Harvard is Harvard is——this is more the college itself, but I guess it's probably general for Harvard——Harvard is hard to get in, but——

Q: Hard to get out.

DERHAM: Hard to, hard to flunk, once you're in.

Q: Yeah.

DERHAM: So basically what you did was, you know, the department would send you there. They would pay the bill, which whatever it was, I don't——

Q: Substantial.

DERHAM: Yeah, it was substantial, but I can't remember what the number was. You'd have to update it to the current dollars. And you came away with a degree. Now, I think at that point the feeling in the department was that they had sent too many people to the Kennedy School, particularly on the econ side, and it would be better off if the econ officers went to different places. Michigan was one of the places they pushed, Princeton, maybe one of the——somewhere out in——some of the California places.

Q: Stanford, Berkeley.

DERHAM: Yeah, no, exactly. But I had, I had convinced myself I wanted this GD Harvard degree.

Q: Yep.

DERHAM: I knew I could get it if I went to the Kennedy School, so I pushed and then they let me go to the Kennedy School. So we, you know, we pulled up stakes, at this point Jolene and myself and three children, and kind of went up to Boston. And it was OK. It was, for one thing it was very—you know, we had to get settled.

Q: Was it a one-year program? Yeah. One-year master's.

DERHAM: Yeah, it was a one-year program. So we get settled and we know we're only there for the year. The——

Q: Were you living in Cambridge?

DERHAM: No, we wound up——we needed someplace where——with the three kids, we thought we wanted a house.

Q: That's right.

DERHAM: So we actually wound up in Brookline, which is actually a very nice neighborhood. Very close, in fact, to where Michael Dukakis' family was from.

Q: Mm-hmm.

DERHAM: And in fact, the kids went to——or at least Michael went to the elementary school where I think Dukakis had went, and his mother lived right around the corner. And it was kind of an interesting time to be in Boston. That was the year the Red Sox almost won the World Series——

Q: (laughs)

DERHAM:——and I think the Patriots actually got to the Super Bowl that year. So it was good for sports. It was——I mean I never felt I kind of blended into the whole academic thing, given that we were living all the way out there. I had three kids and, and, and Jolene and everything else.

Q: So you weren't your traditional graduate student.

DERHAM: No, it wasn't——

Q: But were there other families——

DERHAM: There were a lot, there were a lot of other people like——not a lot, but in that whole Kennedy program, the mid-career program. There's people who are mid-career. So there was a certain amount of that. And you had, you had a great flexibility. You could, you could go any, anywhere in the whole——anywhere in Harvard. You could also go to MIT, you could go to Harvard Business School, you could go to I guess Fletcher or wherever.

Q: Yeah.

DERHAM: So you had a great——lot of flexibility in that. And Harvard is, it's Harvard, huh?

Q: Sure.

DERHAM: It's pretty, it's a pretty impressive place academically. So, I did it for a year. The one, the one anecdote I will tell about that is by the time I got to Harvard I had——of course I had my mathematics degree as an undergraduate. I had taken the State Department econ course.

Q: Right.

DERHAM: I had gone to GW and gotten a master's in economics.

Q: Mm-hmm.

DERHAM: I had also worked in two or three economic jobs, including as financial economist, which——

Q: Yeah.

DERHAM:——is, is as heavy-duty as economics as you do in the State Department. So I thought I was a hotshot——

Q: Sure.

DERHAM:——economist by then. And so I thought, well, what I'll do is I'll take economic courses at the Graduate School of Arts and Sciences at Harvard. Now, so——and they would let me do it. The thing was, a lot of the, a lot of those classes were for people who were in a doctorate track for, for economics.

Q: Sure.

DERHAM: And I didn't quite realize how——

Q: Academically rigorous it would be.

DERHAM: Yeah, how rigorous, yeah, an economic doctorate was in a place like Harvard. And I remembered I was, I was looking at, I was looking at the curriculum catalogue and I saw that Richard Cooper, who had been Undersecretary of State for Economic Affairs during the Carter administration——

Q: Mm-hmm.

DERHAM:——but he was an academic. And he had gone back and he was teaching a class in, in the spring semester. And there was a class called Economic Finance and Development. And he was splitting it with another professor. But in other words, to take that class, first I had to take a trade course. And I said, “Well, I don’t really need trade. I know trade. You know, it’s, you know, England, England trades wool to Portugal for, for port wine, and they, you know, you do a couple ratios and that’s the whole thing. But I’ll, I’ll, I’ll humor these people and I’ll kind of sit through this trade course so I can get to the follow-up course in the spring. So I went into that trade course, which was a graduate trade course, and as I said for a lot of people who were in the doctoral path. I got lost like three minutes into the course. And for the rest of that course I didn’t know what the hell was going on.

Q: (laughs)

DERHAM: I mean it was so mathematical.

Q: Even though you had a math background.

DERHAM: Yeah, and even though I had a math background it was just *really* tough. And I really staggered through that course. Most of the time I didn’t know what the hell was going on. But once again, I kind of, because of the Harvard, Harvard tradition, that is once you got in you didn’t flunk out——

Q: Yeah.

DERHAM:——they gave me a C or something. But it was——

Q: Painful.

DERHAM: It gave me a little bit of humility about that. The other story I’ll tell about that course is that I staggered through the trade course. So now I can take international finance and development. And it was Richard Cooper. But he would——with another professor——and they would, they would split it. They way they did it one would teach one day and the next day it would be the other guy, then the next day it’d be Cooper——

Q: Right.

DERHAM: So, so I went to——so I started out and I went to the first one, it was Cooper. Cooper's a nice guy and it was, I don't know, twenty, twenty-five people in the class. And he was——it was——and this, this course was not that rigorous so it was much easier for me to follow. And it was interesting, it was international finance and development. And so then I showed up for the second class. And the room is packed. You can't even find a seat. And you know, they're almost like hanging from the rafters.

Q: You're wondering what the heck is going on (laughs).

DERHAM: Yeah, and of course it was, it was Jeff Sachs who at that point was, I don't know——

Q: Mr. Hotshot.

DERHAM:——thirty-years-old at the sort of youngest tenure track professor at Harvard. And a very charismatic guy and very strong views on a lot of things. And actually tells some great stories because he had, he had just finished working I think with the Bolivians and told some great stories of economic policy in Bolivia. So it was, it was an interesting experience. But one got to see——I mean in Harvard it was Martin Feldstein, took a class from him. There was Benjamin Friedman, that's a well-known economist, Greg Manchula, I ran across. Even ran across Galbraith at one point very briefly. So it was, it was quite a place to rub elbows with some of the really big names.

Q: But did you take any public policy courses that were un——I mean in other words, since it's a master's in, in policy, right? I mean——

DERHAM: No, it's a master's in——

Q: Public——

DERHAM:——public administration.

Q: Public administration.

DERHAM: They also have a master's in public policy.

Q: OK.

DERHAM: The master's in public policy is much tougher. It's two years and there are required courses, and you might have to do——

Q: A thesis.

DERHAM: You might have to do a thesis. No, I took——no——

Q: The public administration——no, no MBA, no business required.

DERHAM: No, I just took what I wanted. I took mostly economic courses. I did take a course from Samuel Huntington, development or political, whatever his famous book is, Political Structure in the Developing World or something like that. Which is very good. Huntington was——yeah, he was a very interesting guy. Very opinionated, but I mean opinionated based on——

Q: Some knowledge.

DERHAM: Yeah, some knowledge. So that was good. As I said, I took, certainly took macroeconomics with——maybe I didn't take macro——with Feldstein I took physical policy and I took trade, international finance——

Q: So was this like thirty credits you had to have, or something like that.

DERHAM: Yeah, I'm thinking twenty——twenty-four, maybe twelve and twelve or something like that.

Q: OK.

DERHAM: So it's a lot of flexibility. And then I took one——I remember I took one course at the Kennedy School, leadership. I can't remember, very famous guy who gave the course——very famous course.

Q: Mm-hmm.

DERHAM: And he's one of these guys, I remember the way the course started out. It was a Kennedy School course.

Q: Mm-hmm.

DERHAM: It tended to be just Kennedy School people there. But it was in this huge amphitheater. And so it was like, I don't know, hundreds of, of, of people. And it was, it was leadership and group dynamics or small group dynamics or something like that. But I remember his——the first, the first day he walks in, and of course everybody is——you know, people are talking, talking, talking. So he just stood there and it was talk, talk, talk. And he stood there. And he waited ten minutes until——

Q: They stop.

DERHAM: Yeah, the room then stops. And then, and then he took a——so he would, he would do things like that. He was very much of a showman, in a good sense. And it was, it was a fascinating course.

Q: So what was your grade point average (laughs). No, I mean——

DERHAM: It was OK. It was—I mean the trade course was the biggest problem. The others were OK. And the—I did take macroeconomics with Benjamin Friedman. And they—the other—for the most part the professors were very sort of tolerant of me as a—

Q: (laughs) I'm sure they were.

DERHAM:—State Department economic guy.

Q: But this was a nine-month regular academic school year program.

DERHAM: Yeah.

Q: And your kids were enrolled in local schools.

DERHAM: So yeah, so they went to school for a year. I think Kathy—

Q: Your daughter was—

DERHAM: Kathy was not in school yet and Jolene was not working yet. So both Mike was certainly in grammar school, Christopher might have been in, in kindergarten. And we were still working with Christopher on kind of the autism issues and stuff. But we were, we were moving along on that.

Q: Right. And you were at least in a good place for that too, because there's a lot of helpful—

DERHAM: You were. The problem was, as I said, you were there for a year at the most and it's, you know, once again you're picking up and moving.

Q: And had you applied for a bid on your next assignment at this point?

DERHAM: Well no, I—obviously I was going through that process when I was there in the year. And I don't remember—it was very hazy—and how I wind up—at least at this point very hazy how I wound up getting jobs or not getting jobs. The—we had decided we wanted to stay in the States, because we thought given the kids and particularly Christopher, because to go back—when, when we found out Christopher had had these problems we had thought about leaving Brazil early. Then we said, no we'll stay out the full tour.

Q: I remember, yeah, uh-huh.

DERHAM: But we felt now we should hang around the States for a little bit to see what the hell is going on, with Christopher in particular. So we decided we were going to go to Washington for a tour, at least. So I was—I guess I was looking around, I can't remember. And I got a call from a friend, Fran Muller, who I had known since I came in,

since '74. And he was, he had, he had sort of been interested in both the Middle East and Japan I'm thinking. And at that point he was working on the Japan Desk. And he was about to leave or he was going to leave in the summer of 1986. So he asked me, would I be interested in working on the Japan Desk.

Q: About which you have a lot of knowledge?

DERHAM: I——

Q: I'm being facetious (laughs).

DERHAM: Yeah, no, exactly. I knew nothing. And you know, I'm thinking, Japan, particularly on the trade side at that point, was a reasonably hot topic. You know, I was thinking, I mean don't they have, don't they have better candidates than me?

Q: (laughs) Or Japan specialists.

DERHAM: Yeah, no, exactly. But you know, that's the way the department works somehow. It's——if you're in the right place at the right time, you just——

Q: If you think you're smart enough and can do it, right.

DERHAM: Yeah, no. So I took Brian's job on the Japan Desk. And basically, so I started working in the Japan Desk in 1986. And the way the Japan Desk was structured, it was a big desk. There would have been eight or nine officers. And it had a director, it had a, a deputy director for politics, and a deputy director for economics, and then a couple of people working for each——so I was one of the people working on the economic side. So, I got on the Japan Desk. And that was fascinating. It was right at the height of our trade problems with the Japanese. There was a lot of attention to what was going on with Japan, considerable amount of travel——

Q: Was that the year that——because I was interested in this for a different reason——but was that the reason that the G-8 Summit was in Tokyo? Because——and Reagan went?

DERHAM: It could have been.

Q: I just recall that period.

DERHAM: Yeah. Actually, something like a G8 Summit we would be less involved in.

Q: Oh really?

DERHAM: Yeah, no.

Q: Because that was multilateral?

DERHAM: Well, it was——yeah, it——the G-8 Summit kind of ahs its own process in the department and is sharper and it must have been Alan Wallace at that point as the undersecretary. So, but——

Q: You did just the bilateral——

DERHAM: I did the essential bilateral, mostly trade.

Q: Mm-hmm. Which you've now mastered thanks to your experience at Harvard (laughs).

DERHAM: Yeah, no, well——

Q: I'm kidding.

DERHAM: Well, when you go back to the department there was no——

Q: It's a different——I know. I know.

DERHAM: It's much more politics. But it was a great experience. I had to work very closely with USTR, and there was always this conflict between USTR because the State Department, State Department somewhat deservedly had a reputation that they would sacrifice U.S. trade interests on the altar of the U.S. security relationship with Japan. And of course USTR didn't think that way. USTR was——

Q: Trade.

DERHAM:——trade.

Q: Period, mm-hmm.

DERHAM: So those of us who were kind of on the trade side of the desk were always trying to, trying to, to moderate that. But there was, as I said, there was a tremendous amount of attention to what was going on.

Q: I guess to put it in the narrowest terms, your specific portfolio, what did you have to work on specifically?

DERHAM: Well, you worked on, one thing is you worked on trade issues.

Q: Right.

DERHAM: So what were trade issues? Well, trade issues were opening the Japanese market to U.S. beef and citrus exports.

Q: Mm-hmm.

DERHAM: Opening the U.S. market to U.S. tobacco products. Cigarettes—in those days we didn't worry too much about—

Q: Yeah.

DERHAM:—cigarettes. They had—there was a big Kansai Airport construction project that we wanted to get U.S. participation in. Semiconductors was a big—

Q: Sure.

DERHAM:—we had a semiconductor agreement. Rice was a big issue. There were a whole bunch of agricultural issues that we were dealing with.

Q: And then there were all the Japanese electronics, right? From the other side of the fence that we were trying to get into our country?

DERHAM: Not so much that. There were automobiles, automobiles were a bit.

Q: Oh, OK.

DERHAM: Automobiles parts. And basically what the Reagan administration—what a lot, what the Reagan administration tried to do was there was a lot of unease, concern in the U.S. about all the Japanese exports coming into the U.S.

Q: The sort of—yeah.

DERHAM: And basically for good economic and political reasons, the Reagan administration wanted to make sure that the Congress or the government itself, our executive branch, did not start restricting Japanese exports because this didn't make economic policy sense, could it create another problem.

Q: Violating free trade, for instance.

DERHAM: No, exactly. And so the—what you would do—so it's—in other words, you had to hold off the protectionist pressures. And the way you'd try to hold them off is say, "Don't worry so much about the Japanese exports. We're going to promote U.S. exports to Japan." So you would try to identify where the problems were. So you had—or, or, or try to get more sourcing. We had a big auto parts process or something, basically trying to get Japanese auto manufacturers to buy more auto parts in the U.S. And a whole series of, of, of things like this. In addition to the actual issues themselves, you spent an enormous amount of time on the process. So you have, you know, meetings on—there's a process the Section-301 Process, where you can initiate trade retaliation for the Japanese of certain areas if they're, if they're not playing by the rules as we would see them. And you would have decisions on should we do this, should we do that. We had I think biannual economic subcabinet meetings between ourselves

and the Japanese. And that would involve a lot of both organizational and policy things and trying to get the whole government together in sort of talking off the same page.

Q: Did you get to——

DERHAM: We also have a dialogue on macroeconomic policy that I was involved in. And then there was something called the structural dialogue. We had——the whole U.S.-Japan relationship was a whole series of structures, processes, to try to sort of channel issues into, into ways that we would consider constructive of either discussing them or deferring them or——

Q: OK.

DERHAM: But you could always——when people said, “Well, what are we doing about the Japanese or we have this tremendous trade imbalance,” well, we, we could go down the list. This is what we’re doing, this is our strategy, this is why we’re doing it, this is——so in a sense the job was, was, was to do all that. We did have on the trade side. I thought we had a lot of success with the Japanese. I’m thinking the beef and citrus was at that point I think one of our largest trade opening agreements ever, billions of dollars, which in those days was a lot of money.

Q: Sure.

DERHAM: The tobacco thing was a big success. Semiconductors was less of a success, but it diverted a lot more dire problems. Similarly with——in the automotive side we——there were voluntary restraints the Japanese did. But that could have been a lot worse as well. It was also interesting to get to know kind of the Japanese culture, to get out there and, and, and travel some.

Q: That was that question. So you did get to go.

DERHAM: Oh yeah, no, you would go three or four times a year for meetings, for this, for that. Actually, we also had energy dialogue with them because we wanted to sell them coal, so we would try to put a lot of pressure on them to do that and I was involved in that. But the one, the one thing you felt, or at least I thought I felt or interpreted, that when you would go out to Japan in 1987 or 1988 or 1989 when I was on the desk, you could just——

Q: You did it for how long, for three years?

DERHAM: Yeah, I did it for three years. So I kind of changed jobs. But when you went out there you had a sense that wow, these guys are at the top of the world. And they were at that point. I mean and that was, that was before the bubble burst.

Q: Mm-hmm.

DERHAM: At one point the real estate for the imperial palace in Tokyo was equivalent to all the real estate in California or something, if you look at the prices. Just these incredible numbers and stuff. And, and you could just almost see it in the faces of the people, that they were——

Q: Hot stuff.

DERHAM: Well no, that they were an economic power.

Q: Yeah.

DERHAM: And, and they——yeah, and they were, they were——and you know, we were trying to deal with this and trying to make sure people didn't overreact and understand the benefits of the relationship and everything else, kind of a State Department point of view. What happened to me personally is the first year I was——I worked for Bob Reiss, who's deputy director for economics. And then Bob left after a year. So I moved up to his job. So in other words, we had the director and we had the deputy director for politics and the political and the deputy director for economics. So I was the deputy director for economics. So I had I guess two or three people working for me on the economic side. And it was good. It was——I was a little bit of a fish out of water in that most of the other people on the desk were Japan hands.

Q: Mm-hmm.

DERHAM: Chrysanthemum Club.

Q: (laughs) Is that what you said, the Chrysanthemum Club?

DERHAM: Yeah. Well, that's what they're called.

Q: Yeah.

DERHAM: So you know, Tom Hubbard was director for a while, Bill Breer, both great guys, great officers. But both Japanese speakers had served multiple tours there. Chuck Cartman, Tim Floster, on the political side they had served many times there. Bob Reiss had served there many times. So it was——as I said, I was a little bit unusual in that. But I did a good job. I, I kind of understand or at that point I understood reasonably well how the bureaucracy worked. I was less of a, I was less susceptible to clientitis than some of my colleagues on the desk were. So I was a good bridge to USTR, to the Department of Commerce, the Department of Treasury, and it was a great experience. One of the most satisfying jobs I think I had.

Q: Yeah, I think desk officer jobs tend to be. But back to your going to Japan for a second. Did you feel not only how, what a powerhouse they were, but by comparison how we seem poor——I don't mean, you know, individually. I just mean that I remember the embassy in Japan when the Reagan team went over there, they bought——I was on that

delegation. But they brought us food because the prices were so high in Japan.

DERHAM: Well no, I mean certainly the numbers were crazy.

Q: That's right.

DERHAM: The per diem, the per diem numbers were, were crazy. And it was also clear that the relationship was changing. Japan—I mean there were people who'd worked in Japan who remembered from the 1960s or even the 1950s it was very much a post-war Japan. And that Japan was definitely no longer that kind of subservient vanished country. But there was certainly at the policy level and with our interlocutors in the Japanese government there was still a great value placed on the relationship with the U.S. And they were—they had no military presence to speak of. So our, our military umbrella was—the defense umbrella was very, very important for the Japanese. So that we always thought, the State Department working with Gaimusho, which was the Japanese Foreign Ministry, that we were the kind of two agencies that were trying to manage this relationship in a productive way while all these kinds of changing things and pressures were, were, were building up. So it was, it was great.

Q: So you felt like a real diplomat. No!

DERHAM: Well—

Q: Yeah.

DERHAM:—not so much a real diplomat, but you felt that you were involved in something that was very important.

Q: Right.

DERHAM: And very challenging. And it was good. I like the Japanese, to the extent that I understand the culture, I like the culture.

Q: Yeah.

DERHAM: It was—I enjoyed the interagency work. You know, you felt very important about what you were doing. There was interest in the Seventh Floor and what was going on. So it was, it was great, it was a great experience. The—as I—so I did, I did one year just on the desk and two—I did two years as deputy director for economics. So—

Q: So that's 1986 to—

DERHAM: 1989 I'm thinking. So at that point, you know, it's time to move on.

Q: Well, before you leave that let's go back to sort of on the home front. So is Jolene now

working? When did she join the Foreign Service?

DERHAM: Well, Jolene is trying to get in the Foreign Service. And I don't know, I'm thinking the first time she probably took the exam, might have been 1986 or 1987. And I don't know if she didn't pass the written test, she didn't get through the whole process. In fact, I thought she had a claim based on the women's suits that later were processed, she had a discrimination claim and—or she would have fallen into that class. But she wasn't all that interested in it and sort of did it half-heartedly. But she was trying to see if she could get into the Foreign Service. So she was taking the exams on and off. But from 1986 to 1989 she was not in yet.

Q: Was she working or——

DERHAM: She was working, she kind of did certain things, kind of almost odd jobs.

Q: Mm-hmm.

DERHAM: Up in Arlington. I mean she wasn't with the government or anything, wasn't kind of a fulltime career path. But she did, she did various, various things.

Q: And where were you living?

DERHAM: She did work for an au pair service or——

Q: Huh!

DERHAM:——where they'd find au pairs for people and she worked for someone and did that. And then I think she worked——I don't know, she did some crazy thing for The Washington Post for a while. So we were——we lived in the North Arlington, which was right, right off of Military Road close to Quincy Street I'm thinking.

Q: Mm-hmm.

DERHAM: Very nice area.

Q: So now the kids for three years are set in one place.

DERHAM: Right. And they're, they're——most of them——I think they're all going to Taylor School, which we liked, Taylor School, you could walk to school. It was very nice. And I could bike in.

Q: That's right. You said during the time in Washington——so it definitely sounded like a nice period.

DERHAM: Yeah, no, it was. It was. In retrospect it certainly was. You don't appreciate it as much when you're really doing it, but in retrospect it was. So it was, it was, it was

good. So that——so at the end of the three years so then I got to think what I want to do. One is I could have gone to Tokyo.

Q: Well, that was an obvious question since you spent three years working on it.

DERHAM: Yeah, the thing was——and in fact, I think there was a specific job——they had an energy person, an energy attaché in the Economic Section, which was not language-designated. And I could have, I could have gotten that job I think. But my feeling was that I didn't want to go to Tokyo without Japanese. But I felt that I had been in the Foreign Service for almost fifteen years. I considered myself such a hotshot that I didn't want to sort of waste the time to invest in Japanese at that point. It was just too late in my career to kind of go down the Japanese road.

Q: And that's at least a year of training.

DERHAM: Oh, it's a year——

Q: Plus.

DERHAM: The classic——the, the classic Japanese program for somebody who wants to get into Chri——

Q: The Chrysanthemum Club, yeah.

DERHAM:——is you take a year of Japanese here, at FSI, then you're assigned to, to Tokyo. Then at a certain point you take a second year at Yokohama, which is the language school there. And then the fourth stages they send you off to one of the consulates up in Sapporo or——

Q: Where nobody speaks English (laughs).

DERHAM: Yeah, no, exactly.

Q: Yeah, you have to learn the language.

DERHAM: And after all of that I mean you speak Japanese, but you wouldn't fool anybody, any Japanese, you know. But so it's a very big investment. And so, so anyway, I considered, I considered that and decided no. So for whatever reason, I guess it was probably because of the experience on the Japan Desk——that we wound up, we wound up dealing with the Hill a lot. We'd deal with staffers. Because there was a lot of congressional interest in Japan stuff.

Q: Sure.

DERHAM: And you, you, you would develop relationships with staffers and stuff. So for whatever reason I thought maybe it would be good to spend a year on the Hill.

Q: A Pearson.

DERHAM: A Pearson, exactly. And that's ultimately what I did. After I had decided to do that, I was asked to go to the War College. And I had it in the back of my mind that I wanted to go to the Senior Seminar at a certain point, and if I went to the War College they might not want to send me to Senior Seminar, because it's kind of the same kind of thing.

Q: Ah.

DERHAM: So I turned down the War College and instead decided to try to get up on the Hill.

Q: I was a Pearson, but I did mine in San Francisco for the Asia Foundation.

DERHAM: You can do it in a lot of different places. But essentially the State pays your salary.

Q: You're free labor for whoever——

DERHAM: You're free labor. So I would have thought wow, free labor on the Hill. They should be——I could have my pick.

Q: Yeah, they'll be thrilled.

DERHAM: Right. Well, it turned out it wasn't that way. And there were a couple things that I think in retrospect complicated it, that I kind of understand now. One was when I started approaching people about jobs——

Q: Well, let's back up here because——just for clarification. Because you're supposed to find your own.

DERHAM: You, you find your own.

Q: You're selected for the program and then you find——

DERHAM: Right. So I'm selected for the program, so now I want to find a job. So what I want to do, I want to work on Japanese issues or Japan issues or East Asia issues or East Asia trade issues up on the Hill. So how do I go about doing this? Well, actually I——at this point I know a number of staffers up on the Hill who are working these issues.

Q: Mm-hmm.

DERHAM: So I thought well, I'll call them and say, you know, I'm free labor essentially for a year——

Q: Can you use me or do you want it?

DERHAM: Can you use me? Turns out, not so much interest. And I think one of the reasons is if I'm calling up the guy who's doing Japan issues for Gephardt. He's not interested in bringing on——

Q: Somebody to——

DERHAM:——somebody else to compete with him.

Q: Competition.

DERHAM: Yeah. So that all the people I talked to I would think——

Q: You were a threat.

DERHAM:——might have been a threat. The other thing is, and I learned this after being up on the Hill for a while, the Hill thinks about things in a completely different way than the Executive branch. The Executive Branch, State Department, we have an assignments process, this person's going to be here for so many years and then this and then they proceed and they go this. And you can look and you can see what's coming down the road. He'll know. He'll, you know, every day's a new day so that there are tons of people floating around the Hill, free labor. Either just pure interns or sort of the equivalent of Pearson Program from other countries.

Q: (laughs)

DERHAM: From foundations and everything else, trying to latch on to somebody on the Hill.

Q: Here you thought you were unique and special.

DERHAM: Yeah, you know, you're not. There's lots of people. And like, you know, you could walk to a congressional office and say, "Hi, I'm Joe Blough. I'd be interested in working for a year, I have lots of experience, it doesn't cost you anything."

And you know, the administrative assistant or something will look and say, "Well, we don't have any openings today. So thanks, bye." You could come back the next day, somebody would have resigned. They say, "Oh great, you can start tomorrow." I mean it's very kind of unpredictable. And that's the way, particularly in the Senate that's the way the Hill works. Things are very unpredictable. So, this turned out to be a much more traumatic experience than I had anticipated trying to get a job. And so while I'm selected for the Pearson Program, the summer's coming up, July, August, or whenever it was, in 1989 I guess this would have been. And I still don't have a job. And I don't know.

Q: When are you supposed to start, September?

DERHAM: Yeah, well sometime in the summer. It was a little bit unclear. But I had pretty much finished up on the desk and I still didn't have a job.

Q: (laughs) And your replacement's already gone, yeah.

DERHAM: Desk is gone, they're not going to worry about me. And the department's not really worried about me anyway because they kind of take care of me, he's a Pearson.

Q: That's right. You're going to be paid.

DERHAM: And it's kind of up to me, yeah.

Q: That's right.

DERHAM: So, so anyway, the kind of shorter version of this is finally my old boss in Brazil, Tony Motley, who at this point had left the government I think and was working—he had his own lobbying firm—who I had stayed in touch with. And in the Japan stuff they had some probably Japanese clients that they knew. He said, "Look," he said, "I can talk to Frank Murkowski, who's a senator from Alaska. And Frank does—Frank was doing some East Asia stuff. Some Japanese, but more Korean and stuff.

Q: Well, proximity center where he's living or from.

DERHAM: Yeah, no, energy. So, at the end of the day I got a job working for Senator Murkowski in Alaska, which was quite an experience.

Q: And what were you supposed to be doing?

DERHAM: Well, it turned out I—they took me on as the defense. Your title is legislative assistant.

Q: Mm-hmm.

DERHAM: But they have a bunch of LA's (legislative assistants), as they call them.

Q: Mm-hmm.

DERHAM: So my responsibility was defense matters. And you know, I don't know anything about defense matters, but you really don't have to know.

Q: (laughs)

DERHAM: You kind of—well, they have a lot of other people that are kind of keeping

their eye on things so I did that for a year. As I said, the Senate in particular operates in a completely different way than the Executive Branch does. The Senate doesn't have a germaneness rule. So that a bill is on the floor, anybody can offer an amendment on anything, and——

Q: It may or may not get included (laughs).

DERHAM: So the next thing you know you're voting on some crazy thing and it took you completely by surprise. So I'll tell you my one anecdote on this. So I was the defense guy. So I had a bunch of responsibilities. You would answer the mail on defense issues, I thought I did a good job on that.

Q: You did what you were supposed to.

DERHAM: I was able to follow defense issues for Senator Mukowski. And he was a Republican. They were in the minority, they weren't running the Senate.

Q: Right.

DERHAM: But senators have certain——and in particular what you would do is if there was a bill on the floor that was a defense bill, you would have to be the one that was following it.

Q: Mm-hmm.

DERHAM: And when amendments would come up and they would call a vote, you had to find out where the senator was. Say, "It's time to go down and vote," and then you would brief him on what, what the substance of the amendment would be. And you would make a recommendation to him and say vote this way, blah, blah. So but the most important thing as to get him down there for a vote because——

Q: Find him.

DERHAM: Well yeah. Because what you——you don't want, as a senator or a congressperson, you don't want to miss a lot of votes. It's important to get the principal down there for the vote. So that's what you do. But what would happen would be——the Senate took up consideration of the defense authorization vote, the authorization bill, which is like one of these——

Q: Mega bill——

DERHAM:——zillion, zillion-page things. And it's an authorization bill, authorization means it's not really an appropriations bill, so there's no direct money. So——and you can put anything in an authorization bill. You can say the sense of the Congress is that, you know, the administration should do this, X, Y, and Z. So——and since there's no——

Q: Or build the airport to nowhere in Alaska.

DERHAM: Right——

Q: Whatever.

DERHAM:——it could be anything. Well, that's probably an appropriation.

Q: Yeah.

DERHAM: So then, you kind of follow it. And most of the time it was pretty to find the senator, tell him what it was, and you would go down and make the right vote. It was pretty clear what the right vote was. But the one, one I do remember is the bill was being considered, and a bill will be considered for days and days and days——

Q: Mm-hmm.

DERHAM: And in the way the Senate works and then sometimes they would put it aside and do other stuff and then go back to it and the whole way the Senate does things. So one night I was there and——and the other thing about working on the Hill——

Q: Hours are different from the State Department (laughs).

DERHAM: Very different. You know, when you're in session you can be there very late day after day, and then on Friday everybody's gone so you come in, you know, flip-flops and stay for two hours and leave.

Q: Yeah.

DERHAM: So anyway, so one night somebody comes on the floor. I think——I'm pretty sure it was a Republican and——on the defense authorization. Says, "Mr. President, I want to offer an amendment authorizing," I think it would have been the customs service. "I'm talking about the problem of drugs coming into the U.S. And in fact, these small planes come in over Florida bringing in drugs from Colombia or wherever. And the Customs Service is powerless to do anything about this. So under my amendment this would authorize Customs Service that following necessary procedures, step-by-step procedures, that they could approach these planes, signal these planes,"——

Q: And shoot them down (laughs)

DERHAM: "Tell them to land," blah-blah, blah-blah, blah-blah, "and ultimately if they didn't,"——

Q: Really?

DERHAM:——"they could bring them down."

Q: OK.

DERHAM: OK.

Q: Good guess here.

DERHAM: No, yeah, exactly. All right, so, so this senator—I'm pretty sure it was a Republican, but—maybe a Republican from Florida or Bob Graham—

Q: Or whatever.

DERHAM:—or someone like this.

Q: Yeah.

DERHAM: So OK. So I'm listening to the debate. OK, and so I listen to the debate and then listen to some other senators and listen to this and listen to that. And so now they call for the vote. OK. So now I've got to go find Senator Mukowski. So I found him. He, he was not hard to find usually—he wasn't that, all that difficult to track him down on these kinds of things. So, I said, "This is what the amendment is." And you know, I gave him my analysis. And I'm thinking to myself, "Well, Republicans want to be tough on drugs," and said, "Let's go for this." So "I think you should vote yes." Now, I told him that and he walked on the floor. Before he walks on the floor they go over to the leadership table. So he gets some other names to put on the list. So I don't want to make this more dramatic than it is. So they held a vote. And it passes, this thing passes.

Q: So he voted for.

DERHAM: He voted for it. Ted Stephens, who's the other guy from Alaska, also voted for it. And it was one of these things, it was kind of one of these I thought a feel-good vote, we're all happy. Well, it turns out that in Alaska there's a lot of people who fly planes.

Q: (laughs) And they're independent as—

DERHAM: And the idea that the Customs Service or the—

Q: Oh-ho.

DERHAM:—could start shooting down planes because they can't get the right communication with them, is something that struck a lot of the pilots in Alaska as a *very bad idea*.

Q: OK.

DERHAM: Next thing we know the——in those days we've still got faxes and stuff. We're getting faxes from the Alaska Pilot's Association, you know, saying, "You idiot, how could you vote for this?" And this——

Q: Do you know what you're doing to my business?

DERHAM: Yeah, "Do you know how crazy this is? What a bad idea this is?" And I think in retrospect it was a bad idea. And——

Q: (laughs) What would you know about defense and Coast Guard——

DERHAM: Yeah, no, but it was, it was a bad idea. But it was interest——and what happened——I mean the great thing about the Congress is nothing is ever settled.

Q: Mm-hmm.

DERHAM: So in fact there were subsequent votes essentially on the same thing.

Q: And he could reverse himself.

DERHAM: So he could reverse himself. So it was interesting. Murkowski, like he never got mad at me or said, you know——

Q: You, you jerk.

DERHAM:——you dope. He just slowly walked himself back from that and slowly but surely reversed his position. Ted Stephens, also Alaska, also Republican, voted for the, for the thing. I'm sure he got the same thing. And Ted Stephens, and this is the way Ted Stephens was different from Frank Murkowski, said, "Go to hell. I like that provision, I'm going to stick with that provision."

Q: Oh. Interesting.

DERHAM: That was the kind of guy Ted Stephens was. So but it was, it was a good, it was a good year on the Hill doing that kind of stuff. As I said, very different way of doing things, very different way of, of timing issues, thinking about issues.

Q: I mean did you have——I mean, you know, an LA position normally means you're going to report to him directly on those cases that you——that he——you know, you have to——did you have a boss?

DERHAM: Oh yeah——

Q: Was there an AA?

DERHAM: There was an AA.

Q: Yeah.

DERHAM: He was my boss. John Mosman. Who actually went on to do a lot of work at the CIA. Murkowski was on the Intelligence Committee and so that was one of those things.

Q: Yeah.

DERHAM: The——what was I going to tell you?

Q: No, I was just thinking in terms of the way, you know, you talked about——

DERHAM: Oh no, no——

Q:——the Japan Desk, how you're——

DERHAM: Yeah, I know what I was going to say. The other thing I was going to say is that the impression people have of the department is the Hill's out to get 'em. They have enemies on the Hill and people sit around on the Hill all day plotting to take down the State Department.

Q: Mm.

DERHAM: And that's at best exaggerated, or maybe a total fiction. Because my impression very much was that people on the Hill for the most part could care less one way or another about the department. What they want is, on specific things they want help from the department or they want information. If they don't get it they're going to react. But they don't go in every day saying, you know, I'm here to trip up the department.

Q: Right.

DERHAM: So I'm very much a believer in talking to people on the Hill, even people who might appear to be adversaries and trying to figure out what are they interested in, what are the shared interests in this.

Q: And how to negotiate with them, yeah.

DERHAM: Yeah, no, I think that's served me well since that time for sure.

Q: That's good. That's good.

DERHAM: Yeah.

Q: So now you came back from Brazil. You had a year in Boston and then essentially four

years——

DERHAM: In Washington.

Q: And now you're up against the five-year rule or not, or you're ready to go overseas?

DERHAM: I'm ready to go overseas again.

Q: OK.

DERHAM: We're going to go overseas.

Q: So the next time we'll talk about onward assignments.

DERHAM: Yeah. And this, this one I remember very clearly.

Q: Good.

DERHAM: The whole process was——because this one, we were tandem them.

Q: OK. Great.

Q: Today is February 27th. We are having an interview with Ambassador Jim Derham.

DERHAM: OK. So we just discussed, I think where we're picking up is probably 1992 I guess it was.

Q: Where you'd just come back from Argentina, is that correct?

DERHAM: Right. But I don't know, did I tell you the story about how we kind of——the kind of personnel situation I guess?

Q: Tell it a little bit of a review because the thing of it is, you can edit it out or edit it in later.

DERHAM: Right. Well, I remember because it was very, it was a very kind of stressful thing. It was 1990 to 1992 when we were in Buenos Aires, Jolene was working in her first overseas tour, her first tour as a JO (junior officer) in the Consular Section. Even though she was in the management cone. But that was the kind of typical thing. And so we decided——she——I think she only had the two-year tour because she was a JO.

Q: Two-year tour in Buenos Aires.

DERHAM: In Buenos Aires. And so that was my tour as well. And so we decided that we would just do two years in Buenos Aires. And I mean our situation was, I was a FS-1, yeah, I was an FS-1 at that point. So I was trying to get through the senior threshold.

Q: Mm-hmm.

DERHAM: Jolene was JO, getting ready for her second tour. She had not done a tour in her cone. And in addition we had, we had three children, Kathy the youngest would have been nine, so that makes Christopher twelve and Michael a little bit older, fourteen. So we had, we had a lot of considerations, both personal and family, and professional that we needed to balance. And so we wanted to get something that would, that would work for both of us. And that also took into account our family situation. The department was like zero helpful on this because the——

Q: Before you go any further, were you hoping to go overseas again or were you trying to go back to Washington?

DERHAM: We were open.

Q: OK.

DERHAM: What we wanted was we wanted something that would be reasonable jobs for both of us, that we would be basically the timing if possible, and we had three kids still in school so we needed to take that into consideration too. So that was a thing. The department and the personnel system thinks about it, to the extent that a system thinks——

Q: (laughs)

DERHAM: ——in a very different way.

Q: It should be noted that he made a quote mark.

DERHAM: Right.

Q: (laughs)

DERHAM: Yeah. So that basically we were informed, or more Jolene than me, we were informed that in a tandem the junior officer assignment takes precedence. And second, that Jolene since she was on management track——

Q: And was not tenured, right?

DERHAM: Was not tenured——

Q: No.

DERHAM:——and had not served in a management job, needed to serve in a management job. And the preference was that it should be an assistant GSO (general

service officer) job. That's kind of the entry-level management job they wanted.

Q: Mm-hmm.

DERHAM: And so that was that. And those were the priorities. And Washington, while it might have worked for me, wouldn't work for Jolene because she needed this, this assistant GSO job. So, we said, "Well, what are the possibilities?" And I can't remember all of them, but basically they couldn't come up with a proposal that would work for both of us. I should say also at that point, of course getting across the senior threshold is, is a pretty stressful situation. At that point when the department was going into one of its troughs of forcing people out it was particularly tricky——

Q: You go from one to——

DERHAM: Yeah, a lot of people in fact got forced out at that point because of our inability to manage our own personnel system. So we were kind of——this is the situation. And it got very, it got very nasty. At one point they had proposed that Jolene could go to Bogota and be assistant JSO. And there really wasn't a job for me there, they suggested I take a year leave without pay and then go into a down-stretch assignment to the——

Q: (laughs) To an FSO-03 or something?

DERHAM: Yeah.

Q: No, I'm kidding.

DERHAM: Something like that, it was an FSO-02 at least. So it was that kind of stuff, and we would go back and forth in the system with personnel, with CDA (Career Development Advisor). And at one point——and I always remember this——at that point I think Clyde Taylor was the Director General of the Foreign Service. At one point he sent a letter to Jolene, a very kind of condescending, patronizing letter, "Gee young lady, you need to understand the discipline in the Foreign Service and the needs of the Foreign Service and everything else,"——

Q: Take precedence over your personal——

DERHAM: Yeah, right. And my feeling was bullshit, you know. This is *very* important to us. It's——you're making it *very* stressful. And I think I sent them a message back saying, you know, "My spouse shared with me the letter you sent to her and that,"——

Q: You ought to know.

DERHAM: Yeah, and well, this is a very serious, stressful, personal, all sorts of issue to consider. And your letter certainly was not very helpful, that kind of thing. Anyway, so we went on and on and on. Ultimately, on a——

Q: Now, you're still in Buenos Aires while all this is going on and you're doing it long distance.

DERHAM: Yeah, no, exactly. And we, you know, asked Ambassador Todman to try and help out and he——Todman was a great guy, but he wasn't particularly effectual in that kind of stuff. And I think even Phil McLean got involved who's in the Front Office in WHA. Phil was also not——that was not his strong suit. Ultimately what happened was I think——my recollection is what happened was that it turned out an admin job, a management job did open up in the department that they needed to fill on short notice or something. And so Jolene, Jolene got that job. And then once that happened then I got a job in EB (Economic Bureau).

Q: And it was the equivalent of a GSO type job.

DERHAM: Well, it was a post management job. It was a post management job in IO, in International Organizations. And so they manage a couple of posts. The UN (United Nations) is the big one. I don't think she did UN, but she did whatever the office of Nairobi is——

Q: Right.

DERHAM:——and there's one in Paris.

Q: In Vienna.

DERHAM: Vienna, there's probably one in Rome, might be in Rome too.

Q: Mm-hmm, mm-hmm, mm-hmm.

DERHAM: And so she did that job for two years and actually she——or maybe three years. And she liked it a lot actually, she liked the job, it was a good experience. I don't think it helped her——I don't think it hurt her on her career. She switched cones anyway and——

Q: From admin to consular.

DERHAM: Yeah, from admin to consular. Because we thought——as we got into the whole process we realized that consular gave you more options when you're working overseas.

Q: Sure, mm-hmm.

DERHAM: So but that was it. It was a very kind of unpleasant experience. It was——

Q: So this is 1991?

DERHAM: This is late 1991, early 1992.

Q: Uh-huh.

DERHAM: And I mean one of the takeaways is, something like this is *extremely, extremely* important for the people involved.

Q: Right.

DERHAM: For the family and everything else. And while you can sort of understand in the abstract why the department has certain, certain policies, we all know there's always exceptions made to all of these policies. And for assholes like Clyde Taylor to say, "Oh, well, you just got to suck it up and do it," as I said, bullshit.

Q: (laughs)

DERHAM: It was not a very pleasant experience. So but anyway, the job I wound up with was an office director in the Economic Bureau, the Office of Bilateral Trade Affairs, which was actually a big office. Trying to remember, they had two divisions I guess, developed countries and developing countries.

Q: So this covered the world of bilateral trade agreements.

DERHAM: It did.

Q: Well, yeah, that would—I mean it sounds like that would be a major office.

DERHAM: It is a big office. Though the problem that EB has and had at that point, and still has, is that EB, the State Department, is not the lead on trade issues. The State Department runs after USTR in that kind of stuff. And in fact we have more people often working on these things than USTR does, even though we're just support people, note takers in a lot of cases and that kind of stuff. So anyway, I went back to that job and, and did that job from 1992 to 1994.

Q: Well, you had worked in that office before.

DERHAM: I hadn't worked in that office——

Q: You'd worked on the issues.

DERHAM: No, I worked——

Q: No, I knew that.

DERHAM: Yeah, yeah. And when I was on the Japan Desk I had worked on a lot of trade

issues, so I had a lot of that experience too. So I mean I knew, I knew the subject area at least in a general way. And I wasn't very happy. As it turns out I didn't get along with my boss, the deputy assistant secretary. And as I said there was a certain amount of frustration that EB was always, you know, kind of in a secondary role in these kinds of things.

Q: What were the hot issues——

DERHAM: Well——

Q:——for that job at that time, leaving aside personnel?

DERHAM: Right, exactly. Well, certainly one of the biggest ones was NAFTA (North American Free Trade Agreement). When I got there in August of 1992, that was the end of the Bush administration. And when the Democrats took over, Clinton was elected. And they had decided to renegotiate certain parts of NAFTA to make it more palatable up on the Hill into the democratic base. So that was a high priority. It involved a lot of meetings with the other two countries, but also a lot of sort of stuff here in Washington with the Hill and sort of trying to explain what we were trying to do.

Q: Did State Department have a distinct position on this vis-à-vis USTR or——

DERHAM: No, no, no. Everybody wanted to get NAFTA, everybody wanted to get NAFTA through.

Q: Yeah.

DERHAM: And it was my recollection that the idea was to strengthen the environmental and labor provisions of the agreement. As I said, to make it more palatable to the democratic side.

Q: Right.

DERHAM: And it was——one of the good things about trade issues——I can't remember whether I mentioned this in the Japan case or not. A lot of these trade issues are——there's a certain goal, a certain objective, and after a certain point you'll know whether you've made it or not. So in the case of NAFTA did we, did we renegotiate the side agreements? Did we get it through the Congress? And——

Q: So was it a successful venture?

DERHAM: So, so it was.

Q: Yeah.

DERHAM: It was successful and people felt good about it. The——in fact in the

department they organized kind of a special task force or something. It was Ambassador Gillespie who was in charge of that. And, and he was kind of the one running it through the department and——

Q: On NAFTA.

DERHAM: On NAFTA. So the Regional Bureau was represented of course and I was kind of the EB person or one of the EB persons. So that was, that was fairly labor intensive and, and successful. And I think NAFTA itself has been very successful. At that point there was——had a lot of issues with the Chinese on, on trade issues that I, that I got involved in with, with EB, working with the China Desk and with USTR. And did get at least one trip to China out of that.

Q: Oh! Good.

DERHAM: I think it was on intellectual property rights. You know, typically on——it's true on NAFTA and it's true on China. A lot of these trade issues basically what the administration winds up doing is trying to, trying to appease the, the protection that's on the Hill and/or people who want to put more barriers up to trade, rather than administration. The administration on both sides, both parties usually are more interested in expanding trade than protecting industries and sectors. So but, so but in those——to be able to expand you have to say we take you seriously, we hold the Chinese to their commitments and they should be doing this and they should be doing that. So that tends to be a little bit of a strategic plan on these kinds of things. So with China, there were issues with the EU, with probably——I'm thinking maybe the Air Bus issues. And to a certain extent the way——my part of the job, part of was just management. Very big office.

Q: You said there were two parts to this office.

DERHAM: Yeah, one was, one was DCT, developed country trade.

Q: OK.

DERHAM: And that was run for the most part while I was there by Don Booth, who actually has gone on to much bigger things in Africa. And Booth was an outstanding officer, or is an outstanding officer. So developed country trade, worried about Japan, worried about the EU were the biggest ones. And the other, the other office——wasn't an office, was a division it's called, a developing country office, the ODC (Office of Developing Countries). And David Miran was in charge of that. So DCT must have had, I don't know, I'm thinking eight officers or something around that size. ODC was a little smaller, but it was still sizable.

Q: How did NAFTA fit into that equation?

DERHAM: Well, NAFTA——

Q: Was it considered developed or developing?

DERHAM: NAFTA, NAFTA for the most part was considered a developing, to the extent you broke it down. But I, I did a lot of that myself, and I'm trying to remember who was—I can't remember who was supportive on that. But there was, you know, there were probably fifteen officers in——

Q: In all——

DERHAM:——in the office, plus support staff and interns and various cats and dogs. So there were twenty-plus people that you were overseeing. So, management was a certain part of that job. I sort of got involved in stuff that was either high profile, for example NAFTA, and/or where I thought I could contribute and maybe the office wasn't that strong. So that in a lot of the developed country stuff, Booth was so strong and he had very good staff. So they were, they were much more on their own.

Q: So you didn't really have to deal with the EU issues as much, for example.

DERHAM: Not as much, no, for sure. So. And a large part of the job was making sure the department leadership understood what was going on in trade issues and making sure USTR didn't go too hog wild and just make trade issues or run the whole relationships with these, with these countries, these partners.

Q: But what was the problem—I don't mean the personality so much, but what were the—you have, you said issues with your, with your DAS. Was it substantive issues or just personality issues, or?

DERHAM: Well, it was——no, it was more personality than substance. She was a political appointee who had come from the Hill. And when I first got there it was very difficult because Jim McAllister was the assistant secretary and he was, he was kind of nuts. And it was very difficult working for him because he was very demanding in unpredictable ways. And she and I just never, never hit it off. I don't think she—I think she always had a certain mistrust of me, maybe because I'm Career Foreign Service, I don't know. Sometimes political appointees are like that.

Q: Maybe.

DERHAM: But I mean she was very knowledgeable on the issues and stuff. And so, but it, but it was not—I was not happy in that job. And the job was not as responsible or demanding as I thought it might be, although I kind of thought it was going to be what it was, was going to be what it was.

Q: Was it promotable, so to speak? I mean I don't know if that's the right word.

DERHAM: Well, what happened was I got promoted to OC just when I left Buenos

Aires. So——

Q: Oh, OK.

DERHAM:——fall of 1991, so that——

Q: So in a way it didn't matter.

DERHAM: It——no——it didn't matter except that, you know, at that point your clock is running. There were a lot of people getting forced out. We went into that whole period in the mid 1990s where, where just people were just pushed off the cliff. So it was kind of, kind of two years you were burning it was not really helping you to get to MC. But there was no immediate pressure that I needed the promotion, so, so it wasn't that, so.

Q: Good. Now, is this going to be two years or a three-year job?

DERHAM: It was, it was two years and as I said, I wasn't, I wasn't particularly happy in the job and so I was——

Q: Looking to get out.

DERHAM: Well, I——when two years was up I wasn't interested in hanging around.

Q: Yeah.

DERHAM: I'm sure she, Joanna, was, was not displeased to see me leave anyway, so——

Q: She was still there for that period?

DERHAM: She was there when I left, so. So——

Q: So out of that two-year experience was there anything that I guess from a personal satisfaction standpoint, I mean the NAFTA thing you said, but was there anything else you can think of that was either noteworthy or satisfying or——

DERHAM: Well, there was, but I'm getting foggy on my memory.

Q: (laughs)

DERHAM: The NAFTA one is the one that——the NAFTA one is the one that jumps out. I was also involved——we went through a whole transition because of the change in administration and——

Q: Oh, that's——regarding that, the person——that's why I was asking the question of your DAS because you said it was political. Was it political under the previous regime or

it was under the Clinton regime? Or, or, or continuity.

DERHAM: Yeah, it was continuity now that I think about it. She took over at the same time I got there. So that would have been summer of 1992. Now that I think about it, that's still under the Republicans. She in fact though was kind of a——had worked for centrist Democrats on the Hill.

Q: Yeah.

DERHAM: So she had democratic credentials too. And so she——well, when the administrations changed she was well plugged in on the democratic side.

Q: She had help.

DERHAM: Yeah, so she was kind of almost non-partisan in that way. I did a lot of the work on the transition I think for——I was the EB coordinator for the new people coming in, so that involved, you know, worrying about getting them briefed and——

Q: Because then you——

DERHAM: Yeah.

Q:——sure they did better than the political ambassadors going out these days (laughs).

DERHAM: So, but it was——the two that——the two sort of subset areas that occur to me are NAFTA and the China, the China problems that, that I remember, that——

Q: And speaking of that because we——I mean I have a better sense of NAFTA than China. I mean what were the outcomes of these efforts regarding China?

DERHAM: Well, on I think in the case of the thing I got the trip for was a negotiation——I think it was with an agreement on intellectual property rights.

Q: You said, yeah.

DERHAM: That they——

Q: They agreed to something that——

DERHAM: They agreed to something, there were a lot of problems with, with their, with, with piracy and that kind of stuff, intellectual property privacy. And then, you know, you go out there and you want——once again it's kind of a transactional trade negotiation. You want a result that you can take back and say, "Look, we're getting tough with the Chinese."

Q: Mm-hmm, right, they promise to be good boys.

DERHAM: Right, on that. Trying to think of something else. I don't know my—I guess we did a certain amount of work on the generalized system of preferences, which is sort of duty-free treatment for certain products from developing countries and at that point the way that system worked every year you went through a big long exercise where you decided who would be eligible for what and that involved the very complicated bureaucratic exercise. But actually it had some importance. Actually State had a pretty important role in that. So we would get involved in that. There were certain things with the EU, but that was more kind of multilateral negotiations in, in, in the WTO (World Trade Organization) kind of stuff.

Q: How did you get—

DERHAM: Or I guess it wasn't WTO.

Q: How did that office interact with—for example, I was thinking of NAFTA—with its counterparts in EUR on the desk, let's say, for Canada? Because I think that's probably a fairly large desk and I would imagine if you've got an econ officer sitting there—

DERHAM: They, they do—well, in the case of NAFTA—

Q: When you think of the Mexico Desk and the Canadian Desk.

DERHAM: Yeah, well the Canadians weren't that important. We had already had a bilateral trade agreement, free trade agreement with the Canadians. And the real issues were vis-à-vis the Mexicans.

Q: Right.

DERHAM: So that, I mean by and large it was a pretty collaborative relationship. Everybody had the same ultimate objective.

Q: Right.

DERHAM: What the EB does vis-à-vis the desk is that the desk tends to have a certain bias towards clientism.

Q: (laughs)

DERHAM: And EB's, you know, is the one that says, "There are certain things that are going to have to happen here. You've got to understand what the domestic requirements are, where USTR is coming from." But it was, it was a very important, you know, the conclusion and the approval of NAFTA was something that was—once the new administration signed on to it there's kind of no question about, you know, whether it needed to be done, it had to be done. There was a certain time frame in that. And so it

was, it, it—that, that part of the system worked pretty well.

Q: And as far as being home and, you know, as far as the family functioned being back here, was that a positive development from—

DERHAM: Yeah, no, we were living in North Arlington, the schools were good there. The kids were, you know, two of the boys were teenagers and Kathy was a little bit younger. I mean they were good kids. They weren't, they weren't in trouble or anything. So there wasn't any, any great stressful stuff. We had moved when we came back, we had been in one place and then we moved to a little bit of a bigger place with three kids. But it was pretty much in, almost in the same neighborhood.

Q: So they didn't have to shift schools.

DERHAM: Yeah, no, and you know, once you get into a rhythm, there's kind of a rhythm of Northern Virginia, in Arlington.

Q: Yeah.

DERHAM: The schools and the sort of soccer and baseball and that sort of stuff. So it was—we were pretty close in. For a long time I had been bicycling to work.

Q: Yeah.

DERHAM: Yeah, and so I—

Q: You continued to do that?

DERHAM: I continued to do that. Yeah, yeah. So that was, that was good. I found that very satisfying, so.

Q: So now you're into the second year there and you're having to think about onward assignments.

DERHAM: Right. And I think what we had decided was we wanted to spend at least one more year—because I think Jolene was able to extend her job, and she liked that job.

Q: Even though she was going to shift to consular cone, she enjoyed that management position.

DERHAM: Well, no, she hadn't decided to shift yet.

Q: Oh, she hadn't—

DERHAM: No, no.

Q: That came later.

DERHAM: Yeah, that came later. So, so we had decided that—I mean we didn't have a really clear plan, but I think what we decided was to stay at least one more year and—

Q: So for you to try to decide something in D.C.

DERHAM: Yeah, to—that's the way it worked out. How deliberate the planning was on that I'm not, I'm not clear.

Q: (laughs)

DERHAM: So one thing I always had my eye on for—had been the Senior Seminar, which was a year of, a year of training, you know, organized out here with about thirty people, thirty-five people, half of which were State Department, half of which were other agencies. And I remembered at that point Dick Hecklinger was the principal deputy assistant secretary in EB and I had a very complicated relationship with him too.

Q: (laughs) Now, that sounds intriguing. What happened?

DERHAM: Well, for the most part it was OK, but certain things. And he was in a tough position too because he and the new assistant secretary didn't hit it off that well either I don't think.

Q: Was the new assistant secretary political, or?

DERHAM: Oh yeah, it was political—actually Dan Tarullo who's actually—Dan's a good guy and very smart guy and, and knew the issues and stuff. He certainly mistrusted the Foreign Service and, and sort of felt that he had inherited a bunch of Bush administration people that he really wasn't pleased with, but.

Q: The Foreign Service people he thought were Bush administration types?

DERHAM: Yeah. Well, I mean, no, if you had, if you had worked for, you know, Bob Zelig and—

Q: Oh yeah.

DERHAM:—Jean McAllister and everything else and, and they had liked you—

Q: Then obviously they—

DERHAM:—then they have a certain association. So actually Dan is now—he's, he's a part of the Fed, he's on the Board of Federal Reserve. As—he's the one who just swore in Young.

Q: Mm-hmm.

DERHAM: But anyway, so at one point I was talking to Hecklinger about onward assignments and something and I said to him something about the Senior Seminar. *(laughs)* And he kind of gave me a funny look and said, “Would you really be interested in that?” I said yeah. Seemed like——

Q: What was his objection to it?

DERHAM: You know, he didn’t think it was——

Q: Real.

DERHAM: Well, he just thought it was fluff. It was not——and Hecklinger was a guy who was a very hard worker, always involved with, you know, fairly interesting policy questions and that whole policy process. And I think the idea of just going off and basically doing nothing for a year——

Q: (laughs) Didn’t——

DERHAM: No, he found it kind of strange. And that was kind of the attraction for me. You didn’t have to do anything for a year and so——

Q: Learn something new.

DERHAM: Yeah. And so he said, “Well sure, I can,” ——he was the one——he was involved in personnel stuff I guess on the sixth or seventh floor. So I think he just put me on the list and so they offered it to me. And so I took it. So for 1994 to 1995 I was in the Senior Seminar. And it was OK. Got to meet some, some interesting people. John Teft was in the seminar, Robert Bodine, Betty Swope. There were some real characters there. And you did get to travel around.

Q: That’s right, you get to pick a region, right?

DERHAM: No, no, no.

Q: They didn’t.

DERHAM: That’s not the seminar. You’re thinking of the War——

Q: The War College they do that, yeah.

DERHAM: The War College. No, what they used to do was they would get——they kind of deliberately would include military in the Senior Seminar, the argument being you’d get the military and civilians together, which was pretty much bullshit. But one of the reasons they would get the military was to have access to military transportation.

Q: Free rides for you (laughs).

DERHAM: Well, that's what it was.

Q: Yeah.

DERHAM: And part of the rationale of the seminar was, you know, you visit military installations, see what the U.S. military is doing so you——so the way it would work would be——

Q: Now, remind me. How many people were in——

DERHAM: So it's like thirty people, maybe a little bit more.

Q: OK. And out of that say fifteen or twenty are State Department.

DERHAM: Yeah, it was like half, yeah. And it was all supposedly seniors. It used to be they would let one FSO-01 take it, but I don't—I think when I was out there I don't think there was an FSO-01. And supposedly the rationale was they would take people who had just recently been promoted for the Senior Seminar.

Q: Mm-hmm.

DERHAM: And these were the——

Q: Rising stars.

DERHAM:——upcoming people. In fact, it didn't really work like that. People went to it like I did because they wanted to goof off, or people needed to do something for a year and then so there was a lot more of that. But that was not——

Q: But the people that you mentioned have become ambassadors.

DERHAM: They have, but they were——it was a mixed bag.

Q: OK. OK.

DERHAM: It was a mixed bag. And, but I mean one of the things when we'd go around, and the coordinator goes in, would introduce the group to whoever——

Q: You were——

DERHAM: These are the greatest, the best of the best kind of bullshit.

Q: Right, mm-hmm.

DERHAM: So but the way it would work would be——so it's like a ten-month program I guess.

Q: Mm-hmm.

DERHAM: And typically once a month you'd go somewhere.

Q: Out of the country or in the country?

DERHAM: Always in the country.

Q: OK, always. So you didn't get any overseas or——

DERHAM: You didn't get overseas.

Q: OK.

DERHAM: There's some history to that. Maybe they might have done it in the past. They had a standard routine, that they did the same thing every year pretty much. And it was, it was run out of the old office here, Old Main I guess it is.

Q: Mm-hmm, mm-hmm, mm-hmm.

DERHAM: And there was——they had a wing, a half a floor or something. And you had your own little desk and that kind of stuff. And then when you weren't traveling you'd do big lectures. People would come in from various parts of the government, outside the government, talk about stuff that was interesting. And it was kind of interesting if you kind of liked that stuff. I'm OK with that kind of stuff. But for example, I think the first trip was in September, you go to Alaska, all right? Every year they would go to Alaska.

Q: And what would they (laughs)——

DERHAM: They would visit, you'd go into Anchorage and——where'd we go? We went to Juno, we went up to Fairbanks.

Q: Were you just sightseeing (laughs) or——

DERHAM: Well, you're supposed to be doing stuff. So we went up to the North Slope. Went to Point Barrow or something like that.

Q: Where you can see Russia off of (laughs)——

DERHAM: Well, you can see the way some of the indigenous communities live up there.

Q: Yeah.

DERHAM: The Eskimo community. And then there were some about the pipeline and the oil pipeline. And it linked to some kind of subject or something, or some sort of justification. I think it was, it was a boondoggle. And then people would take turns organizing the trips.

Q: Oh, from within the group.

DERHAM: From within the group.

Q: OK.

DERHAM: So you would wind up doing that.

Q: And would they pick their home states, or?

DERHAM: No, no, no, it was, it was pretty much structured.

Q: Oh, OK.

DERHAM: As I said, it was run out of Old Main. There was a Senior Foreign Service Officer who would be the coordinator. In my time it was Dick Bregosi.

Q: OK.

DERHAM: And there were two or three staff. Staff were the ones, continuity, they're members.

Q: The FSNs of (laughs)——

DERHAM: Exactly. And they're the ones who control it and they would just roll it out again and again. So that typically went to Alaska. Alaska was a big trip, everybody liked Alaska. Then one of the other trips——and I can't remember all the trips——

Q: No, no.

DERHAM:——but one of the other trips was——

Q: New Orleans.

DERHAM: I don't think we did New Orleans.

Q: I was being facetious!

DERHAM: No, but that was the kind of stuff you would do.

Q: Yeah.

DERHAM: We did Ellis Air Force Base. I think it's Ellis, which is in Nevada. Well, it turns out Ellis Air Force Base, you can be in Las Vegas and visit Ellis Air Force Base. So we were visiting Ellis Air Force Base, but we got to spend four days in—

Q: (laughs)

DERHAM: It was a southern trip. I think it was like Mississippi or something, seeing some sort of—you go to Chicago, you go to New York.

Q: So it's good.

DERHAM: It's good, it's good, but it was, it was—well, couple things about it. It was kind of a boondoggle.

Q: Well, I was going to say, I mean was there anything—did you learn—I don't mean did you learn anything, because I'm sure there was some interesting lectures. But I mean was this geared towards making you all better managers or more knowledgeable or—

DERHAM: Well, it was, it was geared, it was geared for all of that kind of stuff. But it was certainly geared to, to be able to, in an international service community it's important you understand your own country. So that kind of stuff. So supposedly you're seeing different realities in that.

Q: OK.

DERHAM: But there was also—my recollection is there was stuff about management. They covered some of that stuff and there was that. And then you also had to do—I think it—I think you took a month off and you had to work on a special project.

Q: OK.

DERHAM: And so—

Q: What did you do?

DERHAM: I'll get to that in a second.

Q: OK.

DERHAM: So, but I mean I liked it. It was very low stress and everything else. But as I said, it was a little bit of routine.

Q: Mm-hmm.

DERHAM: And I remember, I remember in particular, I think I was responsible for doing the New York trip.

Q: So there is a hometown quality or somebody——

DERHAM: No, it was me and a couple other guys who were doing it. And I'm trying to remember what the hell we did in New York. Whether we visited——maybe we went to Little Italy or something.

Q: (laughs) Oh, OK. Yeah. Yeah.

DERHAM: But as I was organizing the trip I was saying to myself——this is 1994, 1995——I was saying, “You know, instead of going to Little Italy in New York”——Little Italy is almost like a tourist trap or something.

Q: Right.

DERHAM: “You know what would be interesting? Go back to Brighton Beach and see the Russians.”

Q: Mm-hmm.

DERHAM: You know, because at that point with the collapse of the Soviet Union, that would be interesting. And you know, they're out there and they're gangsters and all that other kind of stuff. But this is a new part of the reality of New York. And in a lot of ways to me much more important than Little Italy. And I kind of try to float that——

Q: Didn't work.

DERHAM: No, well, we have contacts here, and we've always done it like this and we——so I, I thought it was kind of unimaginative. So anyway, the project——

Q: You didn't go to the Tenement Museum I guess.

DERHAM: We went to Ellis Island, we did go to Ellis Island. Which was actually pretty interesting.

Q: Mm-hmm.

DERHAM: But as I said, my idea on the Russian stuff——

Q: Didn't work.

DERHAM:——didn't work. So, you spent a month on a project. So the project I decided to do was I wanted to look at labor unions and how labor unions were coping with

globalization, or something like that. So I talked to people here in the city, I went out to Detroit for a while, talked to labor unions out there.

Q: And stop right there if you don't mind. Who funds this? When I say who funds this, what I mean by that is you went to Detroit for a while. Is this out of your pocket?

DERHAM: No, no, no. They would pay. As long as you made a reasonable proposal they would fund it for you.

Q: OK.

DERHAM: They would fund it for you. So I went to Detroit and so did everybody else kind of did their own various things, and then you write about them. And then at the graduation ceremony they give a prize for the best project. And so that year me and Teft split the prize.

Q: Really?

DERHAM:—I can't remember what Teft did, but—

Q: He went to Brighton Beach!

DERHAM: No, I can't remember—

Q: No, I'm just kidding! No, no.

DERHAM: Teft was actually—he, he wound up as president of the class. And Teft was—

Q: The lovable teddy bear, I know.

DERHAM: Well no, but he was also head and shoulders above—he was just obviously very impressive, professional guy, so that was the Senior Seminar. Senior Seminar had been on the block on and off as the—

Q: Question about your winning the prize. Selection is done by whom and how is that—I mean did everybody submit that to a committee or something?

DERHAM: Yeah, they have a committee. I don't know, I don't know who does it, but there's a special little committee I think.

Q: But it's written up like a term paper, or?

DERHAM: Yeah.

Q: Yeah.

DERHAM: Yeah. And they gave me a pen set or something.

Q: No, no, no——

DERHAM: No, it's nice.

Q: No, it's nice.

DERHAM: Got my picture in The Foreign Service Journal.

Q: (laughs)

DERHAM: So what I was saying, the, the Senior Seminar periodically had been on the chopping block to save money because it was basically——it was expensive and, and, and it was of dubious utility, as we say. So we finally——I think they finally eliminated it maybe about ten years ago. They finally succumbed.

Q: Well, they had something. I know before I went to Grenada there was a shortened version of that that lasted about a week or ten days for EB that was either going off as chief of mission——not chief of mission, no——principal officers or DCMs.

DERHAM: Well, they have a DCM course.

Q: Yeah, but this wasn't a real DCM course. This was——I mean as I said, I went because I was going to be chargé in Grenada. So I know that they had something and we went——and it really didn't last, like your——but it was a senior or——wasn't——they didn't call it seminar, but anyway, I suspect it was a much reduced version of this. But it wasn't——

DERHAM: Well, I don't know because I wasn't involved in any of that. But sort of typically how do you do these things bureaucratically? You say, "Well, we want to eliminate the Senior Seminar."

Well then, people said, "Oh, you can't eliminate——you can't eliminate"——

Q: No.

DERHAM: So the fallback position is you eliminate it but you say, "And instead we're going to do"——

Q: Have a ten-day thing and——

DERHAM:——"do this other thing." Right, and then that doesn't work out and you get rid of that, that's probably what happens.

Q: Yeah, yeah

DERHAM: I mean there's a whole—you could do a whole oral history on sort of FSI training regimes and whether they prospered or not. And so, so what I should—OK, so that was the experience with the Senior Seminar. Part of the process—not the Senior Seminar itself, but I was job-hunting at that point. And what I thought I really needed was I needed to be DCM.

Q: Mm-hmm.

DERHAM: All right, because I needed to get—now, in those days that training counted against your tic. Now, it doesn't. This long-term training doesn't, I think they give you a break on that. But so then I burned another year.

Q: And now we're talking about three years.

DERHAM: It's three years, right. And so, so now I got to job hunt. And, I knew I really needed a DCM job. This is, it's—was my analysis. So it was—which is the one I wanted? I think I might have wanted Guatemala at a certain point.

Q: Well, you got it eventually (laughs). Better than DCM.

DERHAM: No, exactly. And I mean I was kind of looking around. I mean it would have to be in WHA because of the language.

Q: Right.

DERHAM: And Guatemala didn't work out and—but it turned out Honduras is a possibility. I didn't really want to go to Honduras.

Q: Mm-mm.

DERHAM: Honduras is such a dump. But in fact—and, and of course this is this whole Senior Seminar year. Half the time you're traveling, you get phone calls, and you're doing this, this kind of complicated—so I remember I got a call from Bill Price who's the ambassador in Honduras at that point. And I was kind of being reluctant about it, but ultimately I talked myself into OK, we can probably try to make this work. There was also the question what to do about Jolene, but one thing at a time. And I thought he pretty much had picked me. And then next thing I know, the phone calls stopped and I didn't get the job.

Q: Had you known him before?

DERHAM: No.

Q: I'm trying to know why I do know him, but not for anything to do with Honduras. Do

you remember——was he in Mexico at one point?

DERHAM: No, he was at NSC (National Security Council) for, I think for the Bush administration. And then——because he was career I guess.

Q: Mm-hmm.

DERHAM: Yeah. But he was around ARA or WHA for those years. So——and I can't remember all the other dry holes that I, I dug.

Q: (laughs) So you were, you were looking around a lot.

DERHAM: I was looking around.

Q: (laughs)

DERHAM: And then I can't remember how it happened, but they said——somehow Brazil came up. Well, I had——by that point I had done my first tour in Rio and then I had, I had been in Bahia as principal officer. And they weren't talking about DCM——

Q: No, I don't——

DERHAM: No.

Q: What years——jumping backwards, what years were you in Mexico?

DERHAM: I'm not in Mexico yet.

Q: OK, that's why I was——I thought you went to Mexico and that's why——we're jumping the gun here.

DERHAM: No. Yeah.

Q: Got it, OK.

DERHAM: You should——actually you should know the story.

Q: I know you're in Mexico before Brazil, so I'm thinking——

DERHAM: No, you're not. That's not true.

Q: But you were in Mexico——

DERHAM: You should——well, you should know——with who?

Q: Weren't you in Mexico with Bob Taylor?

DERHAM: No. No.

Q: I'm——

DERHAM: And you should know when I was in Rio, so.

Q: Oh, I'm——no, I know you were in Rio! I'm trying to think about when you were in Mexico!

DERHAM: I haven't been to Mexico yet.

Q: OK, all right. So it hasn't happened.

DERHAM: So, all right, so somehow Brazil comes up. And at least on the list is Consul General Sao Paulo——

Q: Yeah.

DERHAM:——and Consul General Rio. And I said, "I really don't want to go back to Rio." I just——

Q: That's why you were so happy when you got off the plane (laughs)! Now we know!

DERHAM: No, I'm always, I'm always like that anyway.

Q: You didn't look like a happy camper getting back to——

DERHAM: No, no, no, you misread me.

Q: I'm kidding! I'm kidding.

DERHAM: You misread me, because I look unhappy when I'm really not.

Q: (laughs)

DERHAM: So the——so we're——you know, I'm looking at the jobs and I'm thinking I just really don't want to go to Rio. But I've got the Portuguese, I'm looking for a job, blah-blah, blah-blah. So I hear Levitsky's back in Washington. He was down there as ambassador of course.

Q: Yeah.

DERHAM: So they set up an interview. So I went to talk to Mel. And I tried to pitch myself for Sao Paulo. So I said, "Well, Sao Paulo's a bigger job and I'd rather go back to Sao Paulo than——I'd rather do Sao Paulo than do Rio again."

Q: Because you've already been there.

DERHAM: Well, yeah, no. And I know Rio has a lot of problems and——

Q: (laughs)

DERHAM:——I'm really not interested in taking them on. And basically——not basically——Mel says to me, he says, he says, "I've got somebody for Sao Paulo." It was Melissa, of course Melissa Wells. And——which I subsequently learned. And, which was kind of somewhat ironic in the sense that Melissa had been in Rio the first time I was in Rio, so I knew her from then. So we'd, we'd been in old Brazil hands. So anyway, frankly for lack of other alternatives Mel said he'd be willing to try me in Rio. So I got the Rio job. And one of the reasons that seemed to work was the schools were good, although we were making it tough on Michael because we were moving him——he was a junior, he had to do his last year in Rio. But he——we decided we'd do that. And there was a job for Jolene. Jolene was GSO. Now, in those days they did have tandem regulations, but those——I don't think they paid much attention, and they needed somebody in Rio for the GSO job. Plus, of course Jolene's last name is different from mine. And maybe nobody paid that much attention, but in other words, so they paneled me into consul general——

Q: But you weren't——you weren't her direct supervisor.

DERHAM: Yeah, but I was, I was but——

Q: Roland——

DERHAM: I was Roland's, yeah, but that's not permissible. I'm not sure whether it was or not. But certainly it would not be——you couldn't even think about it today, so.

Q: Yeah.

DERHAM: OK.

Q: You want to stop there——

DERHAM: Yeah.

Q:——before we go?

DERHAM: Yeah.

Q: OK.

Q: Today is March 18th and this is an interview with Ambassador Jim Derham. And we

left on last time discussing his re-arrival, if you can call it that, one of many, to Brazil for his position as consul general in Rio de Janeiro.

DERHAM: Right, so I think we talked a little bit about kind of how I got the job, wound up with the job. It was not, it was not a job I particularly wanted.

Q: No, in fact I was just going to start with a question, you've answered the questions of how did you feel about this (laughs).

DERHAM: Well, because I'm not really a big fan of Rio de Janeiro. I think it's a, it's a place that everybody—you tell people gee, I'm going to Rio de Janeiro, they say, "Wow, Rio de Janeiro, what a great place that's going to be." And in fact, as you know, particularly when we were there in 1995/1996, there's a lot of issues in Rio. Just getting around in the city is a little bit of an issue. Crime was a really big issue then. I don't think at that point—I don't think the city was well governed, although this might have been—I'm trying to remember when Cesar Maia took over. Might have been after we got there.

Q: Cesar Maia was governor then. I remember that.

DERHAM: Mayor or governor?

Q: Oh, I take that back. He was mayor.

DERHAM: Yeah, the governor was an older guy. I'm trying to remember what his name was.

Q: Me too, I can't remember.

DERHAM: Actually the one guy I do remember from that time was Sergio Cabral.

Q: Mm-hmm.

DERHAM: Who I guess was maybe president at the legislature.

Q: Mm-hmm. And later governor, wasn't he?

DERHAM: He's governor now.

Q: Oh, he's governor?

DERHAM: Yeah, he's governor now. So Rio, as I said, I think Rio has, Rio as a city, as a Brazilian city has certain issues. And as a post has, has a lot of issues too. The story I tell about Rio is that I've—I served there in my first tour in 1976, 1977 I guess it was. And the consulate was then in the former embassy building when, when the government was still in Rio. In 1976 they were talking about gee, we need to get out of that building. And

so I came back in 1995 and we're in the same damn building——

Q: I know (laughs).

DERHAM:——talking about getting out of that building, which maybe I can talk about a little.

Q: Sure.

DERHAM: And now it's 2014 and we're in the same building, and I don't think we've ever gotten out of that building. The residence, the principal officer's residence, which was a former DCM's residence also has——it's a nice place in certain respects, but it also has lots of issues. And one of, one of the features of the U.S. government is, you know, changing buildings, either office buildings or residential buildings is, is, is a long complicated process that more often than not never occurred. People talk about it a lot, but it never occurs. So, and then particularly in the case in Rio the building is *way* too big. Still is way too big, but——

Q: Especially because the size and composition keeps shrinking, doesn't it?

DERHAM: Yeah, it was certainly way too big in 1995 and it, the building itself had all sorts of issues with just the infrastructure of the building and everything else, and it was very hard to maintain the building. And I also thought——I think this is true of Rio in general, and——but the consulate in particular, that there is kind of a hangover from the fact that they used to be the capital, they used to be the center of everything. So, and you could actually see that in the staffing of the consulate too. There's a lot of——there were FSNs who had been there for years and years and years, really were not, were not all that busy. There were a couple of agencies that still had people there, even though they probably didn't need those people in Rio anymore. I'm thinking of the FAA. Some of the military were just there because they'd always been there and they kind of——

Q: ——liked it (laughs).

DERHAM: In a certain way they liked Rio and so they really weren't doing anything. So that was kind of the——that was kind of the situation when I, when I got to Rio. The——present company excluded——I think it was also hard to staff the place, to get, to get good strong people to work in the——

Q: In the consulate.

DERHAM:——in the sections. Particularly in the political and economic sections, because if you're in the consulate you're, you're one further big step removed from the center of things, which is in the embassy, and then back to Washington. So it——you have to be very kind of creative in doing representational work and reporting work to sort of have an impact.

Q: Question on that score, because I think that the comment you made earlier I think held true in different ways as well because I think definitely the resilience felt like Sao Paolo and Rio were still the real cities. And for some reason, I—maybe by the time you got to Brasilia that had changed, but playing the card on the other side, it wasn't always clear what the folks in Brasilia did. Because it seemed as though many of the movers and shakers would come back to their homes in Sao Paolo and Rio as soon as they could get done with the two days of work. And then they could meet people. I mean you met everybody, everybody who came, who was back in Rio. They were—you—they were accessible. So I mean in the contrast of most other capitals, it didn't seem to me that Brasilia at that time was doing anything more meaningful than what the posts were doing.

DERHAM: Well, I agree with part of that, although not all of it. I think it is—there is the—somewhat almost an urban myth, and certainly has become less true over time I'd say, that in Brasilia everybody got on a plane on Friday night—

Q: Right.

DERHAM:—and was, was in Rio or Sao Paolo over the weekend and that really there was, you know, wasn't that much going on in Brasilia. I think that was exaggerated and certainly over time it became less and less the case.

Q: Sure.

DERHAM: It was certainly the case in 1960, but by 1995 I think it had changed considerably. Ultimately, you can't—certainly when I was in Rio in 1995, you can't really support national issues out of Rio.

Q: No. Just regional.

DERHAM: That's right. And while the regions are important, Rio's important, Minas is important—

Q: Bahia.

DERHAM: I guess Bahia was still in the consular district at that point. Bahia had a certain importance with Antonio Carlos. They were all just regional issues. And while a place like Minas Gerais is important, I always felt a cable about, you know, economic trends in Minas Gerais—

Q: (laughs)

DERHAM:—I mean maybe that's interesting for the officer who does it, and gets out and makes some contacts before, and *maybe* somebody in Brasilia might look at it, but if I'm in Washington there's no way I'm going to read a cable about economic trends in, in Minas Gerais.

Q: (laughs)

DERHAM: Talking to you about this is kind of tricky.

Q: It's OK. It's all right. No, no (laughs).

DERHAM: But you know, the kind of round-up cables or——

Q: They were fun to do.

DERHAM:——just grab bag and all this.

Q: They were fun to do.

DERHAM: So I mean representationally we're——you were the American consul general. It was another consular district, Minas. And of course I'd known Bahia since I'd been there in the mid 1980s.

Q: Mm-hmm.

DERHAM: I think one of the first things I do remember after I got there, I think Hillary Clinton visited Brazil, and Brasilia and Bahia. And so they went me up to Bahia to kind of be the on-the-ground control officer. So that was a good experience. And it was one of the things I would say, I think I learned this when I was in Bahia and it was reinforced when I was in Rio, is that if you're in a constituent post, basically as far as management, the ambassador or the DCM, you have limited contact with him or her. And basically all you have to do is make sure you do a good job in those windows of limited contact. And that's the way you'll be evaluated. So one of those limited contacts was the Hillary Clinton visit. Ambassador Levitsky and Lacy Wright were very interested to make sure it was going to go well. Since they had to worry about Brasilia, they really couldn't spend too much time worrying about Bahia. And so I was kind of left with, with, working with the White House people and setting that up. And it was——actually Bahia's pretty easy to run, it's, it's very picturesque and everything, so it was a good visit. And Levitsky is happy with the visit, so he's happy with the visit then he's——they're happy with Jim Derham. That, that, that served me well.

Q: Weren't they happy when they came to Rio? They seemed to be happy.

DERHAM: Yeah, no, I——well, sort of the same philosophy. That for the most part, I'm a——frankly I don't think you had to work that hard in Rio, but when Mel Levitsky came to visit you worked hard to make sure he had a good visit.

Q: Mm-hmm.

DERHAM: When Lacy came through you made sure he had a good visit and a good program. And I'm, I mean I knew——this was my third tour in Brazil at this point. I

didn't have any language issues. I didn't have to read-in. I understood what the politics and the economics were, so I—to use the cliché was able to hit the ground running. And I think I did that, I think that worked out. I mean the actual substance of the matter was more, I mean either big visits or there were management issues in the consulate. One of the big management issues was the Consular Section, which was still very big and we still did immigrant visas for the whole country at that point. And it was, some of the staffing in the Consular Section was just unbelievable. The section chief had all sorts of personal issues, could barely, barely function. His deputy was a very bizarre individual who also created all sorts of problems. And so that the section itself was just—needed a lot of close supervision.

Q: Actually, I seem to recall that there was a court case involving the deputy. In fact, I know that because I wound up—if I Google myself I can find some piece of document that referred to me in this particular case of this individual who had grievances I think, about the department, not about—it wasn't only about me, it just so happened that I knew him. But he had grievances against the department, if we're talking about the same individual.

DERHAM: Well, I'm sure we are. But he had a lot of grievances, a lot of issues, and—

Q: That's right.

DERHAM:—he was just very difficult to work with. His boss also had his own, his own issues and it was just a dysfunctional Consular Section for the most part.

Q: Yeah.

DERHAM: It was also—what's—we had a particular crisis when the government shut down—

Q: Oh, that's right.

DERHAM: It must have been, what do you think, December of 1995 or 1996. I don't know, were you there?

Q: I was there.

DERHAM: Yeah. And at that point—in later government shutdowns Washington has become more flexible, but my, my sense was in that—it must have been 1995, because I think it was prior to the 1996 election. But the decision in Washington had been made I think to deliberately make things as maximally difficult for everybody so that, for example, we were told we couldn't issue visas at all, we couldn't issue emergency visas, we couldn't really do anything. And at that point we were in the visa war with, with the Brazilians and there was a tremendous demand for visas to the U.S. And any shutdown of the system, which I think shut down for a couple weeks, just created all these other types of tensions and pressures and whatever. So it was—that was, that was a mess. And

ultimately, we all ended up working down in the Consular Section to try to, to get out from under that when the shutdown finally, finally ended.

Q: Actually, that was one of—and I will give you a compliment, you can delete it if you want, but you might as well keep it.

DERHAM: Well, compliments I won't delete.

Q: Yeah. No, no, it was one of the things that distinguished you I think from some of—well, your immediate predecessor, but from others I've known, is that you weren't afraid of going down there and working. And that was a positive imp—you know, affect for the rest of the people who were asked to go down there and work. Because political officers tend to not like to go down and do visa work (laughs). Although I didn't mind, I enjoyed it. But in general there's a sort of a what? As a junior officer—

DERHAM: Well, a little bit associated with the shutdown or the startup after a shutdown, got a little bit cross wires with Brasilia because—my recollection is the shutdown was ended over a weekend.

Q: Mm-hmm.

DERHAM: And so, we decided let's go in on Sunday and start up again. And I think we even got some TV coverage when we did that. And—which—it's a good idea, I'm glad I did it.

Q: Mm-hmm, mm-hmm.

DERHAM: I forgot to tell Brasilia that I was going to do it, and they wound up learning about it when they saw it on Fantastico, which was the Sunday night show or something, a little clip.

Q: (laughs)

DERHAM: So Lacy Wright, who was my boss, the DCM, sort of said something to me about it, although Lacy is a very easy guy to work with.

Q: Mm-hmm.

DERHAM: And he did it in a kind of a gentle way. I suspect Mel was less, was less—

Q: (laughs) Less gentle.

DERHAM:—was less gentle, but he never said anything to me, to me directly.

Q: Uh-huh.

DERHAM: The other——

Q: Well, let's talk a little bit about a couple of substantive things. One, you mentioned the visa wars. I think that from the standpoint of this project is kind of an interesting theme if you want to elaborate a little bit on it, if you can remember what was going on. Because it's still going on in the sense that the Brazilians do exactly tit-for-tat, whatever we charge they charge, whatever. The other thing though is you talked about crime, and it seems to me that compared to a few years before and certainly later, that was kind of a relatively quiet time. They had rounded up the Beach——what were they called, those kids? They had a name for it, it was like Hurricane or whatever——

DERHAM: Right.

Q: You know? They had that horrible situation, the killing of Candelaria. But there had been a kind of a subdue. I never felt invaded or——

DERHAM: Well, yeah, my sense was that like 1995 it was better than it was in like 1993 or 1994——

Q: Yeah. That's right.

DERHAM:——or 1992. But it was still pretty dicey. Certainly that whole downtown area where the consulate was, was, was pretty, pretty sketchy and I think Rio got——as Rio has gotten progressively better over this period and they were on the upswing then. So as I said, it wasn't as bad as a year or two years before, but Rio, Rio's, still is a very dangerous city. It was certainly a dangerous city then. And actually all the big cities in Brazil at that point were, were dangerous. The other——I can't remember so much about the visa wars. At one point we got to the point where we were given visas for three months or something. And that, it was, it was based on reciprocity or something. But I mean the problem with reciprocity in a case like Brazil is that demand for visas to the U.S., it's millions, you know, tens of millions of people. While in the other direction it's much less. So that the Brazilians kind of can call the tune to a certain extent and they now well just burst at the seams or something if we, if we try to reciprocate all the time. There was——at one point we were just doing visas for, for like three months or something. Of course the problem with that is that when that person who gets a visa three months later has got to come back. Even then we went to——for a while we were at five years and the other thing is it creates these big kind of roller coaster effects where when all the visas expire that when you started the five-year, the three-year, whatever it is, they all come due at the same time and the demand explodes. And then, I don't know, then it drops off. And we do a very poor job, we still do, not just in Brazil, of projecting visa demand. And we don't quite understand——it's complicated to understand how economic and political conditions affect visa demands. Not, not very straightforward. So, that was——we were always under a lot of pressure on the visa demand in Rio. And as I said, made worse by the dysfunctionality of the management of the Consular Section and then complicated by things like the government shutdown, which just, you know, threw a spanner into the works or a monkey wrench into the gears or something.

One of the other issues that we dealt with then was the issue of moving out of the building. And one of the goals I had was to move us out of the building.

Q: You were a great success, I can tell (laughs). Sorry for that.

DERHAM: Well, actually it was an interesting because——

Q: You went and looked at places, I know that.

DERHAM:——my spouse, Jolene, was a GSO, which I think I mentioned in the previous section. In an arrangement that I suspect violated all sorts of nepotism situations, but nobody seemed to be paying too much attention to what was going on in that sense. So she and I worked very hard on this. And you know, I, I, at one point we had identified a building in Urca, former Varig office I think it was, the airline, the Brazilian airline. And we looked at it, it would have been 1997 because it was just when it was just getting out of Rio. And we looked at it, and we got to the point where we thought the size was correct.

Q: Great view of the rest of the city. I'm kidding, I don't know——

DERHAM: I can't, I can't even remember, I don't think so, but it was——

Q: Nice looking.

DERHAM: The size was correct, the location was OK. It had some issues on setback and there were kind of other issues on stairways or elevators or stuff.

Q: Right.

DERHAM: But it seemed——my sense at that point was that it was, it was doable if we got some flexibility from Overseas Buildings Office, OBO, and maybe DS, the security people. But just to wind up that story, they wouldn't give us the——or they were still thinking about it I guess——and then that, that leaked into 1998 when they had the embassy bombings in Africa. So at that point all the security standards went up so there was no way we could get to that building. But we had situations in the building in Rio where, I don't know, the, the, the drainage, the building's drainage would back up or something.

Q: I remember that, that's right . Oh yeah.

DERHAM: The garage would flood.

Q: Oh yeah.

DERHAM: And I know in a couple of times——and of course Jolene would get the call,

she was GSO, and a couple times I went in with her and we were sort of——

Q: Mopping the floor (laughs).

DERHAM: Bailing——and our other——our one accomplishment was, and I don't think this was either, was we had this terrible warehouse out, out on Avenida Brasil, sort of out towards, out towards the airport I think it was, or something like that. And it was something we'd owned for——since it had been the embassy and it was much bigger than we needed and we were paying an outrageous amount of money and, and had——I mean of course you just accumulate sort of essentially junk in the warehouse. And so working with Jolene we were able to move the warehouse into the building, we moved it into the garage.

Q: And you got rid of a lot of stuff.

DERHAM: We did. Although I think they probably moved it out again, sort of a lot of the stuff that I wanted to do. The other thing that I worked on when I was in Rio and actually when I moved up to Brasilia was downsizing Rio. I, I thought Rio was——I thought one of the problems with Rio was it was too big, we should cut back on the positions, we should cut back on the consular responsibilities, we should cut back on the consular district.

Q: Did they cut back on the consular district?

DERHAM: They did for a while and I think——I'm trying to remember——maybe at one point I was proposing that Minas, that Minas could be moved to Sao Paolo or something. At that point they had, I think, purchased a new building in Sao Paolo and they had a lot of space. So I was suggesting move the IV Section to Sao Paolo, re-slice——slice up the consular districts, I think moving Minas to Sao Paolo. And some of the stuff actually was done for a while and then after I left Brasilia sort of I think maybe when, when Hrinak went down there as ambassador or something, she was very much——there was a tendency on management's point, management to extend——I also——actually I——at a certain point I downgraded the position of consul general too. I think it was a senior officer, I made it an O1. In keeping with the smaller consulate and everything else.

Q: Right.

DERHAM: I think they're reversed a lot of the time. I still think I'm correct. But it's fighting the bureaucracy. So, anyway, I spent 1995 to 1997 in Rio. When did you——when did you leave?

Q: One of the things——well, I was there from 1994 to mid 1997.

DERHAM: Right.

Q: Mm-hmm.

DERHAM: So then, so then you and I left Rio at more or less the same time.

Q: Right, but you were going to Brasilia.

DERHAM: Right. So what happened in Brasilia——what happened——

Q: Well, don't leave Rio yet, because there are a few things——

DERHAM: OK.

Q:——you haven't mentioned yet that were kind of interesting, if not for than for the period. One of which is——the significance of Rio is, like it or not, the CODELs (congressional delegations), and there were several.

DERHAM: Oh yeah. Well, we——

Q: And for good or for ill, they came, it came at Easter. They wanted the shops to be over. Whatever, that kind of thing. But it kept the wheels churning and people busy (laughs).

DERHAM: Well, there was one——I remember we did get the CODELs and they were, they were a pain, but also an opportunity.

Q: Sure.

DERHAM: The couple anecdotes I remember about CODELs is I remember at one point we got two CODELs at the same time, one led by Democrats and one led by Republicans. And you know, when we were trying to plan this we were kind of consolidating some of the arrangements, and that wasn't going to work. Each CODEL needed their own, their own separate trips and logistics and control room and everything else. And I remember we wound up with a day overlapping CODELs and we couldn't, we couldn't have any savings at all. The fact that they were both there. It was kind of a typical CODELs. And the other——and, and of course the problem with the CODELs in Rio is they come to Rio, there's no real business meetings. They want to, you know, go shopping and see the beach and that kind of stuff. So it's, it's, it's very much kind of a tourist thing for the CODELs. The——I do remember, we did have a CODEL that was led by Dan Burton who is I guess in Indiana, huh?

Q: Mm-hmm. Mm-hmm.

DERHAM: And at that point he must have been either the Chair of HFAC or House of Foreign Affairs Committee, or Chair of the Latin American Subcommittee on HFAC. So it was a CODEL, he came in, him and his staff and a couple other members I guess. And so of course I was consul general, so I go out to the airport and somewhat unusual——not unusual in these CODELs, but since they almost always go to Brasilia, anyway Brasilia

would just leave us alone because Brasilia had to worry about them themselves. So it's so, you know, Rio just had to take care of it. So I'd go out to the airport and ride in with the CODEL. And I remember I rode in, I was sitting with Burton or up in the front of the bus or something. And so you give him a briefing, you explain what the issues are. And I don't know, I thought I just gave kind of a garden variety briefing about Reno, but I did mention, you know, the crime and those kinds of issues, crime and violence, which were issues in Rio. You had to be careful and, and all that kind of stuff. Well, apparently I scared the hell out of Burton, because he got to the hotel and the story I heard later is he met with the staff and the other members and he said, "The consul general just scared the hell out of me. And we should get on the plane tonight," or something.

Q: (laughs)

DERHAM: And Burton, he's an unusual guy I guess is the way to put it. One never knows how seriously he even takes himself on some of these things. But apparently alarmed enough people that they thought holy cow, they were going to cut the trip to Rio. And so, as it turned out, he did hang around. I do remember when they were leaving, as he got on, as he left the hotel he put on one of these—the arrow coming through your head kind of funny hat or something as, as, as a joke. The other, the other kind of anecdote I remember a little bit was—can't remember which CODEL this was, whether it was one of the dueling ones or a separate one, but Ed Markey from Massachusetts was in a CODEL.

Q: Mm-hmm. Mm-hmm.

DERHAM: And we went out—one of the things you'd usually do is you'd go out to _____. I can't remember which one we went to, one of the ones out in Bahia I think. So you know, you sit at a big table and they come around with meat and everything else. And it's a tourist trap. It's a nice place and everything, but it is a tourist trap, there are lots of other tourists there. And I remember at another table there was I think a group of Europeans, Italians if I remember correctly. And one of the tourists got up and he had one of the big video cameras that you take videos in those days. And he got up and he started—and the guy was coming up slicing the meat at our table, and he got up and sort of was taking the video of this, because it was kind of something to take a video of. And it's kind of in the direction of Markey. And Markey got all upset, he thought he's being set up by some news media, that they were taking pictures of him that they were going to show back in Massachusetts or something to show how he was a boondock laying in Rio de Janeiro. And he almost went over and punched the poor Italian guy. And the Italian guy didn't know what the hell was going on. But it was—but a little bit of the narcissism of, of, of a Congress person. And I do remember that from Ed Markey in Rio de Janeiro. So, but we did have our, we did have our share of, of, of CODELs for sure.

Q: Oh, I remember—because I remember them also, and they did get a grand tour of favelas (slums), which Markey wanted to see as well (laughs) to see how the other half lived.

DERHAM: So, I don't know, so that was the CODELs, the, as I said, the consular issues, the——

Q: Yeah, the management——

DERHAM:——management, the building issues.

Q: Yeah.

DERHAM: That's real——

Q: How did you like being consular district, as opposed to all of this, the sort of——because you followed on the heels of someone who——how shall I put it? He, he loved that role, I have to say, and he loved the entertaining and the——I want to say hobnobbing with the politicians. And so that had created a certain image. You were far more, from the perspective of the staff, far more down to earth and you didn't give the impression of liking it as much. I don't mean to say you didn't like it, I'm just saying——

DERHAM: No, I think the question is not liking it. I have certain personal preferences. I don't like the big——I mean I think the American presence overseas is arrogant enough without sort of adding to it.

Q: OK.

DERHAM: So I'm, I'm, I'm not interested in, you know, big escorts or, or bodyguards or, or, or, or kind of a big, big presence in that sense. Particularly, frankly in a case like Rio where you had a great title, but you weren't really doing anything of substantial importance in most respects.

Q: Right.

DERHAM: So it was a little bit of a, a little bit of a false pretense to act like you were a big deal when, when, when you weren't. Certainly in the case of Rio. Representation is part of the job. I'm not crazy about it, but I do it, I think I do what I have to do.

Q: Mm-hmm.

DERHAM: But I mean my predecessor was a different situation.

Q: No, I wasn't making a judgment, just an observation.

DERHAM: No, no, no, and he, he had family reasons to——

Q: Mm-hmm.

DERHAM:—to sort of be, be the big shot. Both of us were working in a consulate, we had three kids. So we had, we had a lot of other kinds of things going on, that, you know, we didn't have to worry too much about what sort of swath we were cutting in the, in the, in the local community. The other problem you run into is, in that kind of situation people—in a lot of cases people were ultimately interested in you for visas and stuff.

Q: Oh yeah (laughs). That's why I asked, I mean this question of how much you enjoyed it was sort of—

DERHAM: Well, no, no. I, I, you know, as I explained, it was not a job—

Q: You wanted—

DERHAM: It was not a job I wanted, it was not good for my career. But I was going to do what I considered a good job, and I did a good job. And as I said, a good job means, you know, representing the U.S. in Rio, but also making sure the ambassador and the DCM were pleased with the job I was doing from their perspective in Brasilia. And I think that was the case. To sort of I guess start to make this transition, I was at this point an OC, a counselor or, or whatever the hell—

Q: Yeah.

DERHAM: Yeah. And you basically had seven years to get promoted to MC, minister counselor. And at that point the promotions were very scarce and a lot of people were being forced out because they weren't getting the promotions. I remember talking once to, I guess, Pete Romero, who I guess at that point was assistant secretary. And he had been on a promotion board I believe the context was. And he said something along the lines of, he said, "You know, you could do a good job or whatever kind of job you're doing, but you know, when, when the promotion board looks and sees Consul General Rio de Janeiro, you know, you're not going to get promoted out of that job."

Q: Mm-hmm.

DERHAM: So I was in a situation actually. I got there in 1995, I think I needed to get promoted by probably 1999 is what I'm thinking, or 1998 I guess it would be. So my guess is if I'd stayed in Rio for the full three years I wouldn't get promoted, and I would have been forced to retire. But what actually happened was Lacy Wright, who was my boss, was—

Q: Leaving.

DERHAM: Well no, he was a year or two ahead of me in his promotion and he didn't get promoted and so he had to leave early, and so that opened up the deputy chief of mission slot. So you know, I talked to—I had a good relationship with Ambassador Levitsky and he talked to me about the job. And so he asked me to come to Brasilia, which I kind of jumped at. So I guess when, when we both left Rio more or less at the same time.

Q: Mm-hmm, summer.

DERHAM: Summer.

Q: Or thereabout.

DERHAM: Summer of 1997. So I moved up to Brasilia in the summer of 1997 and Jolene went to work in the Consular Section in Brasilia. By then she was talking about changing her cone from management to consular. When we got to Brasilia they were a little bit more sensitive about nepotism than they were in Rio, so that Jolene worked for the consul general or the section chief and then her EER then would be reviewed by Levitsky, by the ambassador, not by me.

Q: By you.

DERHAM: I think in Rio I might have reviewed her, I don't even know what we did.

Q: Maybe she went without a review.

DERHAM: Well——

Q: Could she have done that?

DERHAM: We could have done that. I don't remember exactly what we did. But in Rio it was very casual about that whole thing and it was probably unfair to Roland Estrato, who was the guy in between us. So that summer I moved up to Brasilia. And so a couple things about Brasilia. So I was in Brasilia from 1997 to 1999.

Q: So you were there for two years.

DERHAM: So I was two years, so that made it a four-year tour. I'd been two years in Bahia, almost two years in Rio. So in total I did nine years in——

Q: Close to a decade of your life.

DERHAM: Yeah, close to nine years. Anyway, in Brasilia.

Q: Yeah, mm-hmm.

DERHAM: So, Brasilia is much different from Rio in almost every way, except they speak Portuguese there as well.

Q: Of the banal, how was the DCM's residence in Brasilia?

DERHAM: It was very nice. It's——I don't know if they still have it or not, but I had, I

had known it certainly when I was in Bahia I'd come up there a couple of times and might have even stayed there once or twice. It was a building we owned across the lake there in Lago Sul.

Q: Mm-hmm.

DERHAM: I guess it is Lago Sul. And it was, it was, it was a nice residence, I thought the staff was fine. It was easy. You know, in the embassy you just go across the bridge, you're there in five minutes, there's no real traffic issues, there's no security issues. The embassy itself, I, I thought was fine, I kind of knew the embassy as well of course. And I liked——

Q: But clearly different physical construction than the embassy in Rio.

DERHAM: Yeah, no——

Q: In the consulate in Rio.

DERHAM: But I like Brasilia. I liked the weather, the weather was perfect. In those days I used to play tennis, they had tennis courts on the grounds so you could play then. The work I thought was interesting. And in fact, unlike Rio, I thought there was really substantive work. By then Mel Levitsky had been there I think three years. So he was, you know, he was very comfortable in sort of operating up in Brasilia. There is the diplomatic community and so you get up and around and a certain amount of entertaining that way. And then, then sort of the other stuff, the CODELs and other stuff that comes from Brasilia. So it was a good experience.

Q: What did you do as a DCM? And what I mean by that is——I know what a DCM does——but compared to what you were doing in your role as consul general, how did you see the shift in your roles? Because you were running the management as consular general, you're doing manager issues I assume as DCM.

DERHAM: Well, you do a lot of management. I mean I got up there and I think it was John Caswell who was the political section chief. And John, I had known John from Rio like twenty years ago. And so John knew Brazil and he knew what he wanted to do, and so he was easy to work with. On the economic side was Brian Sikhs. I worked a little bit more with him because he wasn't really an economic officer and so I would dabble more in that, I suspect. They had the science section with Xenia and——

Q: What was Ted doing?

DERHAM: Ted must have been in the Political Section.

Q: But he wasn't in charge of it? No.

DERHAM: No, he wasn't in charge of it and, I don't know, maybe he retired his second

year or something.

Q: I think he did. I think he did.

DERHAM: Yeah. And so he was there but he wasn't——

Q: As a spouse.

DERHAM:——working. Yeah, he was there as a spouse. So the Wilkinsons were there. And then got involved in drugs.

Q: (laughs) You want to phrase it that way? No, I know what you mean. I'm just kidding.

DERHAM: No, we had a fairly active program with the Brazilians, although it was not, it was not like a Colombian program or something like that, or even Central American. But we did, we did a lot with INL out of Washington and we ran certain programs. And got myself into a lot of trouble, as it turned out, but that came a little bit later.

Q: In Brazil?

DERHAM: Yeah, I was almost thrown out.

Q: Well, we do want to talk about that.

DERHAM: Yeah, we will.

Q: OK.

DERHAM: The big deal when I got up there was there was going to be a visit from President Clinton.

Q: Mm-hmm.

DERHAM: In fact, he visited Brasilia, Rio, and Sao Paolo. And that required an enormous amount of work, trying to coordinate this thing and put the visit together. And at one point there was some discussion, maybe he should go visit Iguazu, which for security reasons they're never going to agree to. But you know, we did Advance visits down there.

Q: Oh, my God (laughs), walk across the boardwalk——

DERHAM: No.

Q: No, I'm kidding.

DERHAM: No, I got a helicopter ride——

Q: Oh, I bet that was great.

DERHAM: —over the Falls. Yeah, it was really good. It was something I would have never paid for on my own, but I, but I got it from that.

Q: What was the purpose of this visit? Was it strictly a state visit type thing?

DERHAM: It was a state visit. It was very stressful. And presidential visits, to a certain extent, are always stressful. But this one was particularly stressful, and for a couple of reasons. One was while the Brazilians, and Henrique Cardoso and _____, who was foreign minister, Cardoso the president, sort of liked Clinton and welcomed the visit, there is in Brazil, there is in Latin America, in any country in Latin America, but particularly in Brazil for certain different reasons, there is a certain reservoir of anti-Americanism. And a lot of time it's not visible at all, but sometimes it does come to the fore. And particularly in planning for the presidential visit, the attitude of the Secret Service is OK, it's our way or the highway kind of thing.

Q: Mm-hmm.

DERHAM: So we're going to bring in these guys, we're going to bring in this, we're going to bring in that. And the Brazilians' attitude is, "Look, you're not going to push us around like Honduras or Guatemala."

Q: (laughs) We're not a banana republic.

DERHAM: Yeah, "We, we have our laws and you are not going to dictate to us. We'll provide security and we know what we're doing. And you're not going to dictate to us how to do this."

And it'd be one of these things where you'd start out at the working level and it'd be banging heads, ourselves and the Brazilians.

Q: Escalate.

DERHAM: —keep escalating.

Q: And still bang heads, huh?

DERHAM: And still bang heads and ultimately I think in a couple cases Levitsky had to go the —

Q: _____.

DERHAM: Well, not even to _____. Who was the general? Was it General Cordoso as well? I can't remember his name. But head of the military

household.

Q: Oh, OK.

DERHAM: And to try to—and a lot of times you still didn't get a resolution, and it was very difficult. The other thing that happened was that Ambassador Levitsky, he was a great guy. He was a great boss, he was great to me. He was not the most cuddly guy in the world. And this came across in the press sometimes. And sometimes the Brazilians sort of kind of went after him for that. And they kind of used the opportunity to take shots at him sort of obliquely sometimes in the press. But this happened particularly in connection to the Clinton visit. A couple of angles on that. One was, he went down to Rio to visit, because they were going to do this event in Rio where he goes out to the soccer field and pay—

Q: Now, you say he went. Is this Levitsky we're talking about?

DERHAM: No, this would be Clinton. The plan was—

Q: All right, OK.

DERHAM:—when Clinton went to Rio he went out to this youth complex that I think—I don't know if _____ had a connection to it or he was just going to show up because it was a soccer field or something like this. So anyway, so Mel went down there, Levitsky went down there to kind of visit this place because he wanted to—

Q: Beforehand.

DERHAM:—get a sense of, because he's going to be going around with the president, so he wanted to get a sense of what he was going into. And I couldn't remember what the deal was. But somehow he was out there on the soccer field and there was a soccer ball there or something. And he kind of awkwardly kicked the ball. He's not a soccer player.

Q: No.

DERHAM: And, and a photograph was taken of him by I think it was O Globo, which is probably the biggest paper in Brazil. And it was a very unflattering photograph. It looked like Frankenstein or something on the soccer field. And they ran it on the front page like, you know—

Q: American ambassador.

DERHAM: Yeah. And just made him like kind of—

Q: A jerk.

DERHAM: A fool, yeah, exactly. And that was very kind of typical Brazilian on that. And there was a lot of that in the press in the run-up to the visit. Particularly he was put in a very unflattering light. It was hard for him to deal with because, as I said, he's not that kind of warm, cuddling kind of person. He's Mel Levitsky. He is who he is. And it was very unfair to him. And he, to his credit, never complained. He just, he just kind of soldiered on on that whole thing, even though it was very unfair. Then there was a little bit of an incident—and this is kind of a typical presidential visit story—one of the reports the embassy did was something called the Annual Commercial Report, or Business Climate, or something like that.

Q: Mm-hmm, mm-hmm.

DERHAM: Things you do every year, it's like fifty pages long, or I can't remember how many pages. It's something that, it's unavoidable but it's a mistake, it's not looked at closely. And what happens is typically it's updated from one year to the next. So stuff gets in the report—

Q: It never gets out (laughs).

DERHAM: It never gets out or nobody looks at it. And frankly, if nobody else, the DCM should be looking at this stuff, and I certainly dropped the ball on this particular one. But anyway, in the report there was a sentence about corruption. And it said something to the effect that corruption is widespread or corruption is common or, or something along those lines.

Q: Right. True but unnecessary on a presidential visit.

DERHAM: Not even—I'm not even sure it was true.

Q: Really?

DERHAM: But it was—it might have been exaggerated. But it was buried in the report. Any other year nobody would have—

Q: Noticed.

DERHAM: Noticed it. Some enterprising Brazilian journalist sort of paging through these reports pulled it out and made a big issue of it. And it became a big issue.

Q: Americans say we're corrupt.

DERHAM: Right, right, and Americans insult Brazilians or something and—

Q: (laughs) On eve of presidential visit!

DERHAM: Right. And ultimately I think Levitsky gave a press conference, supposed to

be a scene setter for the visit, and this thing came up repeatedly. And he, you know, at that point he was briefed, he understood what had happened, and he defended it. He said, “Look,” he said, you know, “it’s a big long report, this is just one sentence in that report, and you know, we, we stand by it.” And it was kind of the sensible thing. So the president showed up, President Clinton.

Q: Yeah, yeah (laughs).

DERHAM: He also has a press conference, and somebody asks him about the report. And with poor Mel Levitsky sitting there he disavowed the language. He said something like, you know, “If it had been up to me or if I would have seen that”——

Q: I would never.

DERHAM:——“I would have struck it out.” And poor Mel just sitting there sort of embarrassed by the, by the, by the president.

Q: He retired after that, didn’t he (laughs)?

DERHAM: Well, he did. But he was looking around, but not really associated with that. But I mean once the presidential visit had come and gone there wasn’t too much more on the horizon.

Q: Yeah.

DERHAM: The, the other couple things I remember from, from the visit was there was a campaign financing scandal going on in Washington. And you know, it was kind of the scandal du jour. And I remember the White House didn’t want the press conference in Brasilia to be dominated by this American journalist. And so what they did was on the flight down, on Air Force One coming down to Brazil apparently, to Brasilia, they arranged for the president to meet with the press to talk about this issue, and about the plan. So that way they wouldn’t have to deal with it in Brasilia.

Q: Mm-hmm. Didn’t work.

DERHAM: Nope. The American press, they, asked about it anyway. On the plane and then after the plane.

Q: (laughs) In the middle of, you know.

DERHAM: And then there was, there was at least——it might have been the supreme court justice or one of the supreme court justices that didn’t like, thought the security arrangements were over the top at Planalto or wherever the event was, and made a big deal of refusing the invitation because he wasn’t going to go through a metal detector in Brasilia to go to his own building. It was something like that, and then I think they wanted Clinton——can’t remember what it was, whether they wanted him to speak to the

congress or he didn't want to speak to the congress. It was something like that and they had this big fight with Antonio Carlos over that. And ultimately it was resolved, but it was kind of a very kind of nasty thing and until the last minute it was unresolved of whether——what circumstances where he was going to meet with the congress. But he did, but it was like an informal meeting, it wasn't what they'd originally wanted or something, and, and, and whatever. I think what I'll do is I'll just finish up on this and that'll be enough for today.

Q: OK.

DERHAM: But I have one anecdote and one takeaway from the visit. The one takeaway from the visit was, I mean like all these visits, there are successes and everybody's patting each other on the back——

Q: Right.

DERHAM:——and everything else. In fact, I thought it left a bad taste—— Levitsky was very unfairly treated, both by the Brazilians and a little bit by the White House. I think the Brazilians were bruised by the way we run these visits, and it was just something that we kind of survived, but I really wonder——

Q: What value was added?

DERHAM: What national interests were addressed in that.

Q: Yeah.

DERHAM: So the one, the one little anecdote I have is, I had done the Hillary Clinton visit in Bahia in 1995 I guess it was. And for whatever reason I didn't get a picture with Hillary.

Q: Yeah, yeah.

DERHAM:——moving around and everything else and getting to the plane and getting out to the plane and everything else I didn't get a picture. So when they did the president's visit to Brasilia Hillary actually came up, was on the visit too. And the——God, I can't remember the guy's last name——Kirk something or other, he had been on the Hillary visit and he was a staffer and he was on the presidential visit. And he said——it came out that I hadn't gotten a picture with Hillary. "Oh," he said, "Well, we'll set it up so you get a picture with both of them."

Q: Oh good.

DERHAM: Which was pretty unusual.

Q: Mm-hmm.

DERHAM: So we're, you know, we're going out towards the airport in Brasilia and we get out to the tarmac and he sets it up. So he takes me and I go over and I pose, you know, between the two Clintons and get, get the picture. And then when they get on the plane, they get ready to leave. So while this is happening the press is there watching this. And as I said, this was the kind of campaign financing, renting out the Lincoln bedroom——

Q: Oh yes, I remember, that's right! Oh yeah, yeah.

DERHAM:——all that kind of stuff. So the reporter comes up, I think he's from Newsweek, I can't remember exactly. And after the picture and he said, he said, "I just saw you got the picture with the Clintons." He said, he said, "So are you a campaign contributor or did you"——

Q: (laughs)

DERHAM:——"How much did you pay to get this picture?"

Q: (laughs)

DERHAM: "Yeah, yeah, yeah. Just part of my job," so.

Q: I love it, that's good.

DERHAM: So the visit had actually been postponed because it was supposed to be early 1997.

Q: When you were still in Rio, yeah.

DERHAM: Yeah. And what had happened was the president, when he was in Florida in Greg Norman's house or something, did something to his leg and so they had to postpone the visit and that's why I wound up doing the visit in Brasilia myself. So anyway, that, that's the Clinton visit. That was certainly the highlight I would say.

Q: Of your period. And that was in 1998, right?

DERHAM: Of the first year. Yeah.

Q: That was before the relation to Monica Lewinsky, I can't even remember? Was this already in the height of——

DERHAM: No, no, no, no. That was, that was prior, pre-Monica.

Q: Yeah, pre-Monica.

DERHAM: I can remember a little bit of stuff from Monica.

Q: All right, so we'll—

DERHAM: So why don't we stop there?

Q: OK, hold on.

Q: Turn this on. Today is March 25th and this is the interview with Ambassador Jim Derham. We're talking about his time in Brasilia as chargé.

DERHAM: Right, so as it turned out I wound up spending two years in Brasilia from 1997 to 1999. Ambassador Mel Levitsky's time was up down there by then. He had been there for certainly three years, maybe more than three years, probably should say four. And he decided he would retire. He kind of looked around and in fact, there was a chance in the assistant secretary for, I guess at that point it was WHA (Western Hemisphere Affairs), when Jeff Davidow left. Davidow wound up going to Mexico, a long complicated story there, as ambassador. And so this would have been, must have been early 1998 or something I guess, when David left Washington. But Mel tried to see if there'd be any chance of him getting the assistant secretary job. He'd actually been assistant secretary for INL, he'd been executive secretary in the department. So he was——

Q: Well placed.

DERHAM:——he had——yeah, he had certainly very senior jobs in the department. And wasn't going to happen, he was not——I don't think he had any Spanish, Spanish country experience, Spanish speakers. So that was one thing.

Q: Was Brazil the only Latin America position?

DERHAM: And he had been ambassador to Bulgaria before he moved on to Brasilia, so——

Q: (laughs) All of the Bs.

DERHAM: *(coughs)* Excuse me. So anyway, he looked around. The one little story he I remember telling me was he called up Jeff——

Q: Davidow.

DERHAM: Davidow. To see what the possibilities were. And Davidow——I mean I didn't hear the conversation, I just heard Mel's readout, and Davidow kind of, you know, was kind of noncommittal, but Davidow made some comment to him that, "We already have too many lonesmen up here," or something, kind of a reference to being Jewish. Which was——

Q: Ooh!

DERHAM: I, I don't think Davidow said it totally seriously.

Q: Yeah. And being Jewish himself—

DERHAM: Yeah, no, right, exactly. Although Mel was much more seriously Jewish than, than Jeff ever was. So anyway, so Mel, so Mel left. He went up to Syracuse, he went up to Syracuse University, the Maxwell School. And he was a professor there for a number of years. And now I think he's gone back to Michigan. So he left in the summer of 1998. And I took over charge. And at that point——

Q: And you had a pretty good relationship with him from what I gathered.

DERHAM: With?

Q: With Mel Levitsky.

DERHAM: Oh sure.

Q: Yeah, yeah.

DERHAM: Great relationship with Mel. He was a good guy to work for, he liked me, I liked him.

Q: Yeah.

DERHAM: You know, and usually ambassadors and DCMs tend to get along well more often than not, although not always the case. So he had left and at that point the expectation would be they were going to name someone else. Another person would get confirmed and there'd be somebody down here. So you know, obviously in our system it's impossible to predict with any precision how long this will take, but the expectation would be, you know, a matter of months, months you could count on one hand. So they identified somebody, some guy I think from Texas whose name I'm going to lose——

Q: Political.

DERHAM: A political appointee. His name was Parker I think, but I'm not one hundred percent sure. He was a business person and I think——and in fact I remember when I came back from Thanksgiving, by then a number of months must have gone by, that I remember contacting him when I was back in the States and talked to him a little bit, and he was still in the process. He withdrew from——I don't know if he was even announced or not.

Q: Before you go further, was that common?

DERHAM: Well, I'll back up, but—I'm sorry?

Q: No, I mean the fact that he was a political appointee for Brazil, was—

DERHAM: No, Brazil is, Brazil is a mix.

Q: OK.

DERHAM: It's a mix and it depends, there's no real rule.

Q: OK.

DERHAM: Our current ambassador down there, what's her name? Ayalde. She is a career officer. Tom Shannon was a career officer.

Q: Levitsky was a career officer. That's why I was—

DERHAM: Levitsky was career, Danilovich was not career, Harrington was not career—

Q: Wasn't Watson down there at one point?

DERHAM: Watson was not an ambassador there.

Q: Wasn't?

DERHAM: No. Tony Motley was not career, Diego Asencio was career. You can, you can go—

Q: Back and forth.

DERHAM: Yeah, back and forth, it switches on and off.

Q: OK. Sorry to interrupt, it just dawned on me.

DERHAM: Yeah, so, so anyway, it was—he at a certain point withdrew. And I never knew why. I had one conversation, I really didn't have that much contact with the guy. I don't think he was ever officially nominated. He withdrew and I think it might have had some problem with his business interests and what he'd have to divest or how he'd have to clean that up. Just to tell the full story of the year on the possible ambassadors, so then they nominated Brian Atwood. Brian at that point was director of—

Q: USAID.

DERHAM: USAID.

Q: Mm-hmm.

DERHAM: He was, I guess he was political as well, although he had a career in USAID as well, so he wasn't purely political. And I remember going to see Atwood one of the times I was back in Washington. Atwood ran afoul of Jesse Helms. Helms at that point was chair of the Senate Foreign Relations Committee, I think. The Republicans vary, I'm not sure. But if he wasn't sure he was the ranking member, and he was certainly in a position to block anybody going out as ambassador that he didn't like. He didn't like Atwood, I think it had to do with Helms being very keen on reorganizing, consolidating USIS (United States Information Service) into the State Department. And in fact, USIS was put into the State Department. USAID survived and I think Helms always felt that Atwood was very unhelpful in that process. And they didn't, they didn't get on very well, and that was kind of Helms at the height of unhelpfulness from the administration's point of view. So as it turns out Atwood at a certain point had to withdraw and had to send a letter to the White House saying thank you, but I've decided it's not worth the fight, so he withdrew.

Q: And this was like a process of another few months.

DERHAM: Yeah.

Q: So now moving along in this year, right (laughs)?

DERHAM: Well, at the end—I'll finish up—

Q: Yeah.

DERHAM:—and tell you what finally—

Q: Yeah, yeah.

DERHAM:—happened. But anyway, the long and the short of it is I wound up spending the full year that I was there as chargé. I mean I don't think it was a dramatic year. We had had the visit of the president—

Q: I'm sorry, before that, after Atwood was there another person named while you were still there, or did that not happen until after you left?

DERHAM: It happened right around when I left, and it was Harrington who ultimately got the job. But there's a little bit of an anecdote about that. So, so in any case it was not—I mean Brazil at that point, and still is to a certain extent, but not so much anymore, I would say from the point of view of the U.S.—the importance of Brazil, U.S.-Brazil relationship, Brazil punches below its weight. In other words, it's not—people really don't pay attention up here, Brazil is kind of its own world because of its own isolation, because of language and sort of other cultural reasons down there.

And so while Brazil's a big important country, it was not like round-the-clock, you know, political and economic crises or issues.

Q: (laughs) Yeah.

DERHAM: So we had visits, we had CODELS. My recollection is, I think Gephardt came there; I can't remember if Mel was still there or not. I remember Stu, Stu Eizenstat who I guess at that point was maybe deputy secretary. Janet Reno I think it was in Brazil. These all went through. So we had a number of high-level visits and there were a number of things going on, but it was not like round-the-clock, you know, what's going on kind of thing.

Q: Now, you were chargé. Did you have the equivalent of a DCM?

DERHAM: Well, I'm going to get to that. At that time the president was Cardoso, Felipe Lampreia was the foreign minister. Overall they had a good relationship with the U.S., they very much liked Clinton, and you know, Lampreia is a very competent, accomplished guy. Cardoso, you know, charismatic, good English, not a stupid guy at that point, I think, in my year there as chargé I think he was reelected in that time for the second term. So he was doing really well. We did have, I guess we did have the economic crisis.

Q: But wait. That second term was not anything, I mean at that time that was not Brazilian tradition, right? That was a big event to have a second term.

DERHAM: Well, it was, it was a big event. I can't remember if they had to modify the constitution.

Q: I think they did.

DERHAM: Probably.

Q: They had to make an amendment because it was——

DERHAM: But it was, it was part of a piece in the sense that a lot of these countries after they came back from the military period originally had very restrictive constitutions in the sense that no reelection, for example. And that's changed in a lot of countries since then. So Brazil, maybe Argentina, Colombia. But Brazil was probably the first one to modify that. So anyway, and in Latin America reelection is a very sensitive issue because there's a feeling that incumbents have too much of an advantage and so it's not really a fair playing field. But Cardoso was certainly at that point he was the most successful Brazilian president since the beginning of the military regime I would say. And he, even during the economic crisis, which was a problem, a big crisis for Brazil, and globally for that matter, was tied into the East Asia financial crisis at that point. And we did work very closely with the Brazilians on that, and that did involve an amount of work on my part. So that there were things going on in that period. So when I, when I took over, so a

couple different things I would——considerations I was thinking about. One was, like I said, we were——the embassy was busy. But it's not like, you know, you're on twenty-four-hour crisis watch——

Q: Mm-hmm.

DERHAM:——that just wasn't——

Q: Mm-hmm. This is not Syria or Ukraine (laughs), right.

DERHAM: And even when Mel was there, Mel would play tennis I don't know how many times a week——

Q: Yeah.

DERHAM:——on the tennis courts at the embassy. And you know, you weren't really pushed that hard in the embassy. So when I took over *chargé*, I felt at least for the time being I would just run the front office myself. In other words, I would bring anybody up as DCM. One of the reasons was the level of the workload, the second reason was the——I don't think we had any——I'm trying to remember at that point, I think John Caswell had left, we might have had an acting political counselor, might have been Dennis Hearn. The economic counselor, Brian Sykes I think it was, was not even an economic officer. And both the, the, the consular, Consular Section chief and the management guy, which were good guys. Layton——God, what was the consular guy, Layton, whatever his name was. Layton Russell, a very experienced guy, did a very good job. Steve Buckler was the management counselor. They were, they're very competent and very, you know, had a lot of confidence in 'em, but were not the kind of people I thought were necessarily——

Q: Generalist for DCM.

DERHAM: Yeah, that would work out as they presented themselves as strong candidates for DCM. So I said, I decided for the time being, and once again because I was expecting the ambassador was going to show up at a certain point, I would run it on my own. And that's what I did and it turned out I did it for a full year. I've always thought in retrospect it was a mistake. And it was a mistake for a general reason. While it was very efficient actually because there's one layer there you don't have and you get a lot of things done, there are times when it's useful to be able to bounce things off of somebody else that's kind of, you know, at your, at your level in that sense, and sort of get their view. And when, when problems arise to maybe get some insight to how to handle things. And I'll mention two, two issues where in retrospect I think if I would have had somebody else there with me maybe I would a——

Q: Done a better job (laughs).

DERHAM: Done a better job or not, not done what I want.

Q: That's great.

DERHAM: So one is, I don't know how much we can get into this, one was a——

Q: Let me back up here. You can edit out what you want when you get the transcript, so you can say what you want and then cut it if you want.

DERHAM: Yeah.

Q: Or say whatever you want, I'm just saying——

DERHAM: All right, well let me, let me edit myself a little bit even before I talk about this. Basically it was a case of——what do you call it——domestic abuse.

Q: OK.

DERHAM: Involving a child. And sort of a complicated case. And it sort of, you know, all of a sudden you come in and say, "Guess what? This kid has been"——

Q: Abused.

DERHAM: Apparently been beaten, and they found out about it at school, I can't remember exactly what the circumstances were. And at that point——

Q: This is within the embassy community.

DERHAM: Yeah, it was. And so that's a terrible situation and you're kind of there——my recollection was you were missing some other people too at that point. I can't remember whether the doctor was there or not. And I was——you know——

Q: That's right, there was a doctor there, right?

DERHAM: Yeah. _____.

Q: Yeah.

DERHAM: Good guy actually, we got along very well. Can't remember, I, you know, I don't think he was actually there these days. He's probably traveling or something.

Q: But the regional did come around with posts, other constituent posts. So maybe he was.

DERHAM: He might have been. I——he might have had responsibility for other countries too, I can't remember. But anyway, it seemed to me the issue was, you know, what to do. And, but with a couple considerations. One is, would you leave——should I

leave the child—or should the child be left with the family? And you know, if there had been—it was a reasonably severe beating. You know, how—what should you do? Can you send the child back there that night, for example? Suppose something happened—

Q: It's on your conscience on your watch.

DERHAM: Well, and I remember because there was a very famous case in New York about some kid who was ultimately beaten to death by the father or something. And it was a murder, you know. So it, so, so the question of, you know, just the immediate what do you do that night?

Q: Right.

DERHAM: Where does that, where does that kid go? And the, so, so that was, was one thing. And then I decided that what I think I wanted to do was have the parent medevaced and just get the parent out. And then, you know, we'll go on from there. So I actually called Washington and I talked to somebody in Med (Medical), and they kind of agreed. And the RSO (regional security officer) at post, who's a very good guy, Craig _____ . We kind of worked it out then. So when I went to talk to the spouse about the situation and the spouse was the actual one who was working at the embassy said, "No. We're not going to break up my family. You know if my spouse goes, I go."

Q: Which then what happens to the kid (laughs)?

DERHAM: So I said, "OK, we'll medevac everybody." And I made that decision. It was not, it was not confidence or anything, it was a medevac. And in fact, I think we got orders and we did it. In this particular case, well, you fly through Miami to Washington. Oh, I know, the other issue I was worried about was that maybe a law had been violated in Brazil, that you know, there might be—

Q: Via the child?

DERHAM: Yeah, there might be a legal problem there. So I don't want these people around here, I don't really want the Brazilians to get involved in this, the Brazilian police or something. So I mean I don't know what all the angles are on this and but, you know, sort of little bit of out of my consular district, you know—

Q: Mm-hmm, get out of my way.

DERHAM: So, so what happened was—so that's, that was the plan I came up with. I said OK—

Q: You're all out of here.

DERHAM: All three of them on a plane. I think it was three, I can't remember if it was a

second kid or not, but it was the three—I said all on a plane tonight, they have medevac orders, go to Washington and Med can sort it out. The person involved who actually beat the child was I'm pretty sure an American citizen, but originally from the Caribbean. So they got on the plane and when they transferred to Miami they decided they were going to go to the Caribbean, not Washington. And—I know. And in fact, so it was, it was a total mess. I think they were, they were stopped before they were able to change their travel plans. Because I think DS took some people to the airport.

Q: Wow.

DERHAM: So anyway, it played out over a long period of time. The personnel people in Washington were very unhappy with me. Their preference I think would have been, you know, they give you assurances they would have somebody in a day or two days or something else to investigate and, you know, possible crime DS has to investigate and everything else. And then, as I said, it turned out to be a mess when these people went to—did not get back to Washington ultimately.

Q: Did they ever? I mean did they—

DERHAM: Yeah, yeah. In fact, I think one of them spent some time in jail.

Q: We're talking about a pretty serious beginning.

DERHAM: Yeah. It was, it was pretty nasty. So anyway, so the bottom line is that—actually you know, now that I tell this story I have the timing all, all incorrect.

Q: Really? Wrong country?

DERHAM: No, it was—Mel was still ambassador. He was out of the country.

Q: OK.

DERHAM: So in other words, it was the same, the same situation, it was—I was—

Q: You were—

DERHAM:—front office—

Q:—that's right, regardless.

DERHAM: And so I made all the decisions. But anyway, the, the DG in particular was kind of unhappy about the way I had handled it, and I mean my justification always was that, you know, I felt I had to make decisions, I tried to, I tried to talk to who I could talk to in Washington, but you're, you know, to get somebody on—Brasilia just had that one flight that night, or whatever it was. So to make sure things happened that night I made some decisions based on the information I had. And, as I said, they—Washington

was not very happy with me. Mel ultimately was kind of OK with what I did, although I suspect he would have handled it differently. And I mean I, I had, I was sort of protected in the sense that I had not sent in a no-confidence cable. I had not thrown them out of post. We did have medevac orders. I had talked to people in Med and talked to whoever I talked to Med.

Q: Right. Right.

DERHAM: So that, you know, it was no, there were no——

Q: You did nothing wrong, right.

DERHAM:——down the road——well, they never——I may or may not have done something wrong, but they never, they never came after me. And so, but it was one messy case and it was certainly a good instance where it would have been helpful——one of the problems I had was there was nobody that, sort of senior enough and had enough experience that I could say, “What do we do?”

Q: Right.

DERHAM: But the circumstances were very difficult. It was, it was, you know, you had to make decisions in the course of a day and get a lot of stuff done. And made what I was hoping would be a good——you know, just throw this to Med, let them figure it out with DS and, you know, leave me alone. But it turned out very, very messy.

The other, the other story I’ll tell, and this, this one I’m sure happened in the second year.

Q: (laughs) Before you leave the first one——

DERHAM: Yeah.

Q:——a quick question about the way the system works, because it’s sort of interesting leaving aside the human element, did anybody say you should not have this child with the parents? I mean was personnel, you know, whether they stayed in the country or out of the country? Because it seems to me the issue that you had originally——or as the case in New York of the kid eventually getting killed, I mean it was an abusive parent. Why——either sending them together or keeping them in post together, doesn’t that create the same problem?

DERHAM: Well, I mean to me the real issue was the child was beaten the previous night.

Q: OK.

DERHAM: The real issue to me was, can I allow that parent together with that child the upcoming night? The next night?

Q: Yeah.

DERHAM: Because the worst-case scenario—but you can imagine, the worst case scenario, something happens, and the child is really severely injured.

Q: Yeah.

DERHAM: Disabled or killed.

Q: Right.

DERHAM: And that's a total mess. Now, what—part of the problem was kind of with the department, you know, you're dealing with kind of three different places. You're dealing with Med, you're dealing with DS, you're dealing with DG, and you're trying to talk to people and, you know—

Q: Everybody's—

DERHAM: They have a little bit of a different, a different angle.

Q: Right.

DERHAM: I think since then they've kind of, they thought more about these cases and I think they have a little bit better process. Probably some of the lessons from the way I handled it that they didn't like. The other thing is there are very, there are these legal questions. One of the questions was do we have to worry about Brazilian legal authorities? Probably not, there's probably diplomatic immunity and everything else. But hey, you know, Brazil. The other is under U.S. law. There is, you have legal obligations once you're aware of something like this to kind of follow up with authorities and stuff. So it was, it was a mess.

Q: It was messy, yeah. So go ahead, I'm sorry—

DERHAM: So anyway—

Q:—what was the other—

DERHAM:—the other story was also a mess. So this one needs some background.

Q: Mm-hmm.

DERHAM: At that point, so this would have been—so we're talking about summer of 1998 to summer of 1999. So I'm guessing this is towards the end of 1998. President Cardoso decided that—at that time up here in Washington like Barry McCaffrey was director of the Office of National Drug Control and Policy or something.

Q: Mm-hmm.

DERHAM: ONDCP. Basically a White House position. At times even considered a Cabinet position. I suspect, but McCaffrey was kind of the drug tsar, if you will.

Q: Mm-hmm, I remember that. That's right.

DERHAM: And he was very interested obviously in South America. Brazil was not a key player in this, but Brazil was a player and Brazil had their own drug things. INL had a number of programs. DEA was particularly interested in, what's it, the Dog's Head region, which is—you can see where—see where Brazil pokes into Colombia?

Q: Right.

DERHAM: It's the—the silhouette is a little bit, can be looked at as the—

Q: Oh, the Dog's Head! Sure, it is. It looks like a dog's head.

DERHAM: Dog's head sort of looking to the west.

Q: A dog with a long body (laughs), uh-huh.

DERHAM: But that's where a lot of the stuff goes on. So anyway, the—Cardoso and—General Cardoso—

Q: Right.

DERHAM:—who was head of the military unit, decided to set up almost like a parallel office, OK, in Brasilia.

Q: A drug tsar type office.

DERHAM: A drug tsar, a drug tsar in Brazil. And they brought up a guy from Sao Paolo, Walter Myrovich I believe his name was.

Q: Good Brazilian, Portuguese name (laughs).

DERHAM: Yeah, no—

Q: No, no, I'm kidding—

DERHAM: I mean there was less—

Q: I know.

DERHAM: And he came up to Brasilia. And he took over this job, created this job. Now,

he had, he had his own bureaucratic challenges. To the extent we did INL programs we worked with the Foreign Ministry, because INL is in our Foreign Ministry.

Q: Sure, right.

DERHAM: We also worked with the——

Q: Civil police?

DERHAM: No, it wasn't civil police, it was national police. I'm trying to remember what the hell their title was. And that was kind of DEA's counterpart.

Q: OK.

DERHAM: Was the national police. And you know, in the embassy I was, as both DCM and chargé I kind of tried to coordinate these things, DEA and——trying to remember the name of the police.

Q: Was it federal police?

DERHAM: Federal police.

Q: Federal police, yeah, yeah.

DERHAM: Yeah. Federal police. So I would, I'd kind of coordinate our approach to it and everything else.

Q: Right.

DERHAM: And the agency was involved as well, they sort of were interested in this. These were the good ol' days before, before 9/11, although actually the Africa Bombings happened in I guess August of 1998.

Q: Mm-hmm.

DERHAM: And so that had some impact on the way we thought about security in the embassies. But Brasilia was, I thought, a relatively safe place. But anyway, there was this new bureaucratic actor in town.

Q: And did it have a formal title, like Brazilian drug tsar or——

DERHAM: Yeah, well it wasn't Brazilian drug tsar, coordinator for——

Q: Whatever, for, right.

DERHAM:——it was very close to McCaffrey's style.

Q: Mm-hmm.

DERHAM: OK, so he takes over. And so I met with him, I met with him on a couple different occasions. And you know, kind of talked about how we're going to do drug policy and stuff. And when I would meet with him face-to-face he seemed, you know, wanted to work with this, we were both interested in the same kinds of things, you know, work together type of stuff. But as we talked about in the last session, I think all Brazilians have a certain amount of anti-Americanism below the surface. He was a little bit closer to the surface. Didn't come out so much when we talked, but what happened was he was quoted in the press a couple of times saying, you know, DEA is out of control and Brasilia, I don't know what, you know, what they're doing. Nobody, you know, thinks they're their own government, or something. Now, part of that I think is what he believed. He was also in a fight with the federal police. Federal police were very close with the DEA. And I think he was trying to go after the federal police. I think he was trying to establish himself as kind of the bureaucratic lead player on this. So there was this kind of stream of press, press quotes.

Q: That were not friendly.

DERHAM: The second thing I remember very well is—and you'll understand why as I explain this whole thing—so we periodically have meetings with what's called the Dublin Group. Because we're the biggest players, we're the ones that work on—but Europeans are interested. They do some stuff, I guess the Japanese are there and stuff. And so it was our—and I think we did a Dublin Group every month or every other month. I usually went, but my recollection is not always.

Q: To come to it.

DERHAM: To come to it, talk to people what he was up to and stuff.

Q: Do you remember how many countries are involved in the Dublin Group?

DERHAM: Ah, it's about maybe certainly a dozen I'd say.

Q: OK.

DERHAM: It's a pretty big group. What would happen is there'd be somebody from the Foreign Ministry if they had a DEA equivalent or something like that. So it would fill up the conference room in Brasilia. So we had this meeting and my recollection is that this meeting, we did have a discussion and Myrovecch did a presentation and people asked—my recollection is that he left. But maybe, he might—one of his staffers might have—

Q: Stayed on.

DERHAM: Stayed on. But anyway, at one point the discussion came up. We, we, you know, through INL we give money for certain programs.

Q: Mm-hmm.

DERHAM: INL gives it to the Foreign Ministry. And they, they account for it and there's all this, this paperwork. And so somebody said, somebody raised the question, and I think it was one of the other embassies or something, that you know, with this new Myrovech operation would we continue to, to, to give money through the Foreign Ministry.

Q: As opposed to Myrovech.

DERHAM: Directly to Myrovech. And I said something like—I said, I said, “Certainly for the time being we'll just start to”——

Q: Do things the way we have.

DERHAM:——“do things the way we have.” We have certain rules as to how to account for this money and how it's spent. You know, the money's ours so that we would want to follow these rules. Didn't really think anything about it.

Q: Mm-hmm.

DERHAM: OK. So, but in the meantime as times' going on I'm getting more and more concerned about what Myrovech was saying to the press. And at one point when some really provocative statement came out, I remember I called over to his office and he wasn't there or he wouldn't talk to me, but actually it was a guy from the Foreign Ministry who was seconded to the office. And I said, “Look, I'm just trying to check on this quote. Was he misquoted? Did he really mean to say, you know, DEA is out of control and, and”——

Q: Right.

DERHAM: And so the guy said, “Well, let me check.” And he called me back later on, he said, “No,” he said, “Myrovech said that.”

I said, “Look,” I said, “That's a real problem.” I said, you know——

Q: You're talking to the Foreign Ministry who got seconded to——

DERHAM: You're right, in Myrovech's office. So, at one point I was over at the Planalto. That's the office building, right? Presidential office building.

Q: Yeah.

DERHAM: Yeah, in Brasilia. And I was over there on some other business. And I was

leaving the Planalto and Myrovech walks in. And I was there, actually I was there with Dennis Hearn. And I said hello and, you know, he kind of greets me. And I say, “You know, I see what you’ve been saying in the press.”

Q: You said this right now in front of—together?

DERHAM: Right.

Q: Yeah, OK.

DERHAM: And I said, “I have a real problem with that because I don’t think the DEA is out of control. We coordinate everything we do with you and everything else.” And I said, “You know, furthermore, we’ve had a number of meetings, you’ve never raised this with me.” And I said, “Really—if you really have problems about, about, you know, DEA”—

Q: Call me.

DERHAM: Yeah, “I’d appreciate you come to me”—

Q: Yeah.

DERHAM: —“and you wouldn’t go to the press with this.” And it was not a very pleasant conversation. He didn’t like it.

Q: He didn’t make an excuse or—

DERHAM: No, and we had words.

Q: OK.

DERHAM: I mean it was just, he was kind of, you know, kind of, his attitude was screw you.

Q: Yeah.

DERHAM: OK, so the other element to throw into this was he was very closely connected with a magazine, a Brazilian magazine called CartaCapital.

Q: Mm-hmm.

DERHAM: Which basically focused on things happening in Brasilia, but it’s a comment on politics, had commented on that. So, and actually at this same time I went to _____ who was like number three in the Foreign Ministry. And he was the guy we talked to about stuff. He was like _____ undersecretary of political affairs. And I mentioned to him at one point, I said, “You know, I’m having some real

problems with Myrovech. And you know, if there's anything you can do to help out or something, or if you talk to General Cardoso or something like that." And he kind of nodded and he said yeah, he'd look into it, see if he could——

Q: Help out.

DERHAM: Yeah, could help out. And he was a great guy. We got along very well. So next thing I know, now, this sequence of all this is——but these are the kind of elements. Next thing we know is CartaCapital has a cover story and on the cover they have the station chief's business card. And they said this, this guy is the——

Q: Station chief.

DERHAM: Station chief. Then they had——

Q: Is this publicly declared in Brazil?

DERHAM: He was declared, yeah. But it was, it was——

Q: Not, you know, advertised.

DERHAM:——it was a problem.

Q: Yeah.

DERHAM: Had that, and that was the first thing. But and then, as a——once again, I'm a little bit unclear on the sequence. And then they ran a story. And they put a picture of me on the cover. And the headline was——because I've still got the magazine at home——

Q: Oh, I'm sure you do (laughs).

DERHAM:——_____ basically _____ doesn't like you.
And——

Q: Ooh!

DERHAM: Yeah. And what they did was they ran a story, It was kind of a——it was a really distorted story. They had——and the had me at a——

Q: Just because this is for the record, explain what _____ means.

DERHAM: Well, _____ doesn't like. _____ refers to the
_____ or something.

Q: Exactly, yeah.

DERHAM: It was a pretty nasty headline. And they ran an article inside, you know, some more pictures of me. And basically commentary along the lines of, you know, this, this, this arrogant imperialist——

Q: Is throwing his weight around and (laughs)——

DERHAM: Right. And they kind of distorted the whole story. They kind of used the quote. When I used——because the other headline was they used “the money is ours”——or “the money is ours, so the rules are ours.” And basically it was what I had said at the Dublin Group.

Q: Yeah, yeah.

DERHAM: That the money, yeah, the money is ours and we got——these are the rules that we have to follow. But it was kind of——

Q: A little twisted.

DERHAM: Yeah, a distorted context. And it kind of went on and on like that. And this was, this was by then this would have certainly been in 1999 and I was, I was kind of getting short. But he didn’t stop at that. And also they put the quote, they had me saying this at a cocktail party at the French embassy if you believe that kind of thing. And why he changed it I guess——

Q: As opposed to, say, the Dublin Group meeting?

DERHAM: Yeah, because I think he wanted to hide the source of this or something. Or I don’t know——

Q: Whatever.

DERHAM:——what their thinking was. And then——

Q: Or maybe he didn’t remember.

DERHAM: Well, I——

Q: Whatever.

DERHAM: And then he, and then they, then they leaked something to _____ because there was a change with the federal police, and they had me, and it was a very messy change. The federal police were kind of in this bureaucratic struggle there.

Q: Oh, you communicated in the sense of having something to do with the change, or?

DERHAM: No. I didn't have anything to do with——what was known was that the federal police were considered very close with DEA and considered very close with the embassy. And Myrovech, who was in his bureaucratic combat with the federal police, was trying to undermine him.

Q: Right.

DERHAM: And so, but the way——and there had been——I can't remember the exact circumstances, but there had been a change at the head of the federal police and there had been kind of a tug of war of who's going to, who's going to succeed.

Q: Right.

DERHAM: And I mean it's something the DA might have been involved in, but I, I certainly didn't know anything about it one way or the other.

Q: Right.

DERHAM: But there was this like blind eye to _____ or something?

Q: Mm-hmm.

DERHAM: Had these little blind items.

Q: Kind of like _____.

DERHAM: Yeah, no, and it was, there was a blind——there was an item that said the American chargé came this close to being thrown out this week——

Q: (whistles)

DERHAM:——because of his involvement in, in, in the, the, the federal police.

Q: Wow.

DERHAM: And subsequently, even after I left Brasilia Myrovech went after me and published an article in CartaCapital about our conversation in Planalto. And the way he spun it was that, you know, I was kind of arrogant and insulting in the presidential, in the Office of the President.

Q: Oh, you could be arrogant and insulting in the bar (laughs)——

DERHAM: No, but it was even worse. It was bad enough I was arrogant and insulting, but it was even worse to do it.

Q: In the Planalto.

DERHAM: And it was—and it, it, it got over to the Foreign Ministry. Foreign Ministry gave me no help at all. They were not, I can't remember if I told _____. Time was running out, I was about to get out of there. And, but I do know that when Lampreia was up here for a meeting, I think he was—

Q: During the same time period.

DERHAM: During the same time period. Lampreia was in Washington and the story I heard was that he got into—he was going in to see the president and he was waiting—they were waiting outside, he was waiting with Madeline Albright. And he raised it, he raised something about, you know, Jim Derham is usually a very discreet diplomat, but looks like he's really screwed it up. So this was this long thing. As I said, Myrovech, Myrovech did not last long as it turned out. Myrovech is a troublemaker. Not just for me I suspect.

Q: Yeah.

DERHAM: And in fact, he resigned or he got in a fight with somebody or he went back to Sao Paolo. But then he started rewriting his column for CartaCapital. But as I said, he told the story, he tried to keep his eye on me. When I wound up, when I wound up back in Washington after Mexico he kind of commented that, you know, I was up in WHA and sort of I was sort of this nefarious guy.

Q: Interesting.

DERHAM: So it was kind of a long, a long mess. And a couple of sort of concluding comments on it. One is, it didn't hurt me in the sense that Washington wasn't sure what was going on to the extent they were paying attention at all. Pete Romero was assistant secretary. He, he—it wasn't, it wasn't an issue, but it did come up.

Q: Sure.

DERHAM: Lampreia raised it with Albright. And you know, Pete didn't even know what she was talking about. It was essentially no reporting on this because it wasn't, in a way wasn't sort of reportable as it, as it—after it unfolded it probably should have been reported, but I was kind of embarrassed by the whole thing. But it did—

Q: Well, who would have written the cable? I mean would you have done—hypothetically, would you have done it first person or would you have—

DERHAM: No, but—

Q: No?

DERHAM:—what you could have done was once it, once I was on the cover of

CartaCapital, when, when the station chief, when his business card showed up——

Q: (laughs) Somebody——

DERHAM: He, no, he handles it in his own channels and they decide how they're going to handle it. But if I'm on the cover of CartaCapital probably we should think about doing something. I, I don't think——I don't know if we did anything or not. But in any case, you know, it didn't have an impact. It wasn't a policy thing. And nobody knew. To sort of tie it back to the whole thing about——

Q: Having to——

DERHAM: Yeah. I was kind of there and, you know, I made certain decisions and they seemed to be the correct decisions or I kind of understood what I did every step of the way. But it would have been nice to say, to sit down with somebody and say, wait a minute, maybe we should step back, maybe there's another way to handle this, or maybe you should——the other person should be more involved and be a buffer for me, or vice versa. And that didn't happen, because the setup was such that, that, that's the way it worked. At a certain point when I was back here I, I talked to McCaffrey briefly and said, you know, "I'm having this problem with Myrovech and it could have an impact on our cooperation with them on anti-drugs, so you need to"——and he said well, yeah, he would reach out to Myrovech and try to jolly him up and that kind of stuff.

The other kind of tail-end of this whole thing is that, so when I was leaving in the summer of 1999 they decided to replace me with Jerry Gallucci. Gallucci at that point was over on the NSC, he was on the staff there I think following Brazil. He had Portuguese, he had Brazil experience. He was——I don't know if you know Gallucci.

Q: Mm-mm. It's a name, I know who he is, but I don't——

DERHAM: No. He's a very experienced Foreign Service Officer, and had done a lot of actual policy stuff. I think he might have even worked for SP, policy planning for a while. He's written a lot of stuff. And at that point he was very well qualified to sort of work in Brazil.

Q: Now, he would have come down as chargé?

DERHAM: No.

Q: Because there's still no ambassador.

DERHAM: No. That's where I'm going on this.

Q: Yeah.

DERHAM: So now Gallucci has his own interests. And I could do an oral history on my

crossings with Jerry Gallucci. And he's a very opinionated guy and once he gets an opinion he doesn't let go. But anyway, and for that reason WHA was not crazy about—I don't think Gallucci was their first choice. It was Chris Dell——

Q: Oh, I know him.

DERHAM:——told me they even talked to him at one point. But for whatever reason, the last person standing or whatever——so Gallucci came down. And Gallucci overlapped with me for like a week before I left. I left right around Fourth of July, so we did a fourth of July reception together, that kind of stuff. But I talked to Gallucci about the Myrovech problem. And I said, “Look, I mean”——

Q: Be aware.

DERHAM: Well, no, I mean, you know, on national interest we want to have cooperation with these guys in the drug stuff and that, you know, you should make an effort to suck up to Myrovech. And he did, he threw me under the bus completely. I was gone. So that didn't matter. You know, under the bus in the sense that my sense was that his message was now that jerk Jim Derham has gone I'm a——

Q: I'm a good guy (laughs).

DERHAM: I'm a good guy, good professional, we need to work together.

Q: Right, right.

DERHAM: And Myrovech probably was OK with that too, probably didn't need to be in desk trouble with the U.S. embassy. So I remember talking to Gallucci about that before he left. So the final story, and this has nothing to do with me, but it's, it's just to wind up the Brazil stuff——

Q: Well, you're not off the hook yet.

DERHAM: Well——

Q: Wait, before you go to the final story, before you leave——

DERHAM: Right.

Q:——let's think. There's one part that you really haven't talked about. When you were saying, you know, in that I wish I had some help really, it sounds as though you were kind of doing a one-man show. Where was DEA in all of this? Could they not help you in terms of dealing with this guy?

DERHAM: No because the DEA was very close to the federal police.

Q: Right.

DERHAM: And DEA would come tell me——

Q: How bad——

DERHAM:——that Myrovech is driving the federal police crazy. And——

Q: So they were not a help in terms of dealing with Myrovech because they were on the other side.

DERHAM: Yeah. And the other problem was, you know, Myrovech came from outer space in a way. The new position, nobody really knew him, he was not——there was no institution, there was no federal police or——I guess they were standing up ABIN (Agência Brasileira de Inteligência; Brazilian Intelligence Agency), the intelligence agency at that point, General Cardoso was——

Q: Right.

DERHAM: And I——actually I did try to get to General Cardoso.

Q: Yeah, I'm trying to think——

DERHAM: Cardoso was kind of Myrovech's boss.

Q: Right.

DERHAM: But he——I can't remember if either he didn't see me or time ran out or——

Q: Didn't want to get involved.

DERHAM: Apparently he didn't want to get involved. The one interesting thing is I did invite him to the Fourth of July reception when I left. And he didn't come, but he sent me a very nice personal handwritten note saying how much he enjoyed working with me.

Q: Right.

DERHAM: Don't know how to interpret that. It was a nice note, made me feel good whether he really meant it or not——

Q: Yeah.

DERHAM: There was something else, and it was one of these things where it wasn't this big gigantic national scandal. It was CartaCapital, this magazine. This magazine which had an impact and you know, people in the dip (diplomatic) community, people in the Foreign Ministry——

Q: Would read.

DERHAM:—knew what was going on, could see I was in this, I was in this mess.

Q: Right.

DERHAM: But it wasn't—it never rose above that, although both from his comments to Albright and some other stuff I saw, I think Lampreia was not a big fan of mine at that point.

Q: No, I just wondered from an institutional standpoint whether, you know, whether there were any pockets of support you could have drawn from in the embassy.

DERHAM: DEA was not, couldn't do it.

Q: So yeah.

DERHAM: So yeah, so no.

Q: All right, well go ahead. I'm sorry.

DERHAM: So anyway, so the final, the final part of the Brasilia story is that, so Gallucci came down, took over. I think I left on July 5th, he took over then. And then they—I don't know when they nominated, but I think it was after they left they nominated Harrington, whose first name escapes me, to be ambassador. A political appointee. I think a lawyer, maybe had done some work for the pharmaceutical company as a lawyer or something like that. But anyway I think he was a Washington figure.

Q: Any Brazil background experience?

DERHAM: No, no Brazil background, but very—relatively close to the president. The story was he'd given the president his Labrador retriever or something like that.

Q: (laughs)

DERHAM: And you know a good choice for ambassador I would say in retrospect. Because in fact he did when down there—he only stayed until the end of the Clinton years—

Q: Another year or so, right?

DERHAM: But you know, stayed in touch and everything else, yeah. So he was, I think he was confirmed. I think he actually got down there in December. So, but just to tell a story about poor Jerry Gallucci. As I said, Jerry's a very opinionated guy. I got a Kosovo story about Gallucci too, but we'll get there when I do the Kosovo thing. He was chargé

and sort of doing whatever you do and getting ready for Harrington to come down. And so they were going to do—the story I heard, and I don't even know if this is true.

Q: Well, tell me.

DERHAM: This is going to be third-hand. The story I heard was they're going to do a press release saying this is a new ambassador, this is who's been nominated. I think it was—I think he'd been confirmed at that point. And, and this is his background and he's done this and he's done that. As a lawyer he had worked very hard for the pharmaceutical industry or something like that. And at that point in Brazil probably still is an issue, we had issues with pharmaceutical patents I think about the coverage the Brazilians give or don't give, or they just use them as generics and don't, don't pay any royalties. And Gallucci looked at the press release that had been prepared, OK by Harrington in Washington and said, "The reference to doing the work for the pharmaceutical companies might, you know, set off an alarm or something, or stir things up and that it'd maybe be better not making that reference."

And so this went back to, to Harrington. And Harrington I guess thought it over or whatever and he said, "Well, thank you for that comment. Let's go with what I sent down. Let's stay with that."

Q: (laughs) OK.

DERHAM: Gallucci wouldn't let go. Gallucci went back to him and he said, "In my professional opinion, this could be a problem." And apparently something furthermore like, "And that if, you know, we're going to have a tough relationship"—

Q: Oh boy.

DERHAM: If—as I said, I don't know exactly the way the story went, what the exact words were. And Harrington's response was, "I got your message. You're right, it will be a complication for our relationship. So when I get down there, you leave."

Q: Wow. So he wasn't there very long (laughs).

DERHAM: No, Gallucci wasn't.

Q: (laughs) Oh, my God.

DERHAM: Crossed paths a couple more times with Gallucci.

Q: Well, before leaving let's—you're going to be leaving Brasilia and where are you going to be going?

DERHAM: Oh—

Q: And how did you make your transition?

DERHAM: So at that point I needed to get promoted.

Q: Right.

DERHAM: When I was leaving Rio I was in my last year I think. This was in 1998 when Mel was still there. And Mel pulled out all the stops.

Q: To help you out.

DERHAM: Yeah. He pulled out all the stops. He gave me a great report. He put me in for DCM of the Year, which was not warranted at all, but he tied it to the Recife police strike or something like that.

Q: Which you haven't even mentioned (laughs)!

DERHAM: Well, no, I can't even remember if I did——

Q: If you did something.

DERHAM: But in other words, the idea was, you know——

Q: You had done some really——

DERHAM:——a file denomination. And then it turned out that the guy who succeeded me in Rio, Chris Arcos, was on the promotion board when my file came up for review. And I suspect Mel talked to him about that or something, I don't know. So the long and the short of it is in fact I was promoted in the fall of 1999 I guess it was, which gave me, you know, another seven years or whatever the rule is. So at that point the pressure was off in the sense that I knew I was going to continue in the Foreign Service. And kind of looking around and, you know, at that point I'm leaving DCM Brasilia like I'm, you know, various things since sliced bread. I didn't really think that I was——I can't remember how the ambassadorial cycle looked then, but I didn't kind of seriously worry about it one way or the other because I didn't——none of my immediate predecessors in Brasilia——

Q: Had gotten——yeah.

DERHAM: So I wasn't going to push that. And plus, I had, you know, to deal with Jolene, had the tandem, and this, that, and the other thing. But I remember sort of talking to WHA and at that point talking to Rob Nolan who was the Director of EX, and sort of talking about sort of jobs and stuff. And I mentioned, you know, the Mexico DCM job was on the list, was one of the things, one of many that I was putting down. And at that point——at some point Nolan called me back. He said yeah, he talked to Jeff Davidow and Jeff, Jeff was interested and would I be interested. I said sure. And I think I did a

phone interview, and I don't know, it was a little bit like the way Gallucci got Brasilia I suspect, there might have been other candidates and, but I was the one, you know, the right person at the right time at the right place. So Jeff offered me the job and I took it. So——

Q: Well, I suspect having run a post as big as Brazil, as Brasilia didn't hurt. I mean——

DERHAM: I'm sure it was that experience. I don't know——Jeff likes me. He liked me then and I think he's liked me since then. And I think we've hit it off because maybe my personality suits him a little bit. But at that point I'm not even sure I'd met him. Now, it turned out we had a chief of mission meeting, WHA chief of mission meeting in December of 1999. No, December of 1998.

Q: Mm-hmm.

DERHAM: And I went back for that. And Jeff was there as Mexico ambassador.

Q: Right.

DERHAM: So I met him at that and, you know, we talked a little bit and it was all very pleasant, but it wasn't as if he was with me all the time or anything. Jeff, you know, Jeff does a lot of things and he does them all very well. And he makes a decision and he does it. So I wound up getting the Mexico DCM job.

Q: OK. Which we'll save for the next session, right?

DERHAM: We will. All right.

Q: Today is April 14th and this is an interview with Ambassador Jim Derham and we are——we've left his last tour in Brazil and we're moving onto his next assignment, which is——

DERHAM: So the following——being DCM, deputy chief of mission, and chargé in Brazil, so my next assignment was DCM in Mexico City working for Jeff Davidow.

Q: Mm-hmm.

DERHAM: Who was ambassador and picked——who was the ambassador and picked me as DCM. So that was summer of 1999. So I guess the first thing to talk about——

Q: Just as a reminder, he's a career ambassador, right?

DERHAM: Yeah, he had been assistant secretary, I think it was still called ARA then, maybe WHA, I can't remember when the change came. And what had happened was, the guy who was supposed to go to Mexico was William Weld, who had been Governor of Massachusetts——

Q: Mm-hmm.

DERHAM:——and who was Republican. I think he was Republican. And he was picked to be governor——to be ambassador to Mexico. And he ran afoul of Jesse Helms, who at that point was either ranking member I guess, or chair of the, of the——

Q: And you think Weld was Republican?

DERHAM: Yeah, I'm pretty——

Q: And ran afoul of Helms, huh?

DERHAM: He did. Well, he was, he was——

Q: Moderate.

DERHAM:——a Massachusetts Republican.

Q: Oh, OK.

DERHAM: He was very moderate. And he left the governorship I believe. And the reason I kind of know this is I think he was succeeded by his lieutenant governor because he——I can't remember if he resigned to go to Mexico, or whatever the reason, by Paul Cellucci, who was his lieutenant governor. I ran into Cellucci later, which we can talk about later. Anyway, Weld had been picked to go to Mexico. Helms blocked him. And somewhat similar to what happened to Brian Atwood I guess going to Brazil, he just didn't make it. In the case of Mexico I think they felt they really had to move and get somebody down there. And so they, they asked Jeff——

Q: To leave ARA and to go——

DERHAM: To go to Mexico. And so he got along well enough at Helms that he was confirmed. So he got there in the summer of 1998.

Q: Mm-hmm.

DERHAM: And so he was the one who picked me. So then I went down in the summer of 1999.

Q: And you had dealt with him in the past? No?

DERHAM: No, I hadn't dealt with him at all. I can't remember whether I told the story——I think I told the story last time, but just to repeat it, I was in Brazil, I was looking around, and DCM Mexico was on one of the jobs. And you know, I can't remember whether I had already bid or not, but I was, I was looking at that. And I talked

to Rob Nolan, who was the director of EX and said, you know, I was looking around. So he said he would sort of check upstairs to see what was going on. So he came back and he said, "Would you be interested in Mexico? Jeff might be interested in you." And I said fine.

Q: —and that would be a job that your wife could also have a position there, right?

DERHAM: Well, we can talk about that a little bit, but yes. The short answer is yes to that. So I had—at that point I don't think I had met Jeff. I had, I had no contact with him.

Q: But he certainly knew about you because you'd been the DCM in Brazil, right?

DERHAM: Well, the Brazil I guess, but, that would be the only reason, which one of the things was, despite the fact I spent—in retrospect—I spent a lot of time obviously in Latin America, but also somewhat in the bureau here in Washington. At that point I had never worked in ARA in Washington. And since my—of the four times I was in Latin America at that point three of them had been in Brazil, and Brazil is different because of the language essentially. So it wasn't as if I was in—

Q: Mainstream—

DERHAM: Mainstream ARA, Mel never considered himself an ARA type, and he referred to it as "the Cucaracha Circuit." So I wasn't part of the Cucaracha Circuit really. So anyway, so but for whatever reason, I don't know, I mean it was a great job, it was a great opportunity, and I was actually very lucky. And Jeff and I have over the years, have gotten along very well. And he's a great guy, great diplomat, and he's had a great career. But it was—not quite sure sort of why I got the job. I'm sure part of it had to do with, you know, it's compared to a lot, compared to whom—so, and I don't know who else was there, so—

Q: Aww, shucks.

DERHAM: No—

Q: (laughs) Sorry.

DERHAM: No, it's true. That's the way the State Department works. So anyway we got to Mexico too. So Jolene got a job in the Consular Section, which I'll elaborate on in a little bit. So this is the summer of 1999.

Q: And did you need any, or did you have any, brush-up Spanish? How was your Spanish at this point?

DERHAM: I think when I came back to Washington, I came out of Brazil, I came back to Washington, we were traveling probably with just Kathy. So because Christopher was

going off to college at that point, and Michael already had gone. So there were family issues to think about how much time you'd spend, you know, you can do unlimited consultations in any case. So I think I did get a couple weeks of brush——

Q: Brush-up, or what they call it "the conversion course."

DERHAM: Well——

Q: Or did you——

DERHAM: No, no, I had already had the conversion course.

Q: You had had that before.

DERHAM: Because when I went to Buenos Aires.

Q: Got it, yeah.

DERHAM: And so in theory I had Spanish. But in fact, since I had only spent the two years——

Q: Some time before too.

DERHAM:——seven to nine years ago. And the other two things are I'm OK as a linguist, but I'm not great. And at this point to the extent I had a language it was Portuguese, so that my Spanish was pretty rugged actually. And Jeff noticed that when I got down there. But anyway, so——

Q: (laughs) That's why I, you know, I asked——

DERHAM: Luckily, the Mexican Spanish is pretty clear.

Q: Yeah, clear.

DERHAM: It's pretty singsong——

Q: (laughs)

DERHAM:——but it's clear.

Q: It's profanities and (laughs)——

DERHAM: No, not so much of that. So anyway, a couple things to say even before we kind of get there, or to mention. One was the way we got there. We drove. So we, I guess we drove——can't remember how we did this thing. Because in Brasilia we wound up with a, a Corolla that I had bought from——did you know Jim Feedy?

Q: Yeah, I did.

DERHAM: Yeah.

Q: Yeah.

DERHAM: He was in Rio.

Q: Mm-hmm.

DERHAM: So we bought his Corolla.

Q: That's right.

DERHAM: And I guess we got it back to Washington. It doesn't seem to me enough time, but I guess we did. Because we, we drove——

Q: You shipped it out before you left post probably and then you had some leave. So now——

DERHAM: Yeah, and probably, I could probably ship it out early because as DCM and chargé you had a car and a driver all the time anyway.

Q: Mm-hmm, mm-hmm.

DERHAM: So I guess that's the way we did it. But I, I'm——I'd have to ask Jolene, I'm kind of fuzzy on this whole thing. But I'm quite sure we drove.

Q: But you bought it from him when you were in Rio.

DERHAM: We did.

Q: And then you drove it across to Brasilia the first time or whatever.

DERHAM: Oh yeah, no, we drove it to Brasilia. I think we made that drive a couple times actually.

Q: Mm-hmm.

DERHAM: Terrible drive too. Sort of across Minas.

Q: Mm-hmm.

DERHAM: First you get up to Juiz de Fora. So we drove down. And I guess Kathy was with us. I'm——my memory is really terrible. But we drove down through Laredo.

Q: Mm-hmm.

DERHAM: Which was good. And we got——

Q: Got a real flavor of the——

DERHAM: Well, we had a chance——

Q: Yeah.

DERHAM:——we visited——I'm trying to remember who the principal officer was in Nuevo Laredo. We have a post there——

Q: Mm-hmm.

DERHAM:——a very small post. We also had the warehouse for the whole mission, which is always a big issue and so we stopped. His name was Rudy Watkins or something I think it was. So he was there. So we visited there for a couple days in Laredo. And then we, then we drove down to Mexico City and we broke it up in one day. I think maybe we stayed in San Luis Potosi, or something like that. And we got to Mexico City in the summer of 1999. One other personal thing to mention is I have a brother, my surviving brother Dennis, who's three years younger than me I guess, who lives out in Montana. Still does, lived out in Montana at that point. And he had two children, two boys. And the older boy was going into senior year of high school and I guess was having issues or whatever, you know, was not——and whatever reason they just thought it'd be good to get him out of Montana for, I guess for his senior year. So he lived with us in Mexico.

Q: Oh! Where did he connect with you? Did he fly down or did he meet you on the road?

DERHAM: No, he flew down. I remember we——I think we went out to Montana that summer to visit——my mother was out there at that point. So we went out there to visit my mother and to visit Dennis and his situation. And he just kind of laid it out and asked whether this would be, we could do this. I said fine. I——

Q: You already——you had two boys before, what's one more?

DERHAM: Well, I——it was kind of a little bit of an adventure for everybody. And Dennis had enough money. It wasn't cheap, because he had to pay for the school——unlike ourselves.

Q: Pay for the American school?

DERHAM: Yeah, it was the ASF (The American School Foundation) of Mexico City. It's a very big school.

Q: Mm-hmm, mm-hmm.

DERHAM: And——do you know Mexico?

Q: Yeah, it was my first tour.

DERHAM: Ah, OK.

Q: That's why I'm——

DERHAM: What years were you in Mexico?

Q: My first tour started in the——well, 1981 to 1983.

DERHAM: So who was there, Gavin?

Q: Mm-hmm.

DERHAM: Yeah, John Gavin. Who was DCM?

Q: John Firch and George Hive.

DERHAM: Really?

Q: Mm-hmm.

DERHAM: Actually, I see Firch at the——you see Firch at the lunch?

Q: Mm-hmm.

DERHAM: Yeah, yeah.

Q: Both of them were there.

DERHAM: George Hide I don't know.

Q: Came at the very end. Lot of interesting people in that——separate——anyway——

DERHAM: Right. So and Kathy was a senior then——no Kathy was probably a junior. So Kathy's going to be a junior and Matt, my nephew, is going to be a senior. So we agreed that he could do this and he could live with us. And I think Dennis may have given us some money for his living expenses too. So Matt's a good kid, but a little bit headstrong. And of course——

Q: Unlike the rest of the Derham family (laughs).

DERHAM: Well——

Q: I'm kidding.

DERHAM:——more, more headstrong than cousins. And of course I'm a tough person to be headstrong with if you're, if you're one of my kids. So it was, it was——I mean the year went all right, but we had a couple moments there. But anyway, that's kind of a side story. So we got down to Mexico City.

Q: Oh, I forgot, where was the DCM's residence? I know where the ambassador's residence——

DERHAM: Yeah, one of——we can talk about that for a second.

Q: OK.

DERHAM: Well——

Q: No, go ahead.

DERHAM: Talk about that. So the guy I replaced was Chuck Brayshaw.

Q: Mm-hmm.

DERHAM: And Brayshaw had been DCM. He had also been chargé for almost a year in Mexico City. And Brayshaw was one of these couple guys apparently who I think had been DCM six times. Which you know, you want to be a DCM, you want to be——

Q: But most people want to be an ambassador——

DERHAM: You want to be DCM a couple times. You don't want to be DCM six times——

Q: Yeah.

DERHAM:——or whatever it was. It was pretty close to six. It was I think Algeria, somewhere in the Gulf, a couple places in Latin America. And he——I'll probably have to take this out of the transcript. The story was he had problems working with women, particularly working for them.

Q: Oh really? Oh.

DERHAM: Yeah. Trying to remember, was it Anne Patterson or something that he worked for for a while. But anyway, he didn't get along with Maura Hardy, for example, my recollection was. Or maybe it was Mary——what's her name——

Q: Ryan.

DERHAM: Ryan. At that point. And there were a couple of others, kind of senior women in the department, including maybe Madeline Albright who was secretary——

Q: (laughs) Yeah.

DERHAM: So that he had had trouble. His relationships, professional relationships were not good. He was homosexual——or is homosexual. I mean not a, you know, in a big scandalous way, but it——that was a fact. That was, that was, that was kind of——

Q: He was openly known to be.

DERHAM: Yeah. For sure. So anyway, he was also one of these people who liked to entertain. And liked that part of the job.

Q: Mm-hmm.

DERHAM: And so I think the story was, and once again I'm getting a little bit foggy on this, but at a certain point in the past a residence was acquired in Mexico City to be the DCM's residence. So it was a house up in Lomas on——not too far away from the residence, further down a little bit.

Q: OK.

DERHAM: And Brayshaw didn't like it. And I guess it wasn't lavish enough. And so what he did was he rented another place, which I've never seen, so I don't really speak——but I'm told it was very modern, very, I don't know spectacular is the right word, but striking kind of place. And apparently he was very happy there.

Q: And he entertained a lot.

DERHAM: I'm guessing he entertained a lot and certainly when he was chargé you had to do that. And then the commercial counselor used the DCM residence, I think Brennan, I think Kevin Brennan, who apparently had all his kind of issues too. So.

Q: (laughs)

DERHAM: He was apparently an alcoholic. Pretty serious one. You know who worked for him? Did you know Dar? Dar Pribble?

Q: Oh sure. Of course, who was in Rio when I was in Rio.

DERHAM: Yeah, Dar——

Q: Yes (laughs).

DERHAM: Do you know the story about Dar? This is a tangent.

Q: I don't know if I do or not, tell me.

DERHAM: I mean did you know Dar?

Q: I did.

DERHAM: Yeah.

Q: I know that Dar lived in Paris and Dar——

DERHAM: Dar was a piece of work.

Q: Yeah.

DERHAM: And she was kind of——I got along with her fine. She wasn't a very good officer. And she——but her opinion of herself was, was——

Q: Extremely positive.

DERHAM: Yeah, exactly. But the story of Dar is, so Dar was leaving Rio. Dar was there for years and years and years because the Foreign Service is kind of screwy like that. And the story on Dar was——I'm trying to remember, it would have been late 1990s I guess. She was leaving Rio and the Foreign Commercial Service assigned her to Brussels I think as commercial counselor. And the ambassador in Brussels did some due diligence and said, "I don't want Dar." And he blocked the assignment.

Q: Wow.

DERHAM: And I mean it's a very kind of messy thing, you know. It wasn't very discreet. I think she was already paneled and he, you know, if you're ambassador in that kind of situation, if you dig in you can prevail.

Q: Sure.

DERHAM: Even though the Department of Commerce didn't like it at all. So——

Q: And was she going to the embassy or to the——

DERHAM: I'm——

Q: You don't remember. It doesn't matter.

DERHAM: And it might not even have been Brussels. It might have been The Hague.

Q: But it was in Europe.

DERHAM: It was one of those——yeah, it was one, one of those little countries.

Q: No, yeah.

DERHAM: And so instead as a consolation prize——so this happened. So now FCS (Foreign Commercial Service), they have to do something for Dar and I guess they felt they kind of owed her something. And of course Dar was certainly a self-promoter.

Q: Absolutely (laughs).

DERHAM: Yeah, and so I'm sure she leaned all over 'em to get something. And so they made, they made her——they assigned her to Paris.

Q: Mm-hmm.

DERHAM: And the reason I know that——and what happened was when I got to Mexico, Brennan went from Paris——from Mexico City to Paris. He was commercial counselor, minister counselor——

Q: Right.

DERHAM:——and she was commercial counselor, commercial officer, number two or something. I'm told it was a disaster. I mean Brennan, I think, I think Brennan had to dry out or something else. And, and of course once the ambassador got to know Dar he couldn't stand her and so. I mean at least Dar in Rio, at least, you know, Mel was up in Brasilia so he didn't have to deal with her like on a daily basis.

Q: (laughs)

DERHAM: So anyway, so the story is, so that, so Brayshaw was renting a DCM residence. And there was this house that had been purchased by the State Department to be the DCM residence that Kevin Brennan was using for the Foreign Commercial Service.

Q: Mm-hmm.

DERHAM: Now, I can't remember what the rules are, but there are some crazy rules about——maybe FCS can't pay rent to State or, or they can't pay much, or they shouldn't pay——

Q: Even with that thing with——what was it called, that they still have it where different agencies have to pay the same——

DERHAM: Oh, you mean the ICAFs.

Q: The ICAFs, yeah.

DERHAM: No, this is something different. Well, and maybe they were paying rent. I can't remember exact details. But basically what happened was there was an inspection, and the inspectors came to the post.

Q: This was before you get there or——

DERHAM: Yeah, before I got there. The inspectors came to the post and they said, "Well, what the hell's going on? We're paying, you know, x thousands of dollars a month to rent a DCM residence when we purchased a DCM residence years ago and we're not using it. What kind of——this, this has to stop." So Brayshaw fought it before the recommendation, during the recommendation, after the recommendation, and he was kind of apologetic to me, saying, you know, I've tried to resist this, but you're going to have to go to the DCM's residence.

He says, "It's really not suitable for great entertaining and anything else." And for me, I could care less, as far——

Q: (laughs)

DERHAM: Well, actually there's——you know, it's funny in Mexico City, depending on the DCM, some DCMs were, you know, like Brayshaw, these sort of entertainers. Others——there was one who got there and his wife didn't come down or something and he said, "Just give me an apartment," and didn't entertain it all. So it was a real pendulum kind of thing. B for me it wasn't——if it was, if the residence——I figured it couldn't be that bad. You know, they did buy it for the DCM. I mean how bad could it be? But anyway, as I said, Brayshaw was very apologetic about this.

Q: And how was it?

DERHAM: It was OK. It was——it's smallish for a DCM residence. But it was in a good area. It was big enough for us. I mean it had one, two, three, I think maybe three kinds of bedrooms upstairs, which is not very big, but each bedroom I'm pretty sure had a bathroom.

Q: Yeah.

DERHAM: I mean the master was fine for Jolene and myself and——

Q: Might have been small if all your kids had been there.

DERHAM: Yeah. Well, we——yeah, but we, we just had——we had two others, we had Mat and Kathy. They had separate bedrooms. I don't know if they shared a bathroom or

not. I can't remember. But it was fine. And it was—you could use it for entertaining. I mean we would do receptions there or dinners. It wasn't, it wasn't like the residence of course.

Q: Yeah.

DERHAM: But that was fine. I wasn't the ambassador and Jeff was the ambassador. And Jeff's feeling about entertaining was he's, he's a very good entertainer. Jeff's great at everything of course. He would be—if there were people there that needed to be entertained, he would entertain 'em. So he would do the right stuff. And so that was fine. I mean he had the staff, he knew—they had it down to a science. They had the reception, the mariachis came out sort of after hours. Everybody drank tequila.

Q: (laughs) They had a good time.

DERHAM: Yeah, no, it was, it was, it was good. So we moved into the reception—into the residence. One of the stories to tell about the residence was—so this is Mexico City. Mexico's kind of a dangerous place, but I mean it's Latin America. Certainly wasn't—it was probably safer in Rio—

Q: Sure.

DERHAM:—in that time. But the one story I did have was that Matt—this would have been like the first month we were there, first or second month. He had been out with a friend that he'd met at school. And they'd gone some place and they had—I can't remember, he was in a car coming back with the friend. And apparently they were being followed. And I think maybe the father was driving the car, the friend. And they pulled up to the residence to let Matt off, and at that point the people got out of the car behind him and had a gun and sort of robbed the—Matt was kind of coming into the house and—when the robbery

Q: To the car—

DERHAM:—took place. Yeah. And of course we had a guard at the, at that door.

Q: (laughs) Who did nothing.

DERHAM: Who did nothing. Who kind of hid—

Q: (laughs)

DERHAM:—and, and it scared the hell out of Matt.

Q: Sure.

DERHAM: The long and short of it was. And this was—as I said, this was right when

we got there. And of course Dennis, my brother, his father——

Q: Going crazy.

DERHAM: What's going on in Mexico. But that, that was——

Q: (laughs) Oh, my God.

DERHAM:——in fact the only, the only really bad incident we had there. And of course everybody got spun up, the RSO, and all this other kind of stuff. But there was not much to do about it.

Q: Sure.

DERHAM: And in fact, in retrospect we think they had been following Matt's friend, not Matt. It had nothing to do with the embassy or anything.

Q: Yeah.

DERHAM: They were not a part of the official community. But anyway, that was——but it happened right, right in front of the residence there. So OK, so then we got——so we got to Mexico City. I guess a word about Jolene's job. So we were a tandem. And this was——now, at this point we had served——Jolene had——first tour was in Buenos Aires, so we served together in Buenos Aires. I was in econ, she was in consular, there was no problem there at all. Then the next time we went overseas we went to Rio, I was principal officer, she was GSO.

Q: Yeah, GSO.

DERHAM: Nobody paid any attention. Because they needed somebody there. They were asleep at the wheel in the department and there was less sensitivity on these issues. So I rated poor Roland and Roland was rating her, and it was a mess.

Q: (laughs)

DERHAM: So you know, you can imagine how that worked. The——she——he drove her crazy, I'll tell ya. So when we went to Brasilia then people said, "Hmm, he's DCM, she's going to be working in the Consular Section." That means Mel wrote her review, and I can't remember——I think that's the only change we made. I think I still rated the Consular Section chief, Layton Russell. And then when I was there on my own for the last year everybody kind of forgot about it.

Q: You wrote her review?

DERHAM: No, I don't think she got a review. Don't think she got a review. But it would have been——and since that time that would have been a problem.

Q: Yeah.

DERHAM: So then when we went to Mexico, Mexico was a gigantic embassy.

Q: Yeah.

DERHAM: You would think, come on, we could figure this out. And we spent an inordinate amount of time in Washington trying to sort this out.

Q: Who was going to rate her and review her?

DERHAM: Yeah, no, and the——

Q: But there's so many levels in the——

DERHAM: Well, let me tell you what part of the problem was. So there's a term of art for what they do, special arrangements or special circumstances, some sort of agreement you got. And you have to, you have to do the agreement and then you have to get it through L (Bureau of Legal Affairs) at this point. Of course any time L touches anything, God help us. So it took a long time to do it. And one of the problems was——and this, this is happening all over the Foreign Service now and it's, it's a big problem. So one of the, one of the problems was the ambassador, you have the ambassador, you have the DCM, then you have the consular——then you have the Consular Section.

Q: Mm-hmm.

DERHAM: Consular Section has a minister counselor and then a counselor and then, then the Indians.

Q: Well, also you have to mention, because it is significant for the story, just how many consulates there are and consular——

DERHAM: I think there were, I think there are nine consulates, there are nine posts.

Q: And all reporting to——

DERHAM: Well, no. They're reporting in the sense of——I mean they all work for Mexico City.

Q: Yeah, that's what I——

DERHAM: But I did not write rating statements.

Q: No, what I was asking really was——I don't know if it's changed, but there used to be one minister counselor and then the counselor, I don't know, and one was responsible for

all of the——

DERHAM: Yeah, the minister counselor, the minister counselor had the responsibility of the constituent posts. And actually, the minister counselor would write the ratings.

Q: That's what I——

DERHAM: For the principal officers. That's what they did. And the reason they did that was that if the DCM had to do it, they felt that there'd just be too many——the burden would be——and in those days it was, it was——the reports were longer, you know, certain reports. And it would have just been too much of a hassle. Even then, my recollection is that I probably did more——Mexico City wasn't as bad as I thought it was going to be as far as writing reports. I think I probably wrote more when I was in Brasilia and on my own. But anyway, it was one of those things where every, you know, March or April you had to kind of organize yourself to do this stuff because there were enough EERs (employee evaluation reports) to do. But the problem was that——I'll tell you what the problem is. There is a——by that point they were just kind of developing the theology on tandems so that my wife could not work for me. No problem. She could not work for somebody who was working for me. We'd have to fix that out. OK. And there was even a question if she was working——I mean let me make some sort of sweeping statements about this.

Q: (laughs)

DERHAM: What happened was because they had a couple bad situations, the one I always heard about was Mike Skol and Claudia in Venezuela? He was the ambassador, she was a petroleum officer.

Q: Didn't work well?

DERHAM: Well, apparently it was——they——I don't know whether Claudia did, or whatever, but there was, it was a problem because of the relation——but anyway, in my view, tandems either work or don't work depending on the people involved. So I would like to think that given the kind of relationship I had with Jolene, which frankly is not, you know, it's not Ingrid Bergman and Humphrey Bogart in "Casablanca," it's, you know, it's, it's pretty businesslike, I don't think we've ever had tandem problems. Because that's not the way I am, that's not the way she is. It's not an issue. But if you're——from a management point of view it's not enough to say well, you've just got to make sure you pick the right people. No. It's a bureaucracy. So you'd say, "Ah, there's an issue here. We have to have rules." All right. So you have to have procedures. And there's more tandems and everything else over the years, you, you have to develop this. So, and I'm always speculating on this, but I think this is plausible. OK. So what does that mean? Well, you don't want the wife working for the husband, or visa versa. OK, we can understand that. Then you probably don't want the wife working for somebody who's working for the spouse.

Q: A direct line.

DERHAM: A direct line like that.

Q: Yeah.

DERHAM: OK. How about if you got one more layer in there? Well, that means that the reviewing officer is working for me. And you can see there's a problem there. Right. OK? All of a sudden, even though you have three or four layers, it may not be enough, because there is—there is something. All right. Then to complicate matters—and this is part of the problem in Mexico City—to complicate matters even more there are places where you have multiple tandems. So in Mexico City we had Jolene, Jolene's job was to run the passport office. And she reported to the ACF chief.

Q: Mm-hmm.

DERHAM: The ACF chief was Susan Abeda. OK. Now, Susan Abeda's husband was Victor Abeda, who was the consular—? Right. He was like the number two.

Q: Yeah. Not the minister counselor, but the consular—

DERHAM: So the problem was that—and I rated him, I reviewed him. So what bothered L was there was this thing between me and Victor and then Victor was married to Susan and Susan was working with Jolene.

Q: Oh, my gosh.

DERHAM:—it took, it took them forever to work out what they called an alternate supervisory relationship. And what happens is you kind of wind up dumping it all on Jeff because he has to sort of do it and he agreed to do it. It was crazy. It was, it was stupid. It didn't—as, as a day-to-day thing it never altered anything. And as a, you know, it just, just created a lot of work for everybody and it didn't solve anything at all. So anyway, Jolene really loved that job. It was—she kind of had her own little shop, she was in charge, she was—I think she used to have a junior officer working with her, and then she had a good staff. It was kind of interesting, all the stuff you get in Mexico, consular stuff in Mexico is—

Q: It's fascinating.

DERHAM: It's fascinating, it's unique. It's like nothing else.

Q: Mm-hmm.

DERHAM: Mexico City for sure, but up on the border. The border is crazy. The border's a different country. I mean it's just—there's stuff up on the border, but I can talk about the border when I talk about my post retirement stuff.

Q: But you know before you leave, I think that your comment about it, there are a number of people out of that area who shifted from other cones to consular because it was so fascinating, not, not the least of which was Maura Harty, who had started her career with me as a political officer.

DERHAM: Really?

Q: Yeah. And she loved the consular work, which everybody——well all had to do consular work in Mexico City. And there was so much variety to it, so much going on, that she for one shifted from political to consular, and it made her career.

DERHAM: Yeah, well I'm just thinking, at that point Jolene had also shifted. Because Jolene started out as management or admin.

Q: Mm-hmm. I remember she was in Rio.

DERHAM: In Rio. And I think when she worked in Brasilia, even though she worked on a consular job, I think she was a management cone officer at that point. But at some point in that period she shifted. And the reason she shifted was well, a) she liked the work, she liked consular work and she was good at it, she is good at it. But b) it was also we, we thought for jobs it was easier for her to pick up a consular thing as it turned out.

Q: Mm-hmm, mm-hmm.

DERHAM: So——

Q: So now we're talking about the work you did there.

DERHAM: Yeah.

Q: And the country.

DERHAM: So Mexico's great. And you know, you've been there. I didn't know anything about Mexico and, you know, I got there and it's, it's always a big deal certainly in the context of Latin America for us.

Q: Mm-hmm.

DERHAM: And so a couple things sort of struck me I think early on. One was——I mean I'd come from Brazil, and I had——I knew Brazil. And Brazil is a bigger place than Mexico.

Q: Mm-hmm.

DERHAM: And in certain respects, in an objective assessment of the countries, Brazil

may be more important or bigger or more powerful or more influential than—you would think.

Q: But not to us.

DERHAM: Well, certainly not to us.

Q: Yeah.

DERHAM: And the, you know, the, the bilateral relationship was just so intense and it was so complicated and so much stuff going on. It was—and the other thing that struck me was I—now, there's certainly a lot of—not a lot—but there's certainly anti-Americanism in Mexico. But it's just a much more complicated relationship—

Q: I was just thinking about the word complicated.

DERHAM: Well, no, because there's, I don't know how many, five million, ten million Mexicans in the U.S. Mexico, Mexicans know the U.S. They know the U.S. in ways that Brazilians don't at all. Brazil, you know, Brazilians, in those days particularly, have kind of an image of the U.S. Mexicans know. They have a cousin up there, or they used to live there—

Q: That's right. Or they have a condo in Aspen!

DERHAM: They do.

Q: Exactly—

DERHAM: Or, or their whole family is working up there illegally or across the border, or whatever. It's just, it's just completely, completely different—

Q: Or they owned New Mexico 200—

DERHAM: No, they lost Mexico—

Q: Yeah. Yeah.

DERHAM: What's the line? I think it's the—it might be—I think I heard Jeff, but—

Q: So far from God, so close to—

DERHAM: No, it's more about Latin America generally.

Q: Oh.

DERHAM: But vis-à-vis the U.S., “We can’t remember, they can’t forget.”

Q: Forget, yeah.

DERHAM: And you know, when I got to Mexico—and you, you learn about, you learn about the history.

Q: Right.

DERHAM: You learn because you're just going to learn whether you want to or not, but I wanted to, and I kind of read a lot about Mexico and we traveled a lot and everything else. But like, I hadn't realized that, you know, we occupied Vera Cruz in World War I or something, which is, you know—

Q: Mm-hmm, mm-hmm. Yup.

DERHAM:—almost within living memory of people. And it's a little bit of an example of the, we don't, we can't remember, they can't forget kind of stuff. So it was just the, the, the kind of, the complicated nature of the relationship was just fascinating. So as DCM, sort of a couple things I guess I would say. I always felt—

Q: Let's go back to how long—what was just the time parameters, just to get a sense of—

DERHAM: So in—

Q: 1999 until—

DERHAM: 2002.

Q: OK. So—

DERHAM: Almost, almost three years.

Q: OK.

DERHAM: It was less than three years.

Q: OK.

DERHAM: When we get to that point we can explain why. But so, DCM you're DCM. Now, I would say—so it's a gigantic operation. It's nine posts. At a certain, at a certain level you have responsibility for a post, but not much on a day-by-day. It's almost a kind of management by exception kind of thing. It's a gigantic embassy I guess.

Q: One of the largest in the world, right? It used to be.

DERHAM: Yeah. It used to be the——

Q: Cairo or——

DERHAM: Well, Cairo is bigger because of the USAID stuff. Mexico really doesn't have USAID. But as far as——I mean there's no comparison on law enforcement or, or some of the science stuff, environment and everything else. Consular——

Q: Huge visas——consular——

DERHAM: Yeah, the Consular Section is just, just this huge thing. So, so my approach——a couple things about my approach. I am not, I am not a micromanager. And that served me well in Mexico, because you go crazy if you try to micromanage.

Q: Mm-hmm.

DERHAM: You know, you try to see where the problems are, where you can make a difference. Jeff's motto was——he always saw his job as to try to help people do their jobs better. And that was a really good way to think about it. And Jeff's being too modest about what he accomplished, but to look at what people are trying to do, what they should be doing, and to try to help them do it better. So, that was kind of the overall approach.

Q: You, you had that orientation anyway, but you kind of adopted——

DERHAM: Yeah.

Q:——or maintained that stance.

DERHAM: Right. Because people would say——you know, you talk to people in the Foreign Service, people say, "Well, what do you do?"

"I'm DCM Mexico."

"Holy cow. DCM Mexico! Unbelievable!"

"Nah, it's a job, you know, and you do what you can." And it wasn't like I'm not the kind of person, I'm not going to be there until 9:00 o'clock at night.

Q: Yeah.

DERHAM: I'm out of there——usually I'd try to wait until Jeff got out of there, because you know——

Q: That's what we do in this business (laughs).

DERHAM: But he wasn't, he, you know——Jeff was——well, Jeff's approach——Jeff was, was terrific. But Jeff liked to travel, travel in Mexico.

Q: Mm-hmm.

DERHAM: But he would make the most of it. And, but he liked the tourism parts of it too.

Q: Yeah.

DERHAM: So he'd go up——and there's tons of stuff to see in Mexico. And he would do that. And his representational stuff and everything else. And, and you know, I would be the kind of guy in the office almost making sure that, you know, the building didn't collapse or whatever it was. So that was kind of the overall approach. They were sort of a little bit more specific about the job. It was funny the way you wouldn't devote your time necessarily to the way you'd think you'd devote your time perhaps.

Q: Meaning what were the expectations——

DERHAM: Well, let me——yeah, I'll explain a little bit. OK, so first there are the constituent posts.

Q: Mm-hmm.

DERHAM: And as I say, that was, you know, you weren't on a day-by-day basis, you really weren't worrying about 'em too much. For the most part we had good leadership, good principal officers. I would try to get there——I think I'd try to get there twice a year, which was hard to do.

Q: Yeah, because you've got nine——

DERHAM: You've got nine posts and every trip is, you know, a pain in the neck. You've got to fly and you do this and you do that. And you get up there and you know, they take you around and you do everything. And they were——but it was always interesting, the posts are very different, you know, you have Monterey, you have Merida, you have Tijuana, you know, and, and, and the leadership is different. As I said, for the most part pretty capable, but different. Different characters. And then you have the smaller border posts, Matamoros and Nueva Laredo and Nogales and——

Q: Do we still have——was it Mazatlan, was that——

DERHAM: No, Mazatlan——

Q:——a consular agent?

DERHAM: Probably an agent. So we had——I can tell you, right? We had Tijuana.

Q: Mm-hmm.

DERHAM: Right? Which was a big post. Nogales, which was a very small post. Juarez was a very big post. Juarez was where we do IDs for Mexico City. So that's three. Laredo, Matamoros. So those are the five on the border. Monterey, Guadalajara——

Q: Mm-hmm, mm-hmm.

DERHAM:——Merida, there's one I'm forgetting.

Q: Not Vera Cruz?

DERHAM: No, not——

Q: Oaxaca was a consular agent.

DERHAM: Yeah, Oaxaca was an agent. I think there's one more, but I would have to——if I looked at a map long enough I could probably figure it out. So anyway, you tried to get there once. And then, there was other stuff you had to go. I remember the first couple months I was there we——well, the other——well, I'm sort of going in different directions here. But let me, let me focus on the management for a second. So you had the responsibilities to the post, which would take a big chunk of your time even though——

Q: They weren't day-to-day——

DERHAM: They weren't day-to-day and everything else, but just the travel and all that. So you had the post. Then you had the embassy, so then you had the consular activities. But again, the consular activities weren't a day-to-day thing. The minister counselor was Tom Fury when I got there. And the minister counselor in Mexico is a big consular job. So they would have, you know, very senior, very experienced consular people there. So by and large they had, they would have good people. The number two not so much because it was the number two. So I mean Victor Abeda did a good job and everything, was a good guy, knew Mexico. But it was a little bit like being a section chief or something.

Q: Mm-hmm.

DERHAM: He wasn't——

Q: Manage——

DERHAM: If you were going to take——if you were a senior consular officer and you had to take a job in Mexico City you wanted to be a minister counselor, you didn't want to be the consul consular, or whatever the hell it was called. I can't, I can't even say it.

Q: (laughs)

DERHAM: So the, the——and there were all sorts of issues and there are——you had to keep your eye on what was happening with ACS. I mean, and, and talking about consular and, and the post, one of the biggest issues we had was sort of big eviction of some development up in Baja, California. Bunch of U.S. citizens lost their property and this kind of stuff, had to worry about this kind of stuff. So the——but the consular stuff, once again, you didn't necessarily have to spend a lot of time in. I was an econ officer. And people always think, "I'm an econ officer, I'm going to spend a lot of time on econ." No. There wasn't that much going on. I mean there's not——there wasn't a whole lot of issues, and to the extent there were issues it really wasn't the embassy, really wasn't involved in it. And the——I always felt the section probably was too big and underworked. And you know, people say NAFTA and all that. Well, on a day-to-day thing, there was——the embassy wasn't doing much on NAFTA, right? And there was not——people really weren't——to the extent people had to follow developments you could get it in the U.S. press without having to read our stuff. And it just, there just wasn't that much going on. We had a treasury guy there too.

Q: Who was there for many years as far as I recall.

DERHAM: I think they——no, this was not——

Q: Different guy?

DERHAM: Yeah.

Q: Because there was——when I was there there was a guy who stayed on for many——

DERHAM: Yeah, no, that's the way Treasury used to do things. And they——

Q: Didn't you also have other offshoots, like the Bi-National Center type thing, and wasn't there a printing operation?

DERHAM: We did.

Q: USIS?

DERHAM: We had——USIS——

Q: Go ahead, I'm sorry.

DERHAM: So there was a treasury attaché. He was——I'm trying to remember who the longtime guy was there. I'd recognize the name, but this is not——

Q: Same here, I can't remember——

DERHAM: But this is, this is a younger guy, had only——might have gotten there the same time I did, or maybe even after. In fact, I think they closed the office after.

Q: Did you see have agriculture and all those——

DERHAM: Yeah, and agriculture had a big commercial center, very big commercial operation, both in the center and, and at the post. But at that point commerce I think was beginning to come under budget pressure and so they were kind of scaling back. But in fact, there was probably more going on on the commercial side than on the economic side as a policy thing. But it wasn't something I spent a whole lot of time on. The political stuff was interesting. Political stuff I did some more, both just kind of on the international relations kind of thing, going over to Foreign Ministry, this is what we want to do with the UN this year, this kind of stuff. And we would talk a lot to the Mexicans, and there were a lot of issues there. And I would get involved because a lot of time they'd say, you know, go in at the highest level or something and Jeff either wasn't around or wasn't going to do it——

Q: You did it.

DERHAM: So I would do it. And it was good. The Foreign Ministry are not quite as good as the Brazilians, but pretty close, and had a pretty sophisticated understanding of us. They're good to work with and they're not as nasty as, you know, the Brazilians.

Q: (laughs)

DERHAM: No, it's true.

Q: (laughs)

DERHAM: So then there was a lot of internal political reporting that these guys did. And it's a little bit almost like I guess Italy I would say. It's——the politics were fascinating. It's all——it's——you could, you know, you could write and analyze and talk to people and try to figure things out and could spend an awful lot of time doing that. And I got a little bit involved in that. It was——Chris Kennedy was the political counselor and he knew Mexico.

Q: Is that where he'd served before?

DERHAM: And so, and he was, he was the political counselor. Chris was a good guy, a little kind of pompous. And Jeff was not a big fan, but he kind of did a good job. And then typically the number two in the Political Section is always a very strong officer. So I think when I was there first it was Brian Nickels and then it was John Feely.

Q: They did a good job.

DERHAM: Well, they would kind of run the section and they would, you know, just kind

of sit around, listen to Chris bloviate and then get things done. But I'll get involved in that because it was interesting and there was a role for me.

Q: What you had to do in terms of, what is that cliché, herding cats in the agency process.

DERHAM: Oh, I'll get to it. But the other thing I wanted to say on the political stuff was—I didn't quite realize until I got there, but it's coming at this historic moment for Mexican politics. This was—there was a, an election—I got there in, in summer of 1999. There's election in the summer of 2000. So that whole year was the lead-up to the election. As it turned out the PRI (Partido Revolucionario Institucional (Institutional Revolutionary Party)) for the first time, and it went out of office for the first time in seven years. So that was the Political Section. I mention commercial, I mention consular. USIS, USIS had a kind of, it was a big operation. They had the Franklin Library, the Benjamin Franklin Library. And they had a printing operation. It was all this sort of stuff. It was—and they were good people, although I can't remember who the USIS chief was. But it was, you know, you really wonder—I mean there is the press, OK? So you got to deal with the press. I understand that part of it. But a lot of the cultural stuff and stuff. I mean what are we doing? You know, what is U.S. government money doing sort of, I don't know, promoting what, U.S. movies or something? I don't—

Q: Well, it's a little too close, they can get what they want. But anyway—

DERHAM: Well, anyway—

Q: Well, well, I can tell you. I don't know if we still are doing it, but they used to do all this bringing American writers down there, like Doctorov came down and blah, blah—

DERHAM: Well, I don't, don't remember, when I was down there I don't remember—

Q: Any of that.

DERHAM: No, not certainly writers like you're saying. And—

Q: Well, you know what. At that point in time, one, it was a separate agency. And when I was there, Wick, you know, Ronald Reagan's good buddy was in charge and he came down there. And they did a lot of—

DERHAM: Yeah, no, they were, they were kind of on their heels because we had taken them over and they didn't like that of course. But they—it's never clear to me what their role is in that kind of stuff. And you know, half the time you wonder whether they're actually supporting U.S. interests or just all Communists—

Q: (laughs)!

DERHAM: Don't, don't record that.

Q: I'm recording (laughs), you're talking into the microphone!

DERHAM: So the, anyway but——

Q: Go ahead.

DERHAM:——it was a big operation and, but they kind of——

Q: You didn't mention the narcos (narcotics).

DERHAM: Well, that's what, that's what I'm going to get to. You spent an enormous amount of time on law enforcement.

Q: Mm-hmm.

DERHAM: They had a *gigantic* community in Mexico City in U.S. government terms for an overseas mission. They had DEA (Drug Enforcement Agency), they had——when I first got there it was customs, they had INS (Immigration and Naturalization Service). INS is a big operation. FBI (Federal Bureau of Investigations). The DOJ (Department of Justice) had an attorney advisor down there. They had ATF (Bureau of Alcohol, Tobacco, Firearms, and Explosives). Every, almost every agency——actually when I was down there Secret Service wanted to get in. And Jeff kind of blocked that, and then for a long time until a certain point you can't even block it anymore.

Q: What were they going to do down there?

DERHAM: Well, they'd——

Q: The presidents were coming, or something?

DERHAM: A little bit of that. In those days——you know who used to show up every year apparently, Lady Bird. Go, go down to the coast——

Q: Look at the gardens.

DERHAM: It wasn't Mexico City.

Q: No.

DERHAM: But she would come into the country. But no, and the Secret Service wanted to have somebody there so they could liaison with the Mexican government. They also investigate credit card kind of stuff. It was total BS. But, that was a little bit later. But anyway, they were not there. So the big player was the DEA. And the, and, and on these agencies, a couple different things. One is, as, as——for these agencies these are very important jobs. So they would actually send good people. Their top people would be——somewhat like our consular operation, our consular operation. You would send

good people to run these operations.

Q: Mm-hmm, mm-hmm.

DERHAM: What—the thing would be, you know, DEA, it'd be a very smooth DEA talker at the time. What you wanted to know was what was going on below decks.

Q: Right, right, right.

DERHAM: At the posts and stuff. And that's where you had the—you never knew. And you wanted to, you know, they, they had their kind of own agenda, which is not necessarily counter to what we're supposed to be doing, but it—the kind of have somewhat of a narrow focus. And particularly stuff they do at the border was more or less under control.

Q: Don't ask, don't tell (laughs).

DERHAM: Well, they would, you know, you would hear stories like—and I'm probably exaggerating this. But I remember like on a Friday afternoon, you know, all of a sudden at 5:00 pm they would say the acting—we had, we had FBI guys working, and DEA, and I think it was Resolution 6, I think it was FBI. All these, these bureaucratic hybrids and stuff. And they said, "Well, the acting DEA attaché and the FBI want to come up and talk to you." Five o'clock on a Friday, you say uh-oh.

Q: Yeah.

DERHAM: So they come up there and they'll give you some story, you know, about the border. It turns out that—some story like, I don't know, somebody pushed the car across the border and they opened up the trunk and there was this guy we'd been looking for who was tied up in the trunk. And so we've, you know, we've arrested him or something and taken him—say what?

Q: They pushed him which way, coming, going?

DERHAM: To the U.S. So they just pushed—"You guys had nothing to do with this?"

"No, no, no."

Q: No, no.

DERHAM: Just happened.

Q: Happened.

DERHAM: Or another one was—

Q: There was a little (laughs)—

DERHAM: Or another one was, you know, “We have a, we have a confidential informant and he was, you know, working for us and he was out in a safe house or something. And they, you know, worked with the bad guys. And the bad guys brought someone in and tortured somebody. The informant was there and so, and this may be coming out in the press or something.” It was these kinds of stories that you would always hear. And you would never know how much they were withholding from you or being withheld from them, or, or, or what. And you would always worry that, that, that something would blow up.

Q: Sure.

DERHAM: And, and—not literally, but figuratively. Because it happened in Mexico. And it was a famous—and you know, there was always very much Mexican resentment of—or suspicion of, of what law enforcement people were up—there was also the issue of guns. I’m pretty sure the, the, the formal policy in Mexico was that guns—you couldn’t carry guns.

Q: No.

DERHAM: Foreign agents couldn’t carry guns. And this is always an issue because there was—certainly there were guns *in* the embassy—

Q: Yeah.

DERHAM:—and so you never knew, you know, where the guns were. And if something happened, somebody got arrested with a gun or picked up with a gun, that would be a mess.

Q: You weren’t there when those DEA guys got killed.

DERHAM: No, no. But that was—they were still after those guys. And of course this is one of the things that I say we never forget—we never remember—this one, DEA certainly remembered.

Q: Sure.

DERHAM: Kiki Camrena, I think it was. So there was—you spent a lot of time trying to understand what was going on, trying to see, you know, look around the corner to try to see, kind of game through what could go wrong, how could this play out. Because when they would come to you and tell you about something or make a proposal, they would make it as reasonable as they could make it.

Q: Sure.

DERHAM: And you know, one of your jobs was to try to, to try to suss that out and try to figure that out. You know, Jeff was always very good at this. And I think that they had—well, a couple different things. They do send good people and by and large the heads of the operations understand they're in a foreign country and they need to behave themselves. And they internalize that. Second though, I think they had a lot of respect for Jeff and they're not going to play games with Jeff. So in my time I was there, we didn't really have any big blow-ups. Always issues and stuff and individual situations, but no, no gigantic crises. And, overall I think, I think I had a good relationship with the law enforcement. But you did spend a lot of time—you had formal mechanisms, law enforcement committees where everybody gets together. But a lot of individuals are coming in. By and large the agencies got along OK, although there was some FBI-DEA in particular bumped heads a lot. But, you did spend a lot of time on that. The other thing is that you spent more time than I would have thought originally, but in retrospect maybe not, the station. Station was, was, was very active, had, had very longstanding relations with, with the Mexicans. And as it turned out, the, the station chief who was a very good guy, Jose Rodriguez, who went on to be director for—he, he went—after Mexico he went to the Counterterrorism Center.

Q: Because he declared—did we declare people—

DERHAM: He was declared. Station chiefs are usually declared.

Q: Yeah.

DERHAM: And he, he, he was also the guy that then after 9/11 he was the, he was in charge of, first just the counterterrorism—I think he was running the Counterterrorism Section. And then he was, he was the guy that destroyed the tapes, he's, he went on to notorious stuff later on, somewhat unusually. But he was very capable guy and kind of—he's—I don't know whether he's from the DR (Dominican Republic), I think he's from the DR, or Puerto Rico. So you know.

Q: Perfect Spanish.

DERHAM: Very good Spanish and pretty capable guy. So the other thing to say about law enforcement is at that point we were—things were—I mean it got much, much, much better later on. But even then, things were getting better. That is, there had been a lot of mistrust on—between the Mexicans and the U.S. legal people and a feeling that the, the, the Mexican law enforcement was, was totally compromised.

Q: Mm-hmm.

DERHAM: Which it was.

Q: Well, it used to be the Land of Mordida, I'm assuming it still was—

DERHAM: No. And there's a certain game that went on that, you know, they would work

and sort of share information. But you always felt that when they were giving somebody up it was, it was one cartel sort of getting at another cartel or, or, or all these other kinds of games. But there were, there were people coming up in the, in the ranks actually in——on the Mexican side. And things were——there was sort of baby steps, but much more almost mutual confidence. So this was, so it's the last year, last year and a half of the dia, the dio as president. And he was, certainly for a——in the context of the PRI he was somebody to, that, that we could work with. And he, he basically tried to do the right things and was, was more or less successful at it. Little bit of a Gorbachev figure in the sense that he paved the way for the, for the big transition to the, to the non-PRI. And I think the PRI resented him later on for that. But he was——and he, he was not a kind of a PRI warhorse. He was much more of a technocrat. Yeah, yeah, yeah.

Q: And so your tour, you were——yeah, I was thinking that maybe what we could do is look at the, the PAN's (Partido Acción Nacional (National Action Party)) role or your time there maybe next time.

DERHAM: Yeah.

Q: And sort of wrap it up here and——unless you had something you really——

DERHAM: No, no, this is a good time.

Q:——go more on it——

DERHAM: Yeah, there's actually——there's a lot to talk about.

Q: I know.

DERHAM: Yeah, OK.

Q: Today is May 21st.

DERHAM: Right.

Q: And this is an interview with Ambassador Jim Derham. We are in the midst of discussing his tour as DCM in Embassy——

DERHAM: OK, so just to review——

Q: Just again——yeah.

DERHAM: Yeah, just to review really quickly. So I got to Mexico, we got to Mexico in summer of 1999. Jeff Davidow was the ambassador, he had been there a year, was there as——I was there as his DCM. So I got there in 1999 and I think we did talk about management as a general thing in Mexico City, law enforcement agencies in particular, and the kind of scope of management. The other big part of management in theory, also

in practice, which I can explain, is the embassy had oversight for all the constituent posts. And in Mexico that's a big deal. There are, my recollection is, and I think, I think we went through this. But my recollection is there are nine constituent posts in——

Q: This you mentioned, but we didn't go into any detail.

DERHAM: Right, so there are nine constituent posts and——trying to find——it's——well, no. So there are nine constituent posts. So if you start on the West Coast there's Tijuana——

Q: Tijuana.

DERHAM:——there's Nogales, there is Ciudad Juarez, CJ——

Q: Matamoros?

DERHAM: No.

Q: Nuevo Laredo.

DERHAM: Nuevo Laredo. And Matamoros. So that gets you to the Gulf Coast, right? So then there is Monterey, then there is——oh yeah, this is the one——Hermosillo, Guadalajara——

Q: Veracruz?

DERHAM: No.

Q: Oh, you're doing it geographically.

DERHAM: Veracruz is not a post.

Q: No longer? No? It wasn't?

DERHAM: I don't know when it was. Merida.

Q: Mazatlan, is it still?

DERHAM: No. Mazatlan, we did——oh——

Q: Used to be.

DERHAM: Yeah, it used to be. But what we had in Mazatlan is we had——

Q: Consular——

DERHAM: DEA agents, which was a big problem. Not a big problem, but a consideration. There's a——so I got one, two, three, four, five, six, seven——that's probably——so you had nine posts to worry about. So a couple different things to say about the posts. The posts were——of course each——true of the Foreign Service in general——each post has its own characteristics. But they were kind of two cross cutting characteristics in Mexico. One is that they were border posts and non-border posts. So the border posts were the five that we, that, that, that we talked about. And the border posts, they focus obviously very much on the border, they have all sorts of border issues, the consular stuff is, is extremely important, the law enforcement stuff is tricky as well, and so they're border posts. The one, particularly Guadalajara, Merida, Hermosillo, both——even Hermosillo-Monterey were close enough to the border where, where they had border things. So that I think Hermosillo, there is a——what the hell is the beach? Rocky Point? Punto——I'd look at the map.

Q: (laughs)

DERHAM: But like an Hermos——I think it was an Hermosillo district, people would come down, people would drive down from I guess Arizona to the beach there and drive back, do it for a day or a weekend I guess.

Q: Porto San Stefano? No.

DERHAM: No, it's——no, it's Rocky Point. It's the Spanish equivalent of Rocky Point. And so, but like for example, some protest or something and they——bunch of Mexicans blocked the road once and a bunch of people were trapped in Rocky Point. And those were the kinds of things that would happen. And Monterey was close enough that people would go up to shop and that kind of stuff. So that——but Guadalajara-Merida were not border posts, and very different in that sense. The other is that we had big posts and we had small posts, so we had Tijuana, Ciudad Juarez, Monterey, certainly those three were big consul generals.

Q: Not Guadalajara?

DERHAM: Guadalajara was big, but not as big as those three. Guadalajara's kind of in the middle and then we had small posts, Nogales, Nuevo Laredo, Matamoros, Merida embassy were small posts.

Q: Oh, when you say small posts, for the sake of the audience, what are you talking about?

DERHAM: Well, small posts for one thing, you weren't a consul general. Just by title the principal officer was just a consul I think. Second is you, you had very few other, other than State Department people. The bigger posts had lots of law enforcement, all that kind of stuff. And they also had a cultural officer, public diplomacy officers. The small posts, even the small posts, my recollection was they would all have Consular Sections. Maybe the smallest would be two or three officers in the Consular Section. But even in the small

posts, between the principal officer, the Consular Section, and you have somebody doing the management, the admin, probably public diplomacy people, so there are probably half a dozen State Department officers, a multiple of that for, for, for Foreign Service employees, or locally, local staff, whatever you call 'em these days. So that even the small posts weren't that small. So. But to sort of go back to the way it was set up in Mexico when I was there, and I think it's still the case, is that—we did cover this. In that I, while I had some oversight for the, for the, for the post, the, the EERs, which are of course the, the primary formal performance evaluation mechanism in the State Department, were written by the Minister Counselor for Consular Affairs. And the reason it was set up in those days was that if the DCM had to write the nine EERs, plus all the section chiefs and the embassy and everything else, you just spent your whole life writing EERs.

Q: That part we talked about.

DERHAM: Right. And that in those days, sixteen years ago, the EERs were more work than they are now. They've simplified them, they've shrunk them a little bit so they're probably a little easier. So it was a little bit complicated, the management, in a sense because the Minister Counselor of Consular Affairs basically was interested in consular stuff. A lot of these posts did a lot of consular work, or all these posts did a lot of consular work, but they did other stuff as well, there was reporting, there was outreach, there was commercial stuff, there was law enforcement. So that I would be interested in that and it—but in practice it worked out fine. I think I wrote the reviewing statements for all of them, and it was a little bit complicated, but worked out OK.

Q: But leaving aside the EERs, I think we did talk about that. But we didn't talk about it from a different standpoint. Substantively, if there is DEA or there is some other agencies working out in the larger ones, who do they—do they report to their own agency? Sure. But are you kind of the supervisor of—

DERHAM: No, they report to the principal officer.

Q: That—OK.

DERHAM: Right. What would happen is when there were problems—

Q: That's—

DERHAM:—they would come to you.

Q: OK.

DERHAM: In other words, you would get either the principal officer would come to me and say, "These DEA guys are out of control, they're not listening to me," or whatever. Or the DEA people in, for example, DEA people in Mexico City would come to me and say—

Q: Problem in—

DERHAM:—you know, “The principal officer is a jerk because of X, Y and Z.”

Q: OK.

DERHAM: So you’d try to kind of mediate those kinds of things. In a way this was a little bit like when I was in Brasilia and I was a chargé. You didn’t have enough time to—you can’t run nine constituent posts. So it’s kind of management by exception or whatever it is. When there’s problems you get involved. When there are problems or big events you’d get involved, big visits and stuff. But with nine posts there’s always problems.

Q: True.

DERHAM: There’s always some officer, some principal officers are weaker than others, some are just bad. Can’t get along with people. And you know, and so you do what you can. I tried to get to the post certainly once a year, maybe twice a year. But twice a year’s almost impossible, because that’s almost like eighteen trips, and it’s kind of hard to do multiple posts. And of course each post, in addition to the kind of general cross-cutting things, had its own specific issues. So Nuevo Laredo had the warehouse for the whole mission. So there’s always warehouse issues. Juarez was the only IV post. Nogales was a new post and was still looking for properties and stuff in that. Tijuana had a lot of ACS cases, and kind of Tijuana when you came in after a weekend you just read all the crazy ACS cases about—

Q: ACS being American Citizen Services.

DERHAM: American Citizen Services, or the marines coming down from Pendleton with guns in their car and forgetting that you can’t bring guns into Mexico. Or I think we talked a little bit last time about there was a very famous ACS case in Baja California where a bunch of Americans who had thought they had had properties were all evicted when it turned out the title was bad. And that was a kind of mess. And particularly on the ACS stuff, stuff along the border, there’s always, there’s a lot of congressional interest so you had to be, you had to be careful. I mean what you liked was to have good, strong principal officers who would sort of take care of things, but who would also listen to you and talk to you and share information with you.

Q: Do you remember any besides the Baja expropriation case, were there any other sort of standout cases that you remember from that period? And also, because you know, I told you my first tour was in Mexico. And they had Mazatlan and I think Veracruz, but they also had a lot of consular agents. Do they still have—

DERHAM: They still—there are a lot of consular agents, but consular agents certainly—consular agents reported to the district they were in.

Q: Mm-hmm.

DERHAM: In the first case. And then to the Minister Counselor of Consular Affairs. By and large, you, I ignored consular agents, except if it was a specific thing and a specific post——

Q: Problem.

DERHAM:——to worry about. The, I don't know, specific cases, as I said the evictions in Baja California, the roadblocks——

Q: Rocky Beach, yeah——or Rocky Point.

DERHAM: Or north Hermosillo. Security in Juarez is always a problem that we worried about for our people. I don't know, those——

Q: No, no, I'm just wondering if——

DERHAM: Well, I'm trying to remember.

Q: Yeah.

DERHAM: Merida there was always the question of gee, the consulate was in the wrong place. Instead of Merida, it should be in——

Q: Cancun.

DERHAM: Cancun. Because that's where——

Q: The Americans go.

DERHAM:——all the Americans are.

Q: That's right, yeah.

DERHAM: And, and so those kinds of things.

Q: And there were still——were there still a supervisory consul——a——what are they——minister counselor and then another consul general from Mexico?

DERHAM: Right. In other words, there was a Minister Counselor for Consular Affairs and then there was a counselor consul——a consular counselor?

Q: Consul general (laughs) for Mexico!

DERHAM: Well, I don't know if it was——

Q: I don't know.

DERHAM: I don't know if it was consul general, I think. But it——that was——essentially that was the function.

Q: Yeah.

DERHAM: That was the function. So it was——but it was always good to travel because, you know, I've been at constituent posts. So I've been on the receiving end. And usually when somebody comes down from headquarters they you want to——

Q: Put on a good show.

DERHAM: Yeah, they want to——

Q: Right.

DERHAM:——do a good show because they only have——you know, it's nine posts. As I said, I'd get there maybe once, twice on average. So they wanted to make the most of it. And you'd get a good sense of——or I thought you'd get a good sense of morale and problems and how their contacts are and what they thought about. The other thing is you listened to people talk about their problems with the embassy and try to explain what the embassy's thinking is. So it was a good part of the job and a good part in time and space. But, a positive part of the job. So I did enjoy that. And by and large I got along with all of the constituents. Of course it's easy when you're the boss to kind of get along——

Q: (laughs)

DERHAM:——with your subordinates, right? They probably hate you, but you don't know it.

Q: (laughs) Anyway.

DERHAM: So, so that was kind of the relationship with the, with the, with the principal officers. We did——I mean the principal officers were good jobs. I think they were, by and large, good career jobs. They were responsible jobs. So by and large I think we've got good people and they, by and large, did a good job. After my time there were a couple of infamous cases, which there's no point in going into on this thing. But as long as you had, you know, it's the usual story in the Foreign Service. If you have good people as colleagues——

Q: It works well.

DERHAM:——it works well. It's the problems that are the challenges, and I think that's

very hard to deal with. So, that was, that was kind of the management, both Mexico City and the constituent posts. I think we should talk a little bit about what was going on in Mexico at that point.

Q: Absolutely. Yep.

DERHAM: So when I got there in 1999 there had been——well, Mexico is, just to recap a little bit, I was——I had no experience in Mexico before and in a way, you know, coming out of Brazil I had been chargé, I'd been DCM for a year, chargé for a year, and you know, thought I was a——

Q: God's gift.

DERHAM: Well——

Q: No, no! I'm joking.

DERHAM:——not so much God's gift, but you know——

Q: (laughs)

DERHAM:——I had been kind of responsible for, or, or at least second in charge for a major, in a major country.

Q: That's right.

DERHAM:——with major U.S. interests. And so I thought I kind of knew what's what——

Q: Yeah.

DERHAM:——I figured, you know, Mexico would track a little bit like Brazil in that. And it's not even——it's almost like being in a completely different universe or something.

Q: In what way?

DERHAM: Well, the relationship with Mexico is so complicated and dense and layered and cross cutting and large that——and Brazil if anything is the exact opposite in the sense that despite its size and everything else our relationship is limited and narrow in a lot of ways. And the other thing is Mexicans on every level deal with us all the time. And they understand us and, and to a certain extent we understand them and they understand us to a certain extent. There's a lot of kind of day-to-day doing business and I suspect this was even true in the more complicated days of the relationship. When I got there it was in——the election would have been what, summer of 2000. So I was there for the, essentially for the election campaign and then Zedillo left in December of 2000. So I was

there for his last year and a half as president. Now, Zedillo was somewhat technocratic, but still from the PRI. But he had, he was kind of a new—he was the new generation of, of—

Q: Priistas.

DERHAM:—Priistas. And he continued a lot of the things that Salinas had been doing, implementation of NAFTA, much more cooperative with us on drug trafficking and sort of things along those lines. He was—it's always hard to say down there—I think it still is, although how extensive corruption was, particularly regarding drug trafficking. But certainly the trend under Zedillo was to be more forthcoming with us, to try to put good people in strong positions, in responsible positions, and to work with us.

Q: And you were there for the last you said year or so of his—

DERHAM: Last year and a half.

Q: Half of his—

DERHAM: Last year and a—

Q: Yeah.

DERHAM: Although what happens is in Mexico the election is July and then there's a long—you don't get sworn in until December, so there's a long lame duck period where it's kind of a shift in power going on. So that it was a year and a half but in a way it was not a year and a half of him being totally in charge, I would say.

Q: OK.

DERHAM: So, so when I got there the relationship was good and getting better. We, the U.S. government, the U.S. I'd say, we liked Zedillo. The—but there was still—

Q: And his successor, we liked him too?

DERHAM: Well—

Q: That's what you're getting into (laughs).

DERHAM: No, no. While we liked Zedillo there was still a certain amount of suspicion below Zedillo, some of the law enforcement people. DEA, which has a long complicated history there, was not a one hundred percent, did not—but they had a job to do and they, they, they did as well as you could. There was suspicion that the people you were able to pick up working with the Mexicans were people that the Mexicans did one cartel, was getting, you know, settling scores with another cartel, and working with their people in the government to give people up. So you never, you were never one hundred percent

confident that you were dealing with people who were one hundred percent on the up and up. And on the Mexico side there was still certain amounts of suspicion on us. At that point we were rolling out something called the King Pin's List, which was a way to try to, for the treasury to identify people, king ping, drug kingpins, and sort of put financial sanctions on 'em. And of course this is done, Treasury, you know, would come up with some names. And I mean there was no legal process or there was no going out to the Mexicans and saying, "Do you agree with this kind of stuff?" So that kind, that kind of stuff made the Mexicans nervous. And there were still a lot of people in the government, in the Foreign Ministry, in, in the party, in the PRI, who were suspicious of us.

Q: Sure.

DERHAM: Didn't like, you know, American interventionism and, and whatever else. So it was a good relationship, it was, it was getting better. But it was by no means perfect and it still had a long way to go. The other——this is——

Q: Back up for a second. On this King Pin's List, was this something that was an ongoing project, or continuing to this day, or——

DERHAM: Oh yeah, no, it's still happening. As it worked out, this was when it was——the first couple times it was, it was——the first couple times it was being used or, or there was new legislation authorizing whatever the background was. So it didn't have a long track record. What the Mexicans were concerned about was, I don't know, we put Carlos Slim on the list or something because we had a story about Carlos Slim or something like that. Or the president's brother or, or the, you know, the foreign minister's aunt or, or something like——that, you know, Americans would just do this kind of crazy stuff without any due process or anything. And do it in a very unilateral, interventionist way. In practice it turned out to be less of a problem. Treasury, in fact, was reasonably careful in who they identified. They identified people that even for the most part I think Mexicans would agree. Mexicans were also worried that we would identify businesses, businesses that were, you know, what business in Mexico doesn't wind up with some drug money somehow?

Q: Mm-hmm.

DERHAM: And if we did sanctions against, you know, Semex or something like that, or, or whatever. So in practice it turned out to be not that bad. But this was in the period where we were, where we were just, just rolling it out and, and, and we had, you know, not so far in the distant future we had had the Casablanca case, which was a kind of unilateral law enforcement actions in Mexico without telling the Mexicans. And that was a little bit before Jeff Davidow got there. But that still was rattling around, yeah, and people were thinking about it. So, and there is still, there is in Mexico, and, and not as bad as in Brazil I would say, but there is a certain amount of passive aggressive anti-Americanism. The *(laughs)*——

Q: Who authored that statement, "So far from God, so close to"——

DERHAM: Porfirio, Porfirio Diaz.

Q: Yeah.

DERHAM: Yeah, “So far from God, so close to the United States.” But the one, the kind of story—and this is kind of a secondhand story that I’ll tell. Anyway, the——when I got——so they have the *grito*, the shout of independence. I guess it’s——

Q: September 15th.

DERHAM:——September, yeah. September 15th, yeah. So, I got there in the summer and so the, usually the way they do it is they have a big event in the national palace right in the square there. God, I can’t remember any of the names of the people.

Q: The Zocalo?

DERHAM: The Zocalo, right. And where the president goes out on the balcony——

Q: And does——

DERHAM:——and does it. And really inside they have a kind of a reception for the diplomatic corps and, you know, the movers and shakers. And it’s, of course, great Mexican food, music, and tequila. It’s just, it’s just a great thing. And plus, you get to hobnob with people. And so the story is, so that we——they would invite the ambassador to it, the ambassador and his spouse. So I got there and——

Q: And you got invited because?

DERHAM: Because Jeff——

Q: Was not available.

DERHAM: Yeah, was traveling, or whatever, around. And it turned out that——I can’t remember how many *gritos* I was there for. Probably, two or three.

Q: OK.

DERHAM: Maybe two. But both times Jeff was traveling.

Q: Didn’t care for the grito (laughs).

DERHAM: No, no——

Q: I’m kidding.

DERHAM:—there's a story.

Q: Yeah.

DERHAM: The way the *grito* works is it's kind of all—so at 10:00pm or midnight or whenever the hell it is, the president, in this case Zedillo, goes to the balcony and does, there's a little set speech, Mexicos, Mexicanas, ba-ba, ba-ba, ba-ba. It's like two paragraphs or something. And then he rings the bell, *viva Mexico* and then this is—it's a kind of thing. And it takes like thirty seconds. The story I heard is, I don't know if I heard this story from Jeff, but I heard it from somebody else. So it might not even be a true story. So the first, the *grito* before, in 1998 I guess it was, I think was Jeff's first time there. So he was invited and he went. And he was standing out there with everybody else and, you know, it's just, just diplomats and a couple of other Mexicans. There's no media as such. And Jeff, you know, has got a great sense of humor and after Zedillo made the little speech, which lasts, oh, thirty seconds, Jeff said something like—in a funny way—he said, "It's the best speech he's ever given," or something like that.

Q: (laughs) Oh!

DERHAM: Well, I guess a couple people heard that, or people that shouldn't have heard it. And it was, it was said in good humor, you know, and just kind of an offhand remark. But it showed up in the press—

Q: The American ambassador—

DERHAM: Yeah, it—

Q:—made fun of—

DERHAM:—it showed up in the press in a nasty way, of course. And as I remember the story, not only did it show up in the press it kicked around for a while. It didn't just show up once and disappear. To the point where, to the point where Jeff had to go into the Foreign Ministry and say, "Knock it off," or "Tell the press to knock it off." And you know, Mexico was opening up—but Mexico was opening up, but the Foreign Ministry could go to the press and say, "OK, enough."

Q: Yeah.

DERHAM: And in fact, that was the end of it. And Jeff never went back to *grito*. So I got to go every year, which was a great—

Q: (laughs)

DERHAM: So I hate to do this, but this reminds me of a Brazil story—

Q: It's OK.

DERHAM:—that I should tell. This was when I was DCM in Brasilia.

Q: (laughs) I'm sorry for laughing, but there were no other options of where you were DCM in Brazil.

DERHAM: No. But I'm trying to remember—

Q: (laughs)

DERHAM:—no, I'm trying to remember exactly—

Q: What the event, oh.

DERHAM:—what the sequence of this, yeah. Because—you'll understand why I'm a little bit confused on this. Hillary Clinton had visited Brazil.

Q: Mm-hmm.

DERHAM: When I was in Rio. But I did—this, this problem happened when I was in Brasilia, I'm almost sure.

Q: She didn't come to Rio.

DERHAM: She, no, no. But what had happened was she had—I'm trying to remember whether it was President Cardoso or Mrs. Cardoso, Elliano, or whatever the hell her name was. So part of the program was that she had a visit. And they had, and they had a meeting. And it was, it was Hillary, and I can't remember who the Brazilian interlocutor was. But it was just sitting on two easy chairs, and Hillary was wearing a skirt.

Q: Oh, was this the—I remember that, yeah. The, the—they could see up her skirt.

DERHAM: Yeah, they could see her panties or something. And—

Q: Yeah.

DERHAM: And this, but I think I was in Brasilia when this finally blew up. But anyway, whatever. And so whatever—

Q: Wasn't it the wife of the foreign minister, Mrs. Lamprella? I don't know why that—I don't remember.

DERHAM: I remember it was Hillary meeting with somebody and that was the picture. And, and it was a little bit indiscreet in that sense. And OK, so whatever happens happens. And it was a, oh, there's a pantyhose company or an underwear company or something that, that used a picture to run in an add for—

Q: Their product.

DERHAM: —their product—

Q: (laughs)

DERHAM: —or whatever it was.

Q: Oh God.

DERHAM: And in fact, Mel had to go into the Foreign Ministry.

Q: Was it a Brazilian company that was doing this?

DERHAM: Yeah. No. And it showed up in Veja or something.

Q: OK. Yeah, yeah.

DERHAM: Showed up in a couple places or O'Globo or something like that. And Mel had to go in and kind of protest. And I think it stopped appearing. Whether it was cause and effect there, I don't know. But thinking of *(laughs)*, thinking of these kinds of stories, and I'll throw in another one. When I was there as, when I was there as chargé, this—

Q: In Mexico.

DERHAM: No.

Q: Oh, in Brazil.

DERHAM: In Brazil.

Q: Oh, OK.

DERHAM: This is my, this would be the last of my indiscreet Clinton stories in Brazil.

Q: (laughs)

DERHAM: This is after the Monica Lewinsky story broke, and actually the Star Report came out, which talked about the whole thing. And there was a campaign, a campaign for cigars. And they used the picture of Bill Clinton, sort of, I don't know, holding the cigar or something. And it was just—so I, I went in—

Q: You had to go in (laughs)!

DERHAM: Well no, I went in and I complained. I don't, I don't know, I—in both cases

I don't think the stuff ever got back to the U.S. And it's not clear to me that the Brazilian government actually did anything. But that was, it's kind of, you know, talk about passive-aggressive against the Americans, that was a little bit of that. So anyway, the——so that was why——going back to Mexico, so that's why I got to——

Q: Attend the grito parties.

DERHAM: I got to attend the two *grito* parties. So anyway, we were there, so we were there in 1999. By 1999, so there, the campaign was, was underway and I think that year for maybe the first time, I think it might have been the first time in PRI history, instead of doing the *dedazo*——

Q: Right.

DERHAM:——the president would point——

Q: Yeah, yeah.

DERHAM:——and select his successor, they had a primary, the PRI had a primary. And there were like three candidates. And the guy who won was Labastida, Francisco Labastida who had been in the cabinet——I don't think he was in the cabinet then. It was the governor, a little bit unclear to me where he was. So he turned out to be the PRI candidate, Vicente Fox was the PAN candidate, and then there was PRD, I'm trying to remember who was——

Q: Wasn't it, oh, it's the ever present——

DERHAM: Well, I don't know if it was Cuauhtemoc or not.

Q: Yeah.

DERHAM: But the PRD, it might have been Cuauhtemoc at that point. Also, was the third candidate, third major candidate. So the campaign itself was, I don't remember it being all that remarkable. There's a certain way they do their campaigns. They're sort of running into my Venezuela campaigns. I can't remember how they did 'em in Mexico. But you know, big public events.

Q: OK. Well, do they still require people to vote? They used to require people to vote. I don't know how they monitored that, but it used to be you were by law required to attend.

DERHAM: Could be. Could be. I can't——I think that's probably the case, although I'm, I'm not one hundred percent sure.

Q: And was there much discussion as to why——because again, while I was there they had the dedazo system, or dedazo, as you said.

DERHAM: Right.

Q: Where, you know, the guy pointed to his successor, but was there a reason for the primary, or did they announce the reason?

DERHAM: Well no, Zedillo wanted to get away from——

Q: The old system.

DERHAM:——the PRI had also done things.

Q: Yeah.

DERHAM: Zedillo had also——Zedillo, and Salinas to a certain extent, and Zedillo had set up the IFE, or something like that, which in fact was a, a very strong independent entity responsible for running the elections, for making sure the ballots weren't compromised and doing all this kind of stuff. Because Mexico had a long track record of the power going out and all sorts of other shenanigans going on. And Zedillo, to his, to his credit was committed to stop this and then——and sort of bring modernized Mexico in that sense——you know, I think——I mean I don't think it's necessarily cause and effect, but the whole, the whole move to NAFTA, the whole opening up of the economy, all this kind of stuff was pushing Mexico in a certain direction. And Zedillo, Zedillo supported that and was as effective as he could be in, in, in making it happen. He was also, you know, in retrospect there's a certain bit of Gorbachev about him that, you know, he, he maybe succeeded too well and, and there were a lot of Priistas who were, who were unhappy about what ultimately happened because they were, they lost power. So the campaign was that the one, the one thing that did hap——that almost happened in the campaign, which was (*laughs*), which is in retrospect more humorous than anything. And in fact, Jeff was traveling so I was——Jeff might have been in the U.S. or something. And it was one of these things where the DEA had picked up a drug trafficker up on the border of course, Arizona or New Mexico. And I think Labastida was from, from the northern part of Mexico. And the guy gave his name as Labastida and said he was the first cousin of the presidential candidate. And——

Q: Get out of trouble (laughs), or thinking he could.

DERHAM: Saying, "Holy cow, we really didn't need this."

Q: Yeah.

DERHAM: And I remember, I think Pete Romero, who was acting assistant secretary, we'd heard rumors that this might be going on. And then he called me and he said, "It looks like they've picked up somebody who claims to be Lambastida's cousin, and they're going to unseal the indictment tomorrow, or bring him to court," or whatever. So the kind of instruction to me was, "Go over and see Labastida and say 'By the way,'"——

Q: We got your cousin.

DERHAM: “By the way, Paco, guess what?”

Q: (laughs)

DERHAM: “You might want to get your press guidance out.” And as it turned out, the guy was not who he said it was, and it was not, it was not Labastida’s cousin.

Q: OK.

DERHAM: So we never had to, we never had to really deal with that. There was all sorts of questions about——so they had, they had debates——my recollection is Fox did very well in the debates. I mean Lambastida wasn’t bad. But there was just the feeling, this is time for change.

Q: Mm-hmm.

DERHAM: And Zedillo was not going to use the whole force of the federal government to, to make sure that Fox did not win. Fox was, Fox is charismatic, sort of a big cowboy kind of guy, and he played into the whole interest in having a change. And as I said, Zedillo, both directly and through IFE, made sure the election couldn’t be stolen, and Fox won. He won——he won pretty decisively——

Q: He worked for Coca-Cola, right?

DERHAM: Yeah, he had. He had won decisively, but not overwhelmingly. And I’m pretty sure as we went into the election our, I don’t know if we put this exactly like this in a cable, but I thought we thought Lambastida was going to win.

Q: Oh, really?

DERHAM: Yeah. Which is kind of consistent with my Foreign Service experience. Every time you pick an election you usually pick it wrong to the extent it’s——

Q: (laughs)

DERHAM:——and you should never, never send in cables that make predictions like that. But in fact, it happened. Lambastida recognized defeat. As I said, Zedillo kind of encouraged that. A little bit of nail biting. My recollection is Election Day and Election Night, but all in all it went smoothly. I’m sure Jeff was talking to lots of people and doing lots of stuff, but I was kind of not really involved in that, and so was more just an observer or witness on it. So, it was obviously an historic moment in Mexico. And sort of hard to, hard to contemplate at the time. You know, it was seventy years of——

Q: PRI.

DERHAM:—of, of PRI. And it was really a, it was really a striking change.

Q: Had we had—I mean fairly—I mean I know we did eventually, but did we have relations with Fox much before that?

DERHAM: Oh yeah. I think Jeff took me along when he saw him at least once, maybe twice.

Q: Before he was elected.

DERHAM: Before he was elected. Well, we reached out to all the candidates.

Q: No, no, but just for clarification here.

DERHAM: And whether they, you know, the attitudes of the Americans are always very important in Mexico.

Q: Right.

DERHAM: And so there's always a certain amount of receptivity to, to see. And of course Fox was center right.

Q: Right.

DERHAM: Certainly in Mexican terms. And, he was reasonably accessible. And so it was, you know, historic in terms of Mexico and I think from our point of view we said this is, this could be a real opportunity, that you know, there could be all sorts of important reforms, maybe in the, in the energy sector, maybe in law enforcement. Migration was, was a big and growing, growing issue at that time, which, which the governments had to address. And you know, having talks, you have talks that—one of the first things I, when I got there I got a trip down to Oaxaca. We had a—I can't remember, the high level consular, I don't think—it couldn't have been just consular, but we had Doris Meisener from INS who was running INS then. And I guess maybe Mary Ryan must have been Assistant Secretary for CA (Consular Affairs) talking to their Mexican counterparts. There was a lot of this kind of discussion all the time and, you know, migration, the undocumented Mexicans was, was, was a big issue and becoming a bigger and bigger issue. So that now, what had also happened was somewhat unusually the, somewhat unusually the Fox election coincided with an election in the United States in 2000.

Q: Mm-hmm.

DERHAM: So, and while—as I said, Fox was elected in July, but actually did not take over until December. We had our election in November, which was of course the Bush

floor election, which was very kind of complicated. So that didn't really sort out until December itself. But in fact, both Fox and Bush actually took office at, you know, within a month of each other, month and a half of each other. The——so one of the last, in fact one of the last I guess foreign policy high level delegations from the Clinton administration was the delegation to Fox's inaugural in December of 2000. So Secretary Albright came down and Pete Romero and the whole sort of cast of characters and everything else. But it was clear with, with, you know, with the former governor of Texas taking over as president, at a time where, you know, the Cold War was over, this was pre September 2011, the, the intention of the——and a new, a new party, a new historic era in Mexico, it seemed like there was going to be great, great opportunities for U.S.-Mexico relations. So. Why don't we?

Q: You want to end it there?

DERHAM: Yeah. So we ended it at the end of 2000.

Q: OK, that's good.

DERHAM: OK.

Q: But we probably want to do a little more on Mexico as sort of the question of the opportunities why you have another year or so there, right?

DERHAM: Yeah, no, no.

Q: We'll talk about this——

DERHAM: The next one we should talk about is Bush-Fox.

Q: Good.

DERHAM: OK.

Q: OK. Today is June 10th and we are——I'm talking with Ambassador Jim Derham. We're talking about the latter part of his tour as DCM in Mexico City, and it was with the election of Vicente Fox as president that we left off last time.

DERHAM: Actually I should just sort of correct what you just said a little bit. It's actually the second half. As it turned out, I was there for three years.

Q: OK.

DERHAM: And the first year and a half was the campaign, the election, and the first year was the campaign and the election.

Q: That's right.

DERHAM: And Fox was sworn in in December. But to just cover briefly what we just discussed before you turned on the recorder about the whole Zapatista arising in Chiapas. That predated me. And by the time I got to Mexico it was not much of a, a, a current issue.

Q: Oh, it was started in 1994, so——

DERHAM: Right, and it kind of took everybody by surprise at that point and but then it, it kind of just——they were down there——who was it Marcos, is that what's his name?

Q: Commander——Comandante——

DERHAM: Comandante Marcos.

Q: He was a professor I guess.

DERHAM: Yeah, no, and he wasn't even——I don't think he was indigenous.

Q: No, no.

DERHAM: So, but they were still there and they were kind of a presence in the landscape, but not an important thing. And they had——certainly the government at that point was pretty laid back about them. They were more kind of an intersectional media point of attention than much of a force in, in, in Mexican politics. The one thing I do remember, and I can't remember exactly what year this was, but they, they started talking about they were going, they were going to march——I think they were going to march on Mexico City I think it was from Chiapas.

Q: Long walk (laughs).

DERHAM: Yeah, I know, it was a long walk and a long march, I think weeks or months.

Q: Yeah.

DERHAM: It was kind of a leisurely thing.

Q: (laughs)

DERHAM: And then the, then the, and the culminating rally in the Zócalo in, in the main square in Mexico City. And this played out as a——I guess——I suspect it was still during Zedillo, but I can't remember.

Q: But this is while you were already there, or not?

DERHAM: Yeah. I was there. And the reason I remember it is——I do remember that,

that Jeff Davidow, the ambassador, was, was kind of watching this. And he, his, his kind of take on it was that once these guys show up in Mexico City and they have a rally at the Zócalo there'll be a lot of media attention to this.

Q: Mm-hmm.

DERHAM: International media attention, the U.S. press for example. And that this could have, this could have an impact on the economic situation.

Q: People would be concerned again.

DERHAM: That is right. There'd be concern that the peso would be shorted or something, there could be some kind of a currency crisis and everything else. Now, I'm much less of an alarmist kind of a guy, and I also thought the whole thing was kind of overblown. I thought at that point the Zapatistas were kind of, kind of history already and, and really not, not that much of a thing. But it was one of these things where Jeff, Jeff felt very strongly about this and he, he, and to the point where he kept—my recollection is he kind of pushed me to get something written, to get a cable written. And basically he did—the point of the cable was, “Don't get alarmed. It's not that serious a thing.”

Q: The sky is not falling.

DERHAM: The sky is not falling and, you know, Washington should not overreact to this and it's not a big deal and everything else. And I couldn't even get enthused about that. And my recollection is Jeff finally wrote the cable himself because he couldn't get me to get my people to do it, so.

Q: (laughs)

DERHAM: It came and went. The other——

Q: I guess the sky didn't fall.

DERHAM: No, it did not fall. The other thing is—I don't know, did we talk about Y2K?

Q: No.

DERHAM: Yeah, we should talk about Y2K. Y2K would have been January 1, 2000, huh?

Q: Mm-hmm.

DERHAM: So that predates the election itself. So Y2K was—I mean you lived through it too.

Q: Yeah, well I was here and we were going to all these endless meetings on what was going to happen.

DERHAM: They were—yeah, right. And it was one of these things where the bureaucracy kind of thought it saw a possible problem and was going to gear up for this big crisis. In fact, the U.S. government is kind of terrible at this stuff. We don't—and maybe by definition we, you know, if a crisis arises the reason it's a crisis is because you didn't see it coming. So this one everybody knew Y2K, right? January 1, 2000. And it was—you could see it was overblown from Washington. Washington didn't know what the hell they were talking about. But all they were going to do was turn out instructions to embassies about do this, about do that, that stand on your head and everything. And it was—and this one Jeff and I were both, you know, this is—

Q: Rolling your eyes (laughs).

DERHAM: Yeah, no, really, rolling our eyes. Of course you had to have a coordinator. I think maybe it was Larry Cur who was the economic minister who really wasn't doing much of anything anyway frankly. He's a good officer, but it wasn't all that much to do and he was an economic officer anyway. So my recollection is he might have been the coordinator. Either him or Mike Arrese or something. Sort of people who would do work, but really weren't doing much of anything else. And so, so we went through all the, the crazy things we were supposed to do and the, the, the—what is it, the satellite phones that didn't work, the Motorola whatever they were, and getting those—the one, the one story, the one kind of anecdote I remember was that we got—one of the things they worried about was the whole banking system was going to shut down, nobody would have any money. Well, if that would have happened it would be a big problem. But it wasn't a problem you were going to be able to fix in advance. But they were—

Q: Until the problem occurred, right.

DERHAM: Yeah, right, and then you'd try to figure out what to do. But no, that—Washington would not let, you know—they had a plan. And they had—and I guess every agency had to come up with their contingency plan. Anyway, the point of Mexico was that a lot of Mexicans received social security benefits.

Q: Mm-hmm.

DERHAM: And they would get them, they would get the checks through the embassy.

Q: Mm-hmm.

DERHAM: And I think usually the checks would be sent to the embassy and people would either pick them up or I guess we would re-mail them or something, I can't remember exactly how it works. But it's quite a bit of money every month that went to Mexicans who had worked in the U.S.—

Q: Right.

DERHAM:——or got social security benefits or whatever thing. So——

Q: Didn't you have a special designated officer that did social security?

DERHAM: No, we did. We had, we had a——I think we had somebody from the Social Security Administration from Mexico. We just worked as——I mean it was a big——

Q: Big operation.

DERHAM: It was quite a bit of money. So the, the story was (*laughs*), so anyway, so the social security administration's idea I guess was, so in case the whole checking system's shut down they wanted to be able to have cash on hand——

Q: Oh God (laughs).

DERHAM:——to pay people.

Q: So the money was in cases (laughs)?

DERHAM: Well, exactly. And I can't remember how many million dollars it was.

Q: Oh, my God.

DERHAM: And basically what they said was they were going to truck it down to Mexico City from the U.S. Well, Davidow saw this, and I mean it was, it was just a crazy idea. Davidow saw it and he came *storming* into my office and he said, "This is the craziest thing I've ever seen in my life." And he said, "Could you imagine if word got out on this thing? Every Mexican gang between here and the border would be, you know, lying in wait for this damn truck (*laughs*).

Q: Waiting on the road!

DERHAM: It would never make it to Mexico City, the money would be gone and it would just——and——

Q: And you got to enjoy the——

DERHAM: So——

Q: No, I'm kidding.

DERHAM:——no, but you know, so that one I did follow up and basically told Washington no, you're not going to do this and don't even think about it. And they found

out some other crazy alternative or something. But it was just, it, it was just, just the way Washington kind of thought about things. And one of the things Davidow——Davidow was not a big guy for doing a lot of reporting out of the embassy. I might have mentioned this in the Brazil context, because I, I tend to——

Q: Well, you talked about it more from your own perspective, not——

DERHAM: But I agree with his thinking. His feeling was also that you had to be very careful what you send to Washington because you need to try to control Washington. And you just kind of willy-nilly send stuff up there, somebody'll latch on to some, next thing you know you get crazy instruction, or there'll be a reaction, an unhelpful reaction in Washington. So he was never, he was never a guy that would say, you know, every day we're going to have a big think piece about this, that, and the other thing. And he also was——the really careful stuff he would actually do himself because he, he, he would do it better than anybody anyway. So. Actually one of the things Jeff told me was he always thought——I can't remember whether I'm repeating myself at this point——but he always said that his, his job——he thought his job was to help everybody else do their job better.

Q: You mentioned that.

DERHAM: Yeah.

Q: Yeah.

DERHAM: And when I first heard it it didn't make sense to me, but over time I, I think he's exactly right. So anyway, so we're get——I think we basically left off in December of 2000.

Q: Right.

DERHAM: Which is when, when Fox was sworn in. And Madeline Albright came down. She led the U.S. delegation, she was secretary of state. And she brought down her kind of entourage. I'm trying to remember Elaine——there's a couple sort of senior assistants who were really running the department at the time. And Peter Romero, who was the acting assistant secretary, came along. And I remember this story (*laughs*) was——so they, they came down and they had the meetings and they, they went to the various events. And then——

Q: Which was really a big deal because it was the first time the PAN had one, right?

DERHAM: It was a big deal. It was a big deal anyway, every time a Mexican president is sworn in every six years. And it's a big deal and there's lots of different events and, and swearing-ins and everything else. And the, the one thing I do remember is——I mean she was going to the events and everything after swearing in. And then I think there was a big dinner or something at the Chapultepec Castle on the night of the inauguration. And

basically she decided she didn't want to go. She was tired or something. And so she, she, she took a pass. Or maybe it was a farewell dinner for Zedillo, I can't remember what it was. It might have been the night before or something like that. And basically her instructions to the whole delegation were not going, we're not going to be able to make this, we're doing enough other things. And Pete Romero kind of marched to his own drummer or something, sort of decided that he wanted to go anyway. So he went and was, I can't remember, somebody else in the delegation went with him. And the point being—and I think it was Elaine Shopitz I think was Albright's—

Q: She was a key staffer.

DERHAM: Yeah, she was like her chief of staff or something. And Elaine Shopitz was along on that trip and Elaine Shopitz turned on the TV that night and there—they're having some coverage of the event that Shop—she sees Pete Romero—

Q: (laughs)

DERHAM: And they sort of exploded at the secretary of state's party or something and sort of Pete yelled at Pete and that kind of, kind of crazy things. So anyway, they were sworn in. They were—I can't remember what, what CODELs were there. There was a big CODEL that came down from Washington.

Q: For the swearing in?

DERHAM: For the swearing in. And my little anecdote there was I was kind of traveling around with the CODEL and you could—there wasn't room at the congressional, congressional palace—parliament palace? I don't even know what you call it—yeah, the deputies—

Q: The de—

DERHAM: The Cámara de Diputados or whatever the hell it was.

Q: Céamara, yeah.

DERHAM: No, the congress probably. Because it's very limited. I mean because there's delegations from all over the world, CODEL's a big delegation. So instead they had an offsite and they had it at—God, what is—is it the - it's not the Sports Palace. It's the National Auditorium I think it is, up on Reforma up towards, past Chapultepec. And even there the seats were very limited. I was kind of riding around with the CODEL and—

Q: Trying to find a seat (laughs)!

DERHAM: Well no, taking care of a CODEL, that kind of a thing.

Q: Yeah.

DERHAM: I mean I was DCM, I wasn't really doing——

Q: Yeah, right.

DERHAM:——grunt work. But I was kind of holding their hands a little bit. So we got there and there was a premium on seats, and there weren't enough seats for everybody. So of course the members and their spouses to a certain extent and their staffers, so I, so I felt I was fine, I didn't really have to be inside there. And so I didn't——I can't remember, it's kind of a circular building. So I just, I just went outside and I kind of sat outside. And what happened was at a certain point they closed all the doors, because that's the thing to do. And the——and I remember sitting out there on the bench and there was, you know, there was various doors you could get in and there was kind of a security guy outside the doors. And (*laughs*) I remember watching this guy come up, obviously showing up late and coming up trying to get in. And he goes to the first security guard, tries to explain who he is, and he needs to get in and the guy's telling him no, blah, blah, blah. So finally he gets to the third door and somebody finally realized, this is Carlos Slim, who's like——

Q: (laughs) The richest man in the world!

DERHAM:——the richest man——the door is open wide and they bring him in and——so that was the kind of thing. But it was all——actually, overall it was a very positive event. I did go——they had a big lunch for all the delegations at the national palace, which was very nicely done of course. Mexicans are very good at this. And of course they had the great music and flowers and food and tequila and everything else and it was all no expense spared type of thing. And it was, it was, it was a great experience. And of course everybody was very upbeat because we were going to get a, you know, first PAN president, was going to kind of turn the page on a new pair in American history, and we were on the verge of getting our own new president, President Bush at that point. Because at that point our election had been over, they were going through the whole process of figuring out who had actually won in Florida. But I think that was decided by early December, so——or maybe by around Thanksgiving perhaps, I can't remember. So we kind of knew.

Q: We thought these two Tejanos would get along just fine.

DERHAM: Well, it was clear that——

Q: Because Vicente Fox was working in the States. Didn't he work in Texas?

DERHAM: I don't know where he——

Q: I can't remember, I was thinking of the Texas angle, but——

DERHAM: Well, he wasn't——I don't know that he had all that much of a——

Q: Time in the States?

DERHAM: Well no, that—all that much Texas more than anyone else, although all kinds of Mexican governors know about Texas, know about California—

Q: True. True.

DERHAM:—the border states and everything else. Of course the thing was with President Bush becoming Texas governor at a point where you had a certain—what do I want to say—you had a certain degree of maneuver on foreign policy about what you'd be interested in. He was obviously most comfortable with Mexico, with Latin America. And migration was becoming a bigger and bigger issue, migration and the drug war. And those were kind of—migration, drug war, and NAFTA implementations, would be the kind of thing.

Q: Yeah.

DERHAM: So there was very clearly going to be an agenda there. And it looked like, you know, the kind of indications on both sides were very positive and very promising and there was a lot of optimism going around. So that gets us to January of 2001 I guess it was. And, and so just, so Bush gets inaugurated at that point. So now both presidents are in office. And at that point there had been lots of kind of informal just—actually just to back up a little bit, I don't know if we covered this in the last one. But there was also some informal consultations with us, with us, the U.S. government, mostly with the embassy from the Fox administration about who we were going to put in certain—particularly in the law enforcement positions. Because that's something that they wanted to be sure that we were comfortable with some of these people, and they weren't on some DEA shit-list or something. So there had been—for the most part Jeff would handle that very sensitively with—I can't remember the guy, some guy from Korn Ferry or something that was working for Fox. And—

Q: So this is before he was inaugurated.

DERHAM: This was before.

Q: This is kind of the transitional—

DERHAM: When we were making decisions. So we had already been working with them. And I think this kind of stuff probably happened in the past with new Mexican administrations, but I think it was more significant this time around. Basically it was kind of the trend that there was more trust on both sides, people were willing to work together. So that anyway, so Bush took office and at that point there were a lot of back and forth informal, informal discussions about where Bush's first trip would be outside the U.S. And at one point Jeff was traveling and then I got involved in this a little bit when Jorge Castañeda called me up and they were talking to the White House, blah, blah, blah. Long

and short of it was Bush decided he wanted to make his first trip to Mexico. And I think they decided to make it in March. It is my recollection, March or April. And it was a little bit of——this is a little bit unusual because I think typically the first trip is to Canada. And so this is kind of a sign that, you know, things are a little bit different, a little bit different priorities. And my recollection is that it got to the point where before Bush left for Mexico for the trip he——the Canadian prime minister arranged for a lightning business by himself to Washington so that he could get in the door before——

Q: Yeah, before——

DERHAM:——Bush went to Mexico. So, but——

Q: So the Canadians technically had the first——

DERHAM: Yeah, they had the first international thing or something.

Q: They met at the Toronto Airport (laughs).

DERHAM: No, no, no. No——

Q: I'm kidding, I'm joking, no, no, no, no, no.

DERHAM: I think the prime minister came to Washington. Anyway, so it was agreed that they would, that they would have the first, the first meeting would be——the first visit would be Bush to, Bush to Mexico.

Q: Mm-hmm.

DERHAM: And both sides were excited about this and they decided to go to Guanajuato because that's where Fox's ranch is, up in Guanajuato.

Q: Oh, I didn't realize that.

DERHAM: Oh yeah, they went up there. And it was——I don't think it was all that long. I'm not even sure it was overnight, but you can do, you can actually do, the president can do a Mexican trip on the same day.

Q: Yeah.

DERHAM: Essentially just get on the plane and get off the plane. So I was all involved in, you know, the whole——

Q: The preparations for——

DERHAM: Yeah, for a presidential visit. Which is what it is, as they say. You, you——after a while you've done enough of them and you kind of——Latin America is

not that common, but plus like London or something, or Paris, president comes in a couple times a year. So we were involved in that. And——

Q: And how big an entourage came for that? In advance——the advance, because I don't think we've actually talked about it. We've talked about the presidential, we've talked about the first lady.

DERHAM: Well, it's, it's, it's, it's very hard to say because the numbers just spin out of control. And over time they've gotten bigger and bigger and bigger. There's a couple things to say I guess.

Q: Yeah, I mean talk about the stages of it, because——

DERHAM: Yeah. Well, one is usually they have——I'm trying to remember how they do these things. I mean it's changed over time.

Q: Yeah.

DERHAM: I think they typically have a pre-Advance and an Advance and the actual visit. The pre-Advance usually I think is the most important one. Because that's where they kind of make their decisions. But they do it in a very——in my experience, and I'll probably have done enough of these that it all kind of blurs together.

Q: Right.

DERHAM: And I can't sort out, you know, how the Mexican one was specifically. But the pre-Advance is the one where they kind of look at the options and if you seem to have a shot at all of influencing what they're going to do, that's when you have, that's when you have that shot. The other thing I would say is——and this is what I would usually tell staff and embassies about presidential visits——at the beginning of the visit, at the pre-Advance, at the first stage of this thing, the embassy is in control. Because these things don't know anything, they don't know what the options are, they don't know what the considerations are. They don't know what the sensitivities are. By the time you get up to the visit itself, the White House is in total control. And the embassy——

Q: Semi-irrelevant.

DERHAM: Well, they're relevant in the sense that, you know, carrying the bags or making sure the cars are there. But as far as kind of running the visit, it's all, it's all White House.

Q: Right.

DERHAM: So that's kind of what——the other thing is——I mean you've seen these things yourself.

Q: Yeah.

DERHAM: There is the actual White House staff doing this. Then they had their press people, they had their security people, and they had their communications people. And they all have their own responsibilities and tend to work with different parts of the embassy. And it's, it's, it's something hard to put that together. The other thing is we are outrageous on these things. We demand stuff. Typically the, the, these guys, it's almost always guys, although there's women involved in this too. They come in, they're all smiles, they tend to be very polite, and they try to say "Oh, just here, just tell us, you know, let us know, we're here. And that's true to a certain point and then at a certain point you can't push 'em forever and they're going to do what they're going to do. And certain things, particularly on the security stuff, they are very inflexible. This is pre-9/11. After 9/11 just totally inflexible. So that, so it's just, it's just an experience you, you go through.

The Mexican experience was not bad because—for a couple of reasons. One was the Mexicans delighted that this was going to happen. The second was the Mexicans know us well enough and know the White House well enough and how we work that they realize that they're just going to have to swallow a lot of stuff on security.

Q: Yeah.

DERHAM: Unlike the Brazilians who push back and they fight and everything. Mexicans at a certain point say OK, we'll figure out how to do this kind of stuff. So that's kind of what I remember about how to set up the business. The unusual thing was we did it at the ranch in Guanajuato. I don't think the president came to Mexico City at all. We did it at the ranch and basically I think the centerpiece was a lunch at the ranch. And I wasn't at lunch, so I don't quite know the substance. Jeff was there. I mean it was Fox, it was Rice of course was—I guess Powell. John Maisto was the director for WHA and NSC. So, so he was—John was very involved in this stuff and he was kind of the key guy at that point. And you know, as I said, at this point it looked like this was going to be really one of the priorities for the administration, so there was going to be a lot of work done on this. Everybody was optimistic that something could be worked on migration. You know, Bush was committed to doing it. Fox of course was interested in it. We all wanted to help Fox to make Fox a success. There was a feeling that, you know, in things like drugs and law enforcement that the Mexicans would be more accommodating and more helpful, could make a lot of progress on that. Everybody loved NAFTA for the most part. I mean there's a couple of nagging issues there, the trucks and stuff, but nothing very beyond solvable. So that it was all, it was all very, very positive, the vibes were very good. I don't remember the coming out of the visit there was actually—I'm sure there were all sorts of deliverables as they call 'em.

Q: Yeah.

DERHAM: But I don't remember anything really dramatic that was agreed upon. The one thing I do remember is Bush when he got to Guanajuato, I guess they did a joint press event probably as of the lunch I guess, I can't remember what the timing was. And

it's——this is sort of very typical, particularly in Latin America, with these kinds of visits. The U.S. Press Corps, we had bombed Iraq that morning because of violations of the sanctions. And this is something we had periodically——I don't know, we'd bombed them or sent some rockets in or tomahawks in or something. And that kind of dominated the, the, the, the U.S. presses——

Q: Relations with Mexico.

DERHAM: Yeah, exactly.

Q: Yeah.

DERHAM: Exactly. So the visit——as all these visits almost always go, visit went fine——

Q: And horseback riding or anything like that, or?

DERHAM: Yeah, I think we did. I think we did get on horses. And of course Fox shows 'em the ranch. And Guanajuato is a very nice area.

Q: Yeah, sure.

DERHAM: So the vibes were all very positive and everybody came back from the meeting, from the visit very, very upbeat. So that was, that's——so that was the beginning of the, the Fox-Bush relationship in Mexico. The——so where are we? We're at the beginning——

Q: We're in spring, yeah.

DERHAM:——of 2001, yeah, yeah.

Q: But the problem——I think the obvious where this goes, I mean I want, want you to go in to what happened that year. But I think everything got derailed after 9/11, so.

DERHAM: Well, we should talk about that.

Q: Yeah. Well, we've got months to go before that.

DERHAM: I know, but I can't remember anything.

Q: OK, all right. Well, if it comes to you we'll talk about——

DERHAM: Yeah, it'll come back wrapped in other contexts.

Q: Uh-huh.

DERHAM: So, but in those months there was always kind of working on things like—and particularly I think there was some discussions about what was to be done on migration——

Q: Yeah.

DERHAM:——between the two governments. There was the law enforcement stuff. Things would be ongoing. There's all sorts of institutional, bi-national commissions on energy, on consular affairs, on blah, blah, blah.

Q: And the border too, right?

DERHAM: The border, there is, yeah, there are all sorts of border mechanisms. But there's always a lot going on in that sense in U.S. congressional relations, that was always going on. But I mean at the time it was, it was, you know, very, very good vibes on both sides. Of course Bush loved to use his kind of pigeon Spanish——

Q: (laughs)

DERHAM:——which at the time was——you know, he is——which was almost an embarrassment at the time. But no, it was fine. So I think one of the outcomes of the Bush visit to Mexico was that he invited Fox to the U.S. And also Bush, I'm pretty sure throughout his administration was not really that interested in big state visits. Now, in Washington you have various categories and from the outside it's almost impossible to know which, which categories are which. But a state visit would be a full-blown dinner at the White House kind of thing.

Q: Blair House.

DERHAM: Well, Blair House is less important, but hosting a state dinner at the White House would be the crowning point of that. So they, so Fox's visit to Washington was the first state visit.

Q: Oh, it was a state visit.

DERHAM: It was a state visit. It was the first state visit under Bush. And state visits are pretty uncommon. You do have visits, you have lots of visits, you have head of state visits, head of government visits. But state visit is a special category. Fox was the first, as I said, there weren't all that many throughout the administration. So that was set up for I'm thinking probably right after Labor Day in September 2001——

Q: Before 9/11.

DERHAM: Yeah, before 9/11. So I stayed in Mexico for that. Jeff went up for that and he got into the dinner. The dinner was a very hot ticket. It's always a hot ticket, but it was a particularly hot ticket this time, first time around, all this U.S.-Mexico stuff and

everything else. And a good visit I think. Once again, the same subjects were, were, were being, were being covered. The one——actually one issue that, that did come up and sort of, sort of had implications down the road a little bit was Mexico with one or two notable exceptions stayed away from the UN Security Council. Because they, I guess they didn't see much in it for them, they didn't want to be——they felt we would lean all over them on security council issues. I mean they just didn't want to be bothered about it. They had once in the, in the 1980s I think they had stayed on the security council and very famous Mexican diplomat/politician Muñoz Ledo was their ambassador there, who's a very flamboyant guy and who at one point pulled a guy in _____ City because of a parking ticket or some crazy thing like that. But the experience was tough enough that the politician of the PRI didn't go on the Security Council. When Fox took over, particularly with Jorge Castañeda——

Q: Mm-hmm, uh-huh.

DERHAM:——they changed that. And they decided we'll take, we'll——you know, what do the Latins get, two seats?

Q: I don't know, Latin's——Brazil's gotten more interest, right?

DERHAM: No, but yeah, but Brazil would——in other words, the Latins have kind of a rotation system.

Q: Right, right.

DERHAM: I think they get two seats.

Q: I don't know.

DERHAM: And there's fifteen people on——fifteen countries on the Security Council.

Q: Right.

DERHAM: There's the permanent five.

Q: Mm-hmm.

DERHAM: And then there are ten other seats, I think it's probably two to each region. And so the Latins get two at any time, and they, it kind of rotates. It's two-year tours——so every year somebody comes on the council. So Castañeda decided, and Fox agreed, that they would take a seat. They would——and since they hadn't been on it so long they kind of muscled their way in. And so they must have got on the council in the summer of 2001. And——

Q: And who did they send for that position?

DERHAM: Oh, they sent guy——Adolfo Zinser I think it was. He's a former presidential candidate, fairly high profile guy, a little bit of a maverick and a little bit left of center. Sort of kind of——

Q: He was from the PAN (Partido de Acción Nacional).

DERHAM: No, I don't think he was actually.

Q: Oh, really?

DERHAM: No, I don't know——I think he had his own party or he might——I think he supported Fox. Adolfo Zinser, he used his metronymic name too as well, but I can't——but he was kind of an independent or something. And had been a——he's a very common Mexican and they had named him to be, they'd named him to be the ambassador there for them. And the one thing I do remember about, I remember talking to Davidow about this at the time. And I was a total——I went hook, line, and sinker for kind of the conventional, standard line on this, which is this is Mexico stepping up to its, you know, it's——

Q: Global responsibility.

DERHAM: Global responsibilities, to use a phrase, right?

Q: Uh-huh.

DERHAM: And you know, this is something we should encourage. We're, we're, you know, Mexicans are our neighbors, our allies in a certain way, and that are partners. And we should encourage them to set up. And Jeff said——

Q: (laughs)

DERHAM:——he said no, he said it's going to be a problem at some point. He said, "Because we're going to want them to do something and they ain't going to want to do it. And that's going to cause a lot of friction." Truer words were never spoken. So, anyway, they came onto the security council. So, anyway, Fox came to the U.S., Fox came to the U.S. in, in early September of 2011. And then, at that point I think the, the, the principle focus was migration, that they all——everybody agreed something needed to be done legislatively and there was kind of discussions about what could be done. It was always a very tough issue to deal with between the two countries because our take on this was look, this is an internal problem, this is a domestic problem. And you know, you need to keep your——obviously you have a lot of Mexicans up here, but you need to keep your views low key because it'll just create problems in the Congress, you know, if the Mexicans start running around sort of lobbying for stuff. So, but it was, but it was, It was a, a main issue of concern. After Washington, Fox got——

Q: No, I was trying to think at that moment was there anything specific——I mean other

than the obvious need for reform and so on——was there something specific that this idea of keeping it low key, that they were asking for?

DERHAM: Well, in other words——well——

Q: I mean they would——

DERHAM: It's not so much that they would ask for——because, because once again, we didn't want that dynamic.

Q: That's right.

DERHAM: It would be more this is what we're thinking of doing.

Q: OK.

DERHAM: And see how they would react to that.

Q: OK.

DERHAM: The——and I'm pretty sure at that point even then the mantra was comprehensive reform.

Q: OK, I was trying to figure out what——

DERHAM: So in other words, there would be some path towards normalization, there would be, you know, more enforcement at the border and perhaps in the workplace, we would, we would kind of tell the Mexicans to be careful about——sometimes they would do things that could be interpreted as encouraging migration.

Q: Uh-huh.

DERHAM: And we thought that was kind of a bad idea. Mexico is now in a tough position too, because if you're a Mexican you can move around the country if you want. So if you want to go right up to the border it's kind of your right in a certain way. So there was this little tango or, or minuet or whatever it was between the two countries on this. But it was, it was a very important issue. And——

Q: It still is.

DERHAM: It still is. And in retrospect it was probably to the extent something could be done, it wasn't kind of the burning issue it became in the U.S. later, and so that was probably the time to get something done. Because the Democrats would have supported something, and they——I guess they, they took the Senate because what's his name, Jeffords, flipped in Vermont or wherever it was. And, I think the Republicans were in control of the house. But in other words, the politics were there since Bush was pretty

much part of the party or leaving the party. So that was certainly the principal substantive issue, I'm sure. So after Washington, I mean Fox was here in Washington, did some speeches and did some stuff in addition to the White House stuff. I'm sure was up——

Q: Went to the UN?

DERHAM: No, didn't go to the UN. Trying to remember whether he spoke to Congress. He might have spoken to Congress. I have to look it up. Certainly a possibility. And I, I would guess he did in fact _____ joint session in Congress. Because that's a big honor because what happens is most of the Congress people don't go, they send their staffers or something.

Q: But still.

DERHAM: To fill up the seats.

Q: That's right.

DERHAM: To fill up the seats. So he did that. Before he got back to Mexico he went outside Washington to a couple different places. I think he went to Ohio and maybe somewhere else in the Midwest, maybe West Coast, I'm not sure. In other words, a little bit of business promotion, a little bit of a reach out to Mexican communities, a little bit of showing the flag, or the Mexican flag in this case. And Jeff went with him and then they came back, and they came back to Mexico. Something——and when this would have been? September 11th was what, a Tuesday? And so 10th was——Monday 9th, with a Sunday 8th, Saturday——

Q: We're building in _____.

DERHAM: Yeah, no.

Q: Your favorite activity in Mexico City.

DERHAM: So, they must have come back I'm thinking maybe that Saturday. But I'd have to look at this——I think it was that weekend, but I'm a little bit fuzzy on that. But I do know Jeff was back in, in Mexico City by, by the time that next week rolled around. And of course then September 11th happened. And there's lots to say, not much point in saying it sort of in this particular history.

Q: Well, before we——

DERHAM: Yeah.

Q: In terms of——how did the Mexicans respond, Mexicans in Mexico City in government, respond to September 11th? Because in a lot of countries I mean they went all out for us, so to speak.

DERHAM: Well, I think Mexico I think—well, a couple different things. One is that they took their lead from Fox. And Fox I don't think knew what to make of it. Couldn't figure out what the implications were, did not know how to respond, was almost paralyzed in his silence.

Q: Oh wow.

DERHAM: Yeah. And——

Q: I'm amazed because I think——

DERHAM: I'm pretty sure, I'm pretty sure he put out a statement or something, but it was, it was very low profile. And he was——it was just——and one of the, one of the things was this was just on the heels of this triumphant visit and we were, we were using this phraseology about our most important bilateral relationship. And you know, you could argue that it's something you like to use in Mexico. And when this happened he was nowhere to be seen. He was nowhere to be seen and it was in——I still don't understand quite——Castañeda was better, Castañeda understood more what was going on. But I think Fox was just stunned, and couldn't figure out, couldn't figure out how it was going to play out and really didn't know how to deal with it. There were issues at the border because we closed the border for a while, and that's a big problem.

Q: What about Mexicans who'd died? Because you know, we had - I was in Grenada at the time. There were——

DERHAM: Yeah, yeah, but that's, that's just, that's just U.S. government propaganda. In other words, U.S. propaganda is oh, there were all these nationalities that died. Sure enough, right, but there were two thousand four hundred Americans who died, it was an attack on the U.S.

Q: Right.

DERHAM: So we don't get to go around the world telling oh, by the way, you left one of yours too, so you're——

Q: No, my question really was something different. Why I said that is that the, the other——on this little Caribbean island they all did the equivalent of "Ich bin ein Berliner," they are Americans, we are all——

DERHAM: Well, that's, that's, that's——

Q:——Mexicans did anything like that.

DERHAM: Well, they did and, and they were right not to. It's not——we're not all in this together. It was an attack on the U.S. and that's what it was.

Q: I see, I'm just saying——

DERHAM: The fact that some poor Mexicans were in the building or somebody from the Caribbean is unfortunate, but it's not an attack on the Caribbean. Anyway, so——

Q: Of course.

DERHAM:——I mean the Mexicans were stunned and, and you know, the Mexicans were, were certainly sympathetic with us. But it was kind of——people were at a loss as to what to do or how to respond, which yeah, we were at a loss ourselves. We didn't know how to respond. And the, and actually not to——I hate to be, to be critical of Jeff, but I remember talking to Jeff about, you know, in the aftermath of this. And I mean my take on 9/11 still is, it's, it's just a watershed event in U.S. history. I mean it just, things change——

Q: Yeah, yeah.

DERHAM: And Jeff said, "Well, things change but things are still the same." And you can argue that too, that certain realities didn't change. But I thought it was really just a dramatic change in everything. So anyway, Fox really didn't react and it was noticed that he didn't react much. And it was——we noticed it. We in Mexico City, in Washington to the extent it was paying attention to Mexico at that point, you know, said, "Where is——where is our——this is the most important bilateral relationship. Where is it?"

Q: Right.

DERHAM: And when Bush went to speak to the Congress, what, five days later, seven days later? It was Tony Blair who was in the gallery. Tony Blair is the guy that got on the plane and flew to Washington. And so what can we do? And Fox just, was just paralyzed, I don't think he knew——he just couldn't deal with it. And not——I don't know if it would have mattered anyway, whether——if he would have been, you know, much more active and much more sympathetic and responsive. But it just kind of reinforced the whole thing about this is not our priority anymore, we're really not interested, we've got other——

Q: Yeah.

DERHAM: I mean the administration just pivoted right around to that and, you know, we're still dealing with this fifteen years later, fourteen years, thirteen years later. So that was——I mean we had, in Mexico City we had kind of the job of managing the embassy. And I remember, you know, I came into the, came in that morning and I came in and——Jolene has one version of this story, I have another. But pretty much, you know, turned on the TV. And they were——we were an hour behind Eastern. So, it wasn't that early for us.

Q: Well, it happened around nine something, right?

DERHAM: It was between 8:30am and nine.

Q: Well, we were an hour the other way in the Caribbean, so when I saw it it was like 9:20/9:30am

DERHAM: So I'm trying to think——

Q: So you would have been seven.

DERHAM: Yeah, but I was there. I think it happened between eight and nine Eastern time. And I was, I was certainly in the embassy. I certainly got to the embassy around 8:00am or so. And that was——and by then there was stuff on TV. I think it was before the second tour was hit. So we were watching that. And you know, we were doing business. We——gigantic consular operation.

Q: Yeah.

DERHAM: And I remember after the second tour went down, I went downstairs and kind of walked along a consular line. And people were still doing interviews, I mean they were doing their work. And you know, kind of tell 'em what's going on and, you know, hang in there and do——because what could you do? You needed to finish the interview, that kind of stuff. And then I think that might have closed down for the afternoon. And that was, you know, it was——talk about a shocking event, huh? And sort of dealing with the consequences of it. The one, the one other kind of anecdote I remember is I think that Friday night after work——

Q: After 9/11.

DERHAM: Yeah.

Q: Or before?

DERHAM: After 9/11. I can't remember. I went to some sort of event or something.

Q: Had to be _____ related, right?

DERHAM: No, it was something in the embassy. I went, went to somebody's apartment or something. And we had a couple drinks or whatever it was. And then I went, then there was an event at a church in Mexico City, the American community. And so I just went over to kind of——I mean there were lots of people in the embassy there, but my recollection is there were several hundred people at least. And so they were having a, I don't know, a service. Jeff was not in town or he didn't go to it or whatever. So I was kind of the senior embassy person there. And I do remember they started and they had the pastor or whoever, the minister, who I don't think was Catholic.

Q: That Anglican, Episcopalian church that was there since 1848.

DERHAM: Yeah, could have been.

Q: Since there's a church that after the——

DERHAM: It could be.

Q: You know, it's very——

DERHAM: I don't know if it's the same one, because it was a pretty big church.

Q: OK.

DERHAM: But it was kind of packed and I kind of——Jolene and I just went there and got into the middle seats and everything. And one of the guy——I think it was the IRS guy who was actually very active in the community. He was one of the organizers of the event. And he saw that I was there, so he came over to me and, as I said I had a couple drinks at that point. And he said, you know, would you——

Q: Say something.

DERHAM: Yeah, say something for the embassy. So oh God, public speaking is not my favorite thing. But I did, and I gave one of my better public speaking things, which was, which felt good.

Q: Be from your Irish background and the alcohol (laughs)! No.

DERHAM: Which was, which was good. And as I remember, my——I'm, I've done a couple good public speaking things, and that was one of them, for sure. So anyway, so that was, that was kind of 9/11 in Mexico. Then I think it was on the one-month anniversary—the instruction from Washington at that point was to make very visible remembrances of 9/11. Because this was the whole, the whole hinge of our foreign policy at that point. And they sent out instructions. And we did this for a couple months actually, you know, go out, do public outreach, do commemoration events, do everything else. And we did either in the first month or second month or the third month, we put a plaque in the center square of the embassy and had a big event. I don't know that Jeff——I think Jeff was traveling or something, so I kind of presided over that. So, we did that. So that was——as I said, it changed everything in the——in our relationship. It changed, it changed the way certainly the Bush people thought about Fox. Showed some of the problems that became evident with Fox. And Fox was kind of a very charismatic, you know, historic political figure who won the election for the PAN. But when it came to kind of governing and, and, and sort of, sort of hailing that stuff, you really need——his things weren't so good. And ultimately he didn't understand us as well as he might have. I think Castañeda understood us better.

Q: Well yeah, but——

DERHAM: Castañeda's American.

Q: I was going to say. I mean, does he have any accent (laughs)? No.

DERHAM: But what was——and I think he was probably frustrated a little bit by the way kind of Fox dropped the ball on that thing. But of course at the same time that it was happening in the bilateral relationship, Fox was having all the problems with the Mexican congress and not able to move his reform programs through or, or do a lot of things he had promised to do. A lot of it was over-promising too. You know, sort of you just don't come in and wave a wand and transform Mexican society, Mexican society is a very deeply culturally established mechanism. So that was——

Q: And now we're at the end of 2001 and are you starting to think about your future at that point?

DERHAM: I am.

Q: You were there until mid 2002, or?

DERHAM: I——April of 2002.

Q: So you now are——

DERHAM: No, I'm——well, I was, I was, I was supposed to stay until summer of 2002.

Q: OK.

DERHAM: So that'd be three years.

Q: Yeah.

DERHAM: And of course Jolene was working——

Q: Mm-hmm.

DERHAM:——and Kathy was in her final year of high school.

Q: At the international——-

DERHAM: At the ASF (American School Foundation), yeah, yeah, the ASF School, which is a very good, very rich school. A lot of kind of clashes between Mexicans——not clashes, but I guess tensions between Mexicans and non-Mexicans, particularly American——sort of out of frustration and the American community. But

more or less manageable I would say. So anyway, I was planning to stay until 2002. So the question is what am I going to do next. All right. So at this point I have been, you know, going back to CG in Rio, which is not a big, big job, but it's got a nice office, right?

Q: Sure.

DERHAM: Then I had been first DCM and then chargé for a year in Brasilia, which is a pretty big mission, a very big country obviously, and a fairly responsible job then. And then I went to DCM in Mexico. And that's about as big a DCM-ship as there is. Certainly in Latin America.

Q: That's right.

DERHAM: You know, whether—how—where it lies on the list of go-able challenging DCMships is a little bit of a different discussion. But it was a very big, very big responsible job. And of course at the time with the election of Fox, with Bush-Fox and everything else it was a sexy job in that sense. So the question is where—

Q: What next?

DERHAM: What next? So the—I was talking to Jeff and I think at that point I think Lino was probably acting assistant secretary. Oh, I know. So when the administration came in, their candidate for assistant secretary was Otto Reich.

Q: Yes. I know (laughs).

DERHAM: So actually Otto is a great guy. He is a great guy. He had had some history in the Reagan-Bush I administrations where he had almost got himself into trouble, I don't know, I can't remember what—

Q: I can't remember the issue, but I can remember that—when that happened.

DERHAM: Right.

Q: Yeah.

DERHAM: And he, he, it was somehow related to Ollie North and maybe Contra—

Q: Right, Iran Contra, uh-huh.

DERHAM:—or some—so but he, he, he didn't get into the—ultimately he didn't get prosecuted or anything, but that was kind of bouncing around. And so I can't remember how long it took them to kind of come up with this name, but the Bush administration nominated him to be assistant secretary. And at that point the Democrats were controlling the Senate because Jim Jeffords had switched parties and so they were in

control of the Senate. And they weren't going to confirm him. So this played out for a while and then at a certain point he got a recess appointment, they made him assistant secretary.

Q: For one year.

DERHAM: I guess that, I guess that was the rule.

Q: That's the way it works.

DERHAM: That's the way it works, yeah. And I don't even think he was assistant secretary.

Q: So Otto Wright.

DERHAM: So Otto Wright was the designee. And I don't think this all sorted out until the end of the year, the end of 2001 and maybe early 2002 when Otto finally moved in as a recess appointment.

Q: Mm-hmm.

DERHAM: In the meantime I'm kind of, I'm kind of looking for a job.

Q: Mm-hmm.

DERHAM: And you know, as I said, I just went through the DCM stuff. I, you know, I'm not going to be DCM anymore.

Q: No.

DERHAM: So I want to get an ambassadorship. So you know, that's easier said than done frankly. But at one point the job that came open—well, there was a couple different jobs. Maybe I'll go in order. No, well, I was also contacted at this point by USTR.

Q: Mm-hmm.

DERHAM: And I was contacted by, I think I was contacted by Peter Algar. Peter Algar's like—at that point he might have been a deputy USTR. But he was a longtime, he was not a political—

Q: And you had already had your time at USTR.

DERHAM: Well, I hadn't worked at USTR, but I knew USTR—

Q: You knew it, yeah.

DERHAM: Going all the way back to the Japan Desk days. But I was _____ . And they were looking for somebody to be the assistant USTR for Latin America, which would—which is a big job.

Q: In Washington.

DERHAM: In Washington. The job Myles Frechette had for a while.

Q: Mm, OK.

DERHAM: Yeah, in Washington. And Algar contacted me and said, “Would you be interested in the job?” And I said I thought I would be. And so they wanted me to come to Washington and to interview for the job. Now, the thing was that if I took the job it’s not clear if I’d ever go back to the State Department. It was just, it was that kind of job.

Q: Or to put it differently, could you get an ambassadorship from it?

DERHAM: Exactly, exactly. And, but arguably it was an attractive enough job that it was worth considering.

Q: Mm-hmm.

DERHAM: And it would have been—I could have probably transitioned to something in Washington more permanently. It was a very, very important job. And it’s the kind of job that leads to a private sector career up here. It was quite attractive. And it was not clear to me where I was going, whether I was going to get an embassy or not. And this, this is as good a time as any to think about something. I’d almost finished my three years. Jolene was finishing up her tour. We—at this point we go back to Washington, we didn’t have kid issues at that point. So I talked to Jeff about it. And Jeff kind of advised me—well, I don’t know, he basically said just the kind of things we were just saying. “Look, you’d have to leave, probably have to leave the State Department. You probably wouldn’t come back, probably wouldn’t get an ambassadorship. And if you don’t leave you, you know, you have some possibilities. So you have to think about that.”

But he—so I said, “Well, I’m kind of leaning toward going ahead and trying to get the job.” So—

Q: So you came back for the interview.

DERHAM: No, I didn’t come back for the interview.

Q: Oh. Oh!

DERHAM: But I was still thinking about it. And Jeff went to the point where he lined up somebody, I think the replacement, lined up Charles Shapiro, to come in as DCM. I don’t

know that he lined him up, but he said something to Shapiro like, you know, “If Derham leaves would you be interested in this kind of thing?”

Q: Right.

DERHAM: And I kind of thought about it and thought about it and thought about it and ultimately I said no. I decided I would stay, I would stay with what I knew. And in retrospect, I don’t know if I would have gotten the job. But be that as it may, instead Regina Bargo got it. So that was one job. The other job they came up with was in fact the State Department job was ambassador to Panama. And I can’t, I guess that was because I think there’s a political appointee there, democratic political appointee _____ former congressman, and so he was leaving because——already left because he’s a political.

Q: Yeah.

DERHAM:——so they needed to get somebody down there. And the White House decided they would get a——

Q: A Foreign Service.

DERHAM: A Foreign Service. So, and this was, this was happening——I can’t remember when Pete Romero left, but it happened between when Pete Romero left and Lino succeeded as the acting assistant secretary. And Pete had somebody he wanted to get the job. Sue Wood.

Q: Who?

DERHAM: Sue Wood who was actually mostly a consular officer, but working at WHA in the front office. And Pete was very loyal to people who worked for him, and, but Sue was considered by almost everybody who knew her——and I’m going to have to clean her up——

Q: Go ahead, you can worry about it later.

DERHAM: Well, it gets even worse. Sue was considered not a very strong candidate by most objective observers. But anyway, had to come up with——they were going to have to come up with a list for three names. So they put Sue——so Pete’s——Pete said, “Sue was the one I want.” And then Pete left. Lino——and he still apologizes to me for the way he handled this thing——Lino felt he had to put Sue at the top of the list, but he didn’t really think she was the best candidate. He put me on the list I think second, but it’s not clear what they are. And the third person they put down was Chris Orozco.

Q: OK.

DERHAM: Do you know Chris?

Q: Yeah, he was in Rio.

DERHAM: He succeeded me in Rio.

Q: Yeah, yeah.

DERHAM: He succeeded me in Rio.

Q: Yeah, yeah. I met him.

DERHAM: Yeah.

Q: I met him when I came down——

DERHAM: He's a real operator.

Q: Mm-hmm, mm-hmm.

DERHAM: And we had a really complicated relationship.

Q: Because you were his boss from Brasilia.

DERHAM: Well, not only that, he probably helped me get promoted because Mel leaned on him. And Mel leaned on him when I was in Brasilia. And probably one of the reasons Mel could lean on him, because Mel wanted to help me, was because I think Orozco wanted to go to Rio and Mel could make that happen. So when Mel said, "Take care of Derham," I would have to look at the timing, but I think that all happened. Anyway, so he got to Rio. And then of course then I have the problem, he's in Rio doing things differently than I did them and, you know, I have his views and he has his views. But we kind of got along civilly. So they came up for three years. So they go to the D Committee, the D Committee would be at that point Armitage, he's the deputy secretary. So they're kind of, they're kind of new. Armitage is just——this is the new administration.

Q: Right.

DERHAM: And they go to the D Committee and I think Grossman was sitting there too. And, and neither one of them knows me for example. I don't think they probably knew any of the people. And who was it, Ruth Davies was probably the——

Q: She was DG.

DERHAM: Yeah, or something. So they go to the D Committee and I think——the story is Lino was there or Lino was talking to Armitage on the side or something. And it comes out that even though Sue Wood is number one on the list, Sue Wood is not one of these families, not WHA's preferred candidate. So kind of the version of the story I got was

when the D Committee meets and Armitage blows up. Armitage is that kind of guy.

Q: Yeah, I know, I met him during the Soviet stuff. He was always doing something.

DERHAM: Yeah, no, no. He was, he was, he's a good guy. But he's, he's, he's kind of volatile and temperamental. And he said something like, "What kind of, what kind of bullshit is this? You put her down first, but you're winking at me that you really don't want her. You want somebody else. What are you trying to pull here?"

So Grossman says something like—and this is—Grossman was just starting as P, although he's career guy, he should know this kind of stuff. He said, "We should do this like, like a company, or like a board of directors. We should, we should, we should interview the three and then make a pick." So next thing I know I got a trip to Washington and I go up and I go around and I interview each person on the D Committee separately.

Q: Oh, separately?

DERHAM: Yeah.

Q: That's the way—

DERHAM: That's the way they did it. And this was, this was a one-off this whole thing, I don't think they ever did it like this again.

Q: Yeah.

DERHAM: And so I interviewed with each member of the D Committee and I've done enough interviews before and since and everything, I don't interview that well. It's not—there's some things I do really well. Job interviewing for a job I don't—

Q: Well, you did well enough in your career without that skill.

DERHAM: I know, but yeah, it's despite it, rather than—

Q: OK.

DERHAM: OK. Anyway, the long story being they decided to go with Orozco. Now, I think Orozco played a Hispanic card and I think that's what was going on.

Q: He's superficially smoother than you are, right?

DERHAM: No, he's not—

Q: I don't mean—I only met him once—

DERHAM: He, he——

Q: He laid it on thick.

DERHAM: He was——I mean he's smooth enough, but he's not——you're, you're not dealing with Henry Kissinger or something.

Q: No, no, I didn't mean that kind of smooth.

DERHAM: Yeah, yeah, no——

Q: I didn't mean intellectually smooth, I meant a smoothie smooth.

DERHAM: I knew what you meant. He's probably a better smoother.

Q: That's what——

DERHAM: But I suspicion is——

Q: Is the last name.

DERHAM:——is, is yeah, that they were looking into three, they weren't going to go with Wood because nobody liked her, so it's between Derham and Orozco. Who's this Derham? Nobody knows Derham.

Q: And it's a Hispanic name.

DERHAM: And Orozco, let's get to this point. Who cares who's in Panama? Derham will be fine in Mexico, just take Derham. So, so they——

Q: So they——

DERHAM: So they picked Orozco. So now I go back to Mexico.

Q: Did they tell you that you didn't get it?

DERHAM: Well, I——you figure it out. They almost never tell you, eh?

Q: (laughs) No.

DERHAM: But you figure it out.

Q: You didn't get the——

DERHAM: No, no, but the story's not over yet.

Q: Oh, OK.

DERHAM: So at that time in Mexico City, one of the new employees, I can't remember her name anymore, was Orozco's former wife. Whatever her name was.

Q: I think you'll have to clean this up.

DERHAM: Oh yeah, I'm just telling you the story.

Q: I know. It's all right, it's all right.

DERHAM: We'll end with the Panama story.

Q: OK.

DERHAM: And Orozco's former wife. And you know, she came and she made an introductory call on me. And this was kind of around this time, I can't remember. And it came out in our discussion—because I, you know, I said I've been in Brazil or this or that and everything. She came out that she was his former wife and so—and we talked. And she was bitter.

Q: Oh, I bet.

DERHAM: Well, some, some are, some aren't.

Q: Yeah, he was——

DERHAM: She was bitter that he was a drinker, a womanizer, a this, a that, a everything. And she was just off the board on, on, on Orozco. And, but you know, what's to make of it. It's his first wife, she was unhappy. She's a little bit of a flake herself. So you know, who the hell knows? But I remember it was, it was——she was very kind of flamboyant about it. Anyway, so then——so the D Committee picks Orozco, 'K? So now, now, now they need to do the due diligence on Orozco, including the DS work.

Q: Uh-huh.

DERHAM: So, so DS decides they want to——I can't remember whether they sent somebody to Mexico or they asked the RSO in Mexico to——

Q: To interview his former——

DERHAM: Well, no.

Q:——supervisors.

DERHAM: No, one, they came to me.

Q: Yeah.

DERHAM: And they said, "You're his supervisor. You know, would you—we're doing his due diligence. We'd like to talk to you."

So I said, "Look," I said, "I was on the same list as him for Panama."

Q: Yeah.

DERHAM: "I, I prefer not to—you know, I'm not an unbiased source in that sense."

Q: Right.

DERHAM: But they talked to his ex-wife too and she gave them—

Q: Oh yeah.

DERHAM:—an earful.

Q: Mm-hmm.

DERHAM: More to the point, it turned out when he was DCM in DR that he apparently had an inappropriate relationship with a subordinate's wife. And so as a result they wouldn't put him forward. And, and he, he got very bitter about that, I'm told, not that I really talked to him about it. So, so it turned out all three of us went down in flames for one reason—or didn't have a prospect—

Q: Or did not get it, right. As a result—

DERHAM: So at that point—

Q: So who'd they name?

DERHAM: Linda Watt.

Q: Huh?

DERHAM: Linda Watt.

Q: Oh yeah, uh-huh.

DERHAM: Because at that point when Orozco went down in flames, at that point they had been talking to me about going to Washington to work with Otto in WHA.

Q: Mm-hmm.

DERHAM: And when I heard Orozco was not going to go forward I spoke to Jeff or Lino or somebody and said, “Well, here, I’m still here, still interested.” And they said no, we’re——

Q: We’ve already got somebody else.

DERHAM: We’ve got somebody else, you’re, you’re, you’re probably going to go somewhere else. And so that was the end of the Panama trip.

Q: So——

DERHAM: And I always wonder what would have——things had played out, yeah, if that would have happened. Yeah, I don’t know, I don’t know.

Q: Today is June 18th and we’re talking with Ambassador Jim Derham. We’re finishing up his tour as DCM in Mexico. There are a few last minute items to re-include in the picture of Mexico before going on to his next assignment.

DERHAM: Right. One was, the one which was unusual in the nature of congressional visits was that it would have been in early, in early 2001. And I remember it would have been in 2001 because at that point the appointments really hadn’t been made in the Bush administration and, and——well, in early 2001 we received a visit to Mexico City of essentially——it wasn’t the entire Senate Foreign Relations Committee, but it was certainly the leadership. So it was a chairman at that point, Senator Helms. That was, that was before the Jeffords flipped and the Republicans lost the Senate.

Q: Mm-hmm.

DERHAM: And Senator Biden was the ranking Democrat on the committee. And——

Q: And both of them came.

DERHAM: Both of them came and a number of other senators came. I think the original concept was that the whole committee would come, and then of course with senators, they’re all, they’ve got lots of other things to do. So we didn’t get the whole committee. But the other guy who was certainly there, because I remember sitting next to him at lunch, was——who’s the guy from Rhode Island who actually was——then became Governor of Rhode Island.

Q: Sure.

DERHAM: And now I have lost——he’s a Republican——

Q: But a moderate Republican.

DERHAM: Very moderate Republican.

Q: Yeah. And I'm drawing a blank.

DERHAM: Sort of a dying breed. And so he was there and there were a number of others. So there were a couple things to say about the visit. It was a very unusual visit and it was an attempt—not an attempt, it was in reality—a signal from the Senate Foreign Relations Committee from the Senate leadership that they were very interested in the Fox government, the new Fox government, and hoped to work very closely with it on a range of issues, including drugs and organized crime kind of thing, as well as possibly migration. It was, logistically it was a big dog and pony show. You had, as I said, a number of senators including both Helms and Biden that you had to kind of ferry around. And they were—actually they're not particularly hard to work with. And, Helms, despite the fact that he's, you know, sort of, sort of torpedoed numerous State Department careers particularly in the Western Hemisphere was, you know, very much a gentleman, very non-demanding, good humored, and everything else. And it was kind of a nice, nice visit in that sense.

The staff involved was, was, was a little bit harder edge, because both sides brought their staff. So on the Republican side, that was Roger Noriega, who later went on to be ambassador to the OES, and assistant secretary for WHA. Kirsten Madison, who was—also came to the WHA Front Office as a Republican appointee. And on a democratic side was Janice O'Connell. Janice O'Connell was working for Dodd, pretty sure. I don't think Dodd came down on the trip, but she did as a staff, committee staff I guess. And they were—it was—particularly Noriega and Janice were, were oil and water. They don't like each other, don't like each other's politics. So you had to be kind of a little bit careful about seating plans and how you did things. But overall, it was a very good visit—

Q: How big a crowd are we talking about? Between the senators and the staff? Approximately.

DERHAM: Well, I don't know. I couldn't give you a number. I mean the thing is with the CODEL, I mean it was one plane, for sure.

Q: Yeah.

DERHAM: With a CODEL, even if it's a small CODEL, if it's an official CODEL, which not all CODELs are official, but if it's an official CODEL they do get a plane, usually get a plane. And with the plane comes the doctor and the gift guy and this guy and—

Q: (laughs)

DERHAM:—the other thing. So there's, there's just kind of in the normal course of business there's at least half a dozen—

Q: Straphangers.

DERHAM: —yeah, straphangers that just go there. But on the substantive side, I'm thinking with the—I keep trying to remember this guy from Rhode Island.

Q: It's a nice waspy name.

DERHAM: It is. And he's a very nice guy, I can't remember whether he was in the Peace Corps or something, he had some overseas experience. And so, but anyway, there was a number, I'm thinking four or five senators, certainly as many staff. So it was—I mean it wasn't an unmanageable group, but it was, was—and it was not even necessarily bigger than any CODEL had ever seen before. You know, because we saw CODELs—

Q: Yeah, yeah.

DERHAM: —in Rio and Brazil. But given the, the—given it was from the Senate and they were all personalities to one sort or another, and of course with Helms and Biden in particular, very senior important senators. So, it was an important visit in that sense. So it was, it was an unusual visit, the Mexicans appreciated that. I think the senators were impressed with what, what, what the Fox people were trying to do, and it was a very good visit. And as it turned out, it was kind of my first—might have been the first time I met Roger Noriega. Of course I had known of him, and he was the one who—working for Helms that caused a lot of problems.

Q: For Foreign Service Officers.

DERHAM: Well, Pete Romero in particular, who never got confirmed.

Q: Yeah.

DERHAM: Because of Helms. Confirmed, I think. So we had that visit in early 2001. Second, the second thing I wanted to mention before sort of transiting out of Mexico is I mentioned we did have a visit from President Bush to Guanajuato in I believe it was February of 2001.

Q: So basically the Senate CODEL was sort of setting the stage for the Bush visit.

DERHAM: No.

Q: Oh—

DERHAM: No, it's two different branches.

Q: No, no, no, no, no, no, no.

DERHAM: And they were close together in time.

Q: That's what I mean.

DERHAM: And they were both, they were both signals of that Washington, the various branches in Washington were very excited and interested in the new Fox regime.

Q: No, I was just curious which one came first. You remember?

DERHAM: I'm guessing it would have been the Senate Foreign Relations Committee, but——

Q: Doesn't matter.

DERHAM:——you could look it up. Or we could look it up. Or I could look it up.

Q: (laughs)

DERHAM: Somebody's going to look it up. But we're not going to. So as I mentioned, there was, as I said, President Bush's first overseas trip to Mexico, and I believe it was in February, February of March of that year. Before I left he made a second trip to Mexico. And so I left Mexico in April of 2002. He made his second trip, it would have been March, might have even been early April 2000——probably March, late March. And basically it was not a bilateral trip, it was the UN, UN something or other, UN development something. It had something to do with the Millennium Challenge goals, development goals. And there was a big meeting in Monterey, Mexico for that. And, and, and Bush came down to that, to that visit, and I went up to Monterey and kind of, kind of, sort of handled that visit or tried to——or helped out that visit. It was——there's a couple other notable things about that visit. One was at that point when the administration rolled out the Millennium Challenge Corporation, the MCC. At that point it looked like a very innovative development effort, where you would try to provide development money to countries to——but governments that actually had some good governance and were making some progress and had some promise, rather than just kind of, you know, provide development to our friends.

Q: Mm-hmm.

DERHAM: And even though they were not, there wasn't much good governance. And that was——it was a very——it was, it was, it was something that had been talked about I think maybe in think tanks for a while. And the Republicans picked up——because Republicans didn't like AID. The AID of course didn't like the creation of the Millennium Challenge Corporation, because that kind of took funds away from them.

Q: Right.

DERHAM: But the Republican administration did push it. And that point, and I think when, when President Bush came to Monterey I think one of the centerpieces of the

speech was when the question became how are we going to make the Millennium development, challenge development goals, or challenge goals, or whatever they were, I think identified in 2001 in New York at the UN, one of our answers was that, you know, we would have this Millennium Challenge Corporation, would try to work on some of these areas of child mortality, education, what, whatever the list is on these kind of things. So there was, there was that, that, that policy aspect of it, which was, was interesting.

Q: Now, was Mexico a recipient?

DERHAM: No. Mexico, Mexico is, is, is too developed for that.

Q: OK, so it's really geared for countries that were much less developed.

DERHAM: Well, less developed.

Q: Less developed.

DERHAM: Not much. And I'll come back to that, because, because in my later incarnations in, in Guatemala, it became an issue in a certain way and——

Q: OK.

DERHAM:——I'm a little bit disenchanted with how it actually worked in practice. But at that point there was a lot of interest in it.

Q: OK.

DERHAM: It was, it was worldwide. I mean it was——I mean a lot of it would go to Africa, but also Latin America, places in, in, certain places in East Asia or Southeast Asia. So, that was a big policy initiative. And, the speech was actually well received. It was——and I think it was also well received not only on the substance, but a certain indication——this was post-9/11——that the Bush administration was showing some interest in these, in these kinds of things. The other thing that I remember about it is that it was a global conference. And it might have been, I can't remember how many leaders I actually attended, but a lot did.

Q: Yeah.

DERHAM: And I don't know if everybody was invited, but as I said, a lot did. The——one of the leaders who was invited was Fidel Castro.

Q: Uh-huh, uh-huh.

DERHAM: From Cuba. And he did, he did come. And in fact, I was in one of the hotels where he showed up. And of course it was quite an event when he came into the hotel.

Although, maybe I was in Mexico City for another thing. Anyway, so——maybe he didn't come to Monterey.

Q: (laughs)

DERHAM: Now that I think about this. But what had happened was there was going to be, going to be a leader's meal, either a dinner or a lunch, I can't remember, where——and Bush was going to be there for that. And the question was, would, would, would Fidel be there. And——

Q: And if they were there, would they shake hands or speak or——

DERHAM: Yeah, would they be at the same table? And it was——and there weren't enough leaders that you couldn't——you couldn't a kept them apart I think was the thing. So it was, it was a relatively small number, I can't——I can't remember exactly what the criteria was for who was invited and who showed up. But the bottom line was Fidel——the Cubans are——Fidel in particular I guess are all——all these autocrats are a little bit like this, really didn't say whether he was coming or not. And nobody knew until the last minute. And then——and kind of the White House is always on edge. They wanted to know if he was coming or, you know, when he would come there and everything else. And in fact, at the last minute he decided not to come, my recollection is. Or he certainly did not come for the——

Q: (laughs) He was afraid somebody was going to off him (laughs). I'm sorry. I mean——

DERHAM: He, he certainly, he did not, he did not come for the——he, he did not come for the meal or whatever it would have been, would have been there with Bush. And what happened was that it turned out later that Vicente Fox had called him and Vicente Fox had said to him, "Look, you know, Compañero," or whatever he would have called him, "Bush is coming."

Q: Awkward at best.

DERHAM: "This would be really awkward. And I'm the host, Mexico is the host of this thing. And you know, as, as," I don't know if he said it as a favor or what, but boy.

Q: As my close friend.

DERHAM: Yeah, "Would you, if you could just not show up it would sort of make my life easier or something." And in the event Fidel decided not to come. The reason this all came out was later on there were some questions asked of why Fidel didn't come. And the Mexicans answered, "I don't know, had nothing to do with it. It was Fidel's decision. He could have come." And at best, that was a half first. At worst, an outright lie. And Fidel had recorded the conversation and they leaked——

Q: (laughs)

DERHAM: The Cubans leaked the conversation. And I think there might have been some other things going on——

Q: Yeah.

DERHAM:——that they decided they wanted to embarrass Vicente Fox. And they decided to do it, and they did embarrass him. So that was one of the little, one of the little details that came out of the Monterey, the Monterey thing. It was, you know, the, the Mexico-Cuba relationship——the Mexicans——over the years the Mexicans had a complicated relationship with Cuba, basically supportive, although it, it had some certain ups and downs. And of course Fidel had, when he returned to Cuba in 1957 I guess it was, left for Mexico. That's where, that's where _____ set out. And over the years the Mexicans tended to be supportive of the Cubans. I think PRI kind of liked this kind of stick in our eye a little bit, and that was a way of doing it without getting in too much trouble. And that Fox I think initially was, you know, was kind of ambivalent about——I think Castro was ambivalent about Fox, and at least at the beginning there seemed to be some signs that there could be a pretty positive relationship. But over time, I think it deteriorated a little bit. And this, this, this incident was, was kind of, was one of the things. And that, that actually really hasn't changed in fifteen years. I think both Fox and Calderón had a very difficult but not terrible relationship with Cuba. But it was very difficult. So that was——and the whole Monterey thing was a little part of that kind of thing. And in a case like that Mexico is kind of caught between Cuba and the U.S. has reasons to, to sort of try to coexist with both of them.

Q: Well, I mean we can talk about this later, but since Venezuela became Cuba's new best friend——

DERHAM: Yeah.

Q:——it could be another shift.

DERHAM: Yeah.

Q: And then moving on, I think we——

DERHAM: Yeah, OK. So that was——so at that point——

Q: Well, we haven't talked about——we talked a lot about last time about the sort of efforts to get a position as ambassador to Panama. And as it was left you basically hadn't received that and you were going to go to Washington.

DERHAM: Right.

Q: But that's sort of where we left off and——

DERHAM: Well, let me, let me talk about that. So that, so I'm——so I was looking for a job. I was looking for a job for the summer of 2002, which would have been three years. And there was a Panama job, which didn't work out. There was the job at USTR, which I, I, I decided not to pursue. And meanwhile, in Washington Otto Wright had been named assistant secretary designee. I can't remember when he got this recess appointment, but it became clear that, once the Senate went back to the Democrats, the Democrats would not confirm him. And so he was, he was made assistant secretary's recess appointment, and he had to staff the front office. So in those days there were one, two, three, four, I guess four deputy assistant secretaries. Another six or something.

Q: (laughs) Every country——

DERHAM: Every time you swing around with a stick you'll hit a deputy assistant secretary. And so I was looking for a job. I didn't know Otto at all, but Jeff knew Otto very well.

Q: OK.

DERHAM: Jeff knew Otto because when Otto was ambassador in Curacao, Jeff Davidow was the deputy chief of mission in the late 1980s, early 1990s I guess that was. Sort of Bush I. So, and Lino who was acting assistant secretary at that point, Lino kind of knew of me. And, so I had Lino there. And I was a known quantity at that point to WHA. I had done the time in Brazil, and now in Mexico. And so I don't know, I don't know Otto's decision process, I guess Jeff had a lot to do with it. So I was——what they decided was they were going to——one of the DAS positions would be *(coughs)*——excuse me——one of the DAS positions would be a NAFTA (North American Free Trade Agreement) DAS. So NAFTA would be *(coughs)*——excuse me. So NAFTA would be——and this is one of these kind of ideas that seemed like a neat idea, but in practice you really wonder. So in other words, NAFTA you would, you would worry about Canada and Mexico.

Q: Sure.

DERHAM: And then you'd also run the Economic Policy Office, which was kind of a big office in WHA. So you had——so one DAS had, had NAFTA. The other one probably had Central American and Caribbean probably. Think there was one from Andean, and then maybe there might have been one for non-Andean. Might have been the way they divided it up. So I was, because I had served in Mexico, because I was an economic officer, they thought I'd be a good fit for NAFTA.

Q: Sure.

DERHAM: And, and——

Q: And you had at least walked across the Canadian border. I'm——

DERHAM: Well, actually, Canada was a recent addition to WHA at that point.

Q: Oh, that's right.

DERHAM: It had been in the UR and then at a certain point things got reorganized and they put it in WHA. Just, just commenting on that, you know, it's very clear that Canada is, is not a good fit in WHA because of language, culture, the, the nature of the policy problems, you know, really have very little to do with Canada. Canada operates in WHA more as kind of a, kind of a sidekick with us or something. And they tend to have the same concerns and, and, and—but it's not—it's—they're very different obviously from the stuff south of the border. And I remember talking to somebody about this once and saying, "Gee, you know, Canada's really not a very good fit in WHA." Said, "Well, it wasn't a very good job in EUR either. So it had,"—

Q: Well, yeah. Yeah, yeah, yeah. But the reason I asked, made that joke about across the border, because I don't think—traditionally everybody's in the front office of WHA who's not political has spent the bulk of their career in Spanish or Portuguese countries and have never served in Canada.

DERHAM: Right. And, but actually—well, what happened was when Canada moved over there was a certain—there were people who are more or less Canada hands.

Q: OK.

DERHAM: And they tended to gravitate to the Canada Desk and stuff. And so that, that, that part kind of worked. And over time there was a certain amount of interchange, although limited because, once again, there's a language problem and, and that kind of stuff. As you know, I'm a guy who always looks at the glass and says it's half empty.

Q: Uh-huh.

DERHAM: And I wasn't crazy about my portfolio. And the reason I wasn't crazy about my portfolio was that basically the three aspects of it, Mexico, Canada, and kind of the economic portfolio, as I mentioned Canada was—we talked to Canadians, we compared notes. But as an action responsibility or something there wasn't much going on.

Q: Yeah. No problems. Real problems.

DERHAM: Canadians are American light.

Q: (laughs)

DERHAM: I mean no, there's lots of border problems and there's trade problems and that kind of stuff, but it's the kind of stuff you just, you know, you go day by day, and you

know, like with Mexico we have this gigantic organized crime portfolio, and even the trade stuff was, was, was very dynamic and stuff, but also problematic at certain levels. Canada wasn't like that. So the Canada stuff was, to me, not that interesting. And, and in fact, in the bureau the assistant secretary—the assistant secretary spent like *zero* time worrying about Canada stuff.

Q: Yeah, that's true.

DERHAM: It's just, that's the way it is. On the economic stuff, that was interesting to me. But WHA role is pretty limited. They—just within the department they have to elbow against EB. But in Washington there's USTR, there's Commerce and Treasury and everybody else. So not really the league on that. And then Mexico, Mexico, which is important and which is complicated, but we have a Mexico Office that just does Mexico led by a senior, a senior officer, in that case it was John Dawson, who was at least as experienced as I was and who could, who kind of knew the portfolio and everything else.

Q: Plus, you already knew it and you weren't growing in the process.

DERHAM: Well, I knew it, but I wasn't going to, I wasn't going to micromanage John Dawson.

Q: Right.

DERHAM: And then John Dawson was succeeded by Roberta Jacobson and, Lord knows, I wasn't going to, going to crowd Roberta Jacobson. So I, I found—so for that reason I wasn't all that enthusiastic about the, the portfolio. But anyway, so I got to—just to—

Q: But did you like the idea of being asked?

DERHAM: Well, let me, let me, let me talk a little bit about it before I got there actually.

Q: OK.

DERHAM: So I remember, so I was leaving Mexico. And actually I was leaving by myself because Jolene was going to stay until the summer, and that's when her tour ended, and Kathy was finishing up high school. So she was going to stay until the summer too. And—

Q: And they had wanted you earlier.

DERHAM: Yeah. They needed me in April. I remember talking to Lino saying, "Gee, can I stay until the summer?" And he said no. Good ol' Lino. Thanks Lino, for helping me. I mean you couldn't have given me another two months? Because I think Lino, Lino wanted to get out of there too. You know, I guess maybe he was going to Argentina at that point? So, I had to leave in April.

The one little anecdote that I will tell, because it, it, it kind of, it came back, came back to me later, was I left, I left, I, I have to look at the dates, but you could figure out the dates. I left, I think I left over a weekend. And on the Friday before, or the week before, I, I was still—would go into the embassy. And I remember on Thursday and Friday, Jeff was getting calls from Curacaos, because Jeff had served, had been ambassador, had been assistant secretary, and knew a lot of people in Venezuela. And I didn't pay any attention to Venezuela, didn't know anything about it, had no interest in it. But I remember a couple of times he came in and he said, "There's problems in Curacaos, something's going to happen." And in fact, I think it would have been the fourteenth or the twelfth or whatever, once again you can look it up, was, was the day there was the coup against Chavez. And what happened in Washington was they, they put Chavez under arrest and there was a—Carmona took over the government. And it, it—there was obviously a lot of confusion, but it looked like he was in fact had taken over. And the question is what was the U.S. attitude on all of this. It turned out, my recollection is that it turned out that Colin Powell, I think Secretary Powell was in the Middle East. And so there was no—Otto was the assistant secretary. Otto, you know, Otto has a lot of history, Cuba, Venezuela, and his politics are pretty well known. And Otto's a guy that, you know, takes very clear positions on, on things. And I think—I can't remember, he would have been working with John Maisto with the security council, because Maisto would have known Venezuela too. But they—my recollection is—I'm pretty sure they, they—maybe it was the White House, maybe the State Department, put out a statement that was a little bit ambiguous about what our attitude would be. And then probably, in retrospect probably a big mistake, Otto called in all the ambassadors from the Latin American countries. And basically I wasn't at the meetings, so this is all kind of hearsay. Well, it's not hearsay, I think it's in reports. But it basically said, you know, we have—we kind of have a new reality in, in, in Venezuela and we need to, to, to kind of accept it and deal with it, or something, something along those lines. And my—the story is at that point the, the Brazilians said something like, "In our country, you know, people, people make—governments are changed through elections."

Q: Oh yeah.

DERHAM: Yeah. Brasilia made it very clear that—

Q: Yeah, I remember that whole thing, yeah.

DERHAM: And, so anyway, this was—to put it in my context, this was happening as I was leaving. I was—so I was not in Washington when this happened and as I was not, wasn't my portfolio, really didn't know anything about Venezuela, and was just kind of with half an eye kind of, kind of paying attention to this whole thing. I mention it for a couple different reasons. One is I think it had a lot of, it caused a lot of problems for Otto going forward. And second is, it caused a lot of problems for us in Venezuela going forward. So when I got to Venezuela in 2011—

Q: The problems remained.

DERHAM: Yeah. No, this was very much current history down there, the whole thing. And then it did, in fact, I think the Congress asked the GAO to look into what happened and there's a report on that whole thing. But anyway, I always felt it ironic that there was Jeff Davidow talking to Curacaos and all this kind of stuff going on, and I was kind of oblivious and figured why did I even have to, have to worry about Venezuela. So anyway, so I got to——over that weekend——

Q: One question before you leave.

DERHAM: Sure.

Q: Jeff was there when you arrived, and Jeff is there when you leave. How long was he there?

DERHAM: Jeff would have been there——so Jeff got there in 1998. He was there——

Q: I mean if you're now talking 2002——

DERHAM: Well, no, he was there——well——

Q: I'm just——

DERHAM: Well, I'm trying to think. He left, I think he probably left in the summer of 2002. So that, so he was there for four years. I was there for almost three.

Q: That's right.

DERHAM: But my three were within his four. So, but he was there when I left.

Q: Mm-hmm.

DERHAM: So anyway, so I left on, whatever, it was that weekend and went into the department the following weekend. Because I don't know, Lino had to get up there, can't——

Q: No vacation for you (laughs).

DERHAM: End, end of the world if I, if I don't get up there. So——which was totally bologna, but anyway. So I got up there and so I started that Monday. And so who was there? Otto was there. Lino was still there for a little bit, but——

Q: As PDAS.

DERHAM: PDAS at this point with Otto there. Kurt Curt Struble was there in the Front Office I think, myself, and then, and then Dan Fisk. Dan Fisk started the same thing I did.

Q: He did the Cuba——

DERHAM: Dan Fisk did Central America-Cuba, Central America-Caribbean, including Cuba. And Dan was, Dan was a political appointee, an easy guy to work with, unlike say Roger who was, who made a lot of enemies over the years. And so Dan was a, and so Dan and I started on the same day. And Roger I guess——Roger was, you know, downstairs, he was the ambassador at the OAS at that point. So Roger was around too. So that was kind of the team when I got up there. So I was then the, I was the, as I said, the NAFTA guy. So I, you know, started working there. The——all right, so now, now things are a little bit blurry.

Q: Well, let me ask you some questions.

DERHAM: Sure, sure.

Q: Hopefully that might trigger your memory. First of all, you haven't mentioned, is this a fixed term assignment? Did you know how long you'd be there, I mean officially? Second of all, what did Jolene come to? Did she have a job? You know, what was going on on the home front from that perspective?

DERHAM: Yeah, that's a good question. I can't remember any of this anymore. The——I guess——

Q: Well, you had a daughter that was going to go to college, right?

DERHAM: Deputy assistant secretaries are——it's a little bit unclear what their term is.

Q: Right.

DERHAM: But you do——you are assigned, are paneled. It has to go——deputy assistant secretary, the memo has to go through the seventh floor, you know, secretary's office, deputy secretary's office, I guess. But typically, typically in, you know, in a career there, they'll let the bureau and the assistant secretary decide who they want. Someone like Dan Fisk probably was a little bit more involved. My voice is terrible today. And then of course there are DAS's. At that point I think Liz Cheney was the DAS next door in NEA. There are some sort of higher profile people that are DASs too. But to a certain extent it was going to be at the pleasure of the assistant secretary.

Q: That's right.

DERHAM: So I don't think it was a fixed term, as such.

Q: Well, but his pleasure was only going to last one year since he was the recess——

DERHAM: Well, there's more to that story.

Q: OK.

DERHAM: So, this is 2002. The—I'm trying to get my dates in order about when things happen. Jolene—so Jolene was getting a job in Washington. I think she was over at CA Office—going to go to CA Office of Citizen's Services, I think. It was one of those—

Q: Might want to check on that (laughs).

DERHAM: No, it wasn't—I'm pretty, pretty sure that's what it was. And so that was going to be fine. Kathy was going to Mary Washington, so she would be coming up here. So my last kind of Mexico thing was I flew down, so I, I came up to Washington in April and then I flew down in I guess June when Kathy was finishing school and Jolene, her tour was over. And basically flew down and drove them back, because we were bringing the car back. We had driven down, so we were going to drive back. So we, I think that's what we did.

Q: And who, just as a last thing in Mexico, who replaced you? Who replaced Davidow?

DERHAM: OK. So replacing me was John Dixon. John Dixon had been the public diplomacy counselor in Mexico. I hadn't met him until I got there, but we had served together. John and I got along great, he was a great officer. Jeff, you know, Jeff kind of talked to me about, about who should—I think what they wanted to do was they wanted to just—I think the idea of just moving somebody around in the embassy seemed like a good idea, because at that point I think Jeff's successor probably had been announced and I guess there was a feeling that, you know, he didn't want—

Q: He should pick—

DERHAM: Yeah, he didn't want to lock him in too much.

Q: Yeah.

DERHAM: And so I lobbied very hard for Dixon, and I think Jeff looked at other people and ultimately did pick Dixon. I think with some reservations actually, but it worked out great. John was a great DCM. So, Dixon succeeded me. Tony Garza had been—who was a Texas, Texas railroad commissioner, which is kind of an interesting job, had been—Bush had announced—

Q: To be the next.

DERHAM:—to be the next ambassador. Jeff actually had hoped to go to India, because he had—actually, he had studied in India as a university student or something. His dream was always to go back to India as ambassador. And then, it wasn't open that summer. So instead, he went up to Harvard for a year or so. And, and then a year later he

decided to leave the Foreign Service and go as president of——what's the thing in San Diego? Not the Council of the Americas. It's——oh man. Actually, it's the job that Charles Shapiro has right now. Institute of the Americas. Institute of the Americas. And he agreed to take that job, actually I think succeeding Paul Boeker who died suddenly of a brain tumor at a very young age, relatively young. And, and of course the irony is once, once he made that decision it turned out India was open that year, and they said, "Do you want to go to India?" And he said no, he committed to this other thing and he was, he was, that's what he was going to do.

But I would, I would actually see him in Washington. And I remember in one policy context, this was the Mexicans at this point were trying to think of how to get somewhere on immigration. And you know, to get some progress on it. And one of the suggestions, I think it was Castañeda who suggested it, was that maybe both, both governments could, could name a senior, senior person to be in charge of——

Q: Negotiations or something.

DERHAM: Negotiations, or work with the counterpart and see what could be done. I remember this because, because Jeff was around WHA and he had, I think he had just talked to Secretary Powell or we talked before he went to see Powell and then later. But he, he, you know, he said to me, what did I think of this idea? I said, "I don't know, sounds like a pretty good idea to me. I mean, you know, we're not getting anywhere on migration and this might be some way to, to, to do it." And Jeff didn't agree. I think Jeff just thought the politics wasn't there and it was just going to lead to disappointment and frustration, and I'm pretty sure that's what they told Powell, and the administration never followed up.

So I'm pretty sure that Jeff was out that summer, but actually, as I said, I arrived in Washington before he did. The, as it turned out, as it turned out, Otto's tenure as assistant secretary was abbreviated, and we can talk about that. In fact, I think he, I think, I think he only lasted through the end of 2002, calendar year. And there's some——something to talk about that. But I will——a couple things I remember from that period to mention.

One is actually going back to the whole Curacao story. There was a GAO investigation of what had happened in Washington at that point. And the GAO actually concluded that we did not encourage the coup and that, you know, we really weren't involved in the coup. So, and that was something that the Venezuelans, the _____ have always kind of been fast and loose with that whole thing, about confusing about whether we had encouraged the coup with our reaction to after it had happened or something. But anyway, that's a little bit of a side issue. So when I was, when I was back there I was sort of——I did Canada as Mexico, as I said. As it turned out, I wound up, for whatever reason, I don't know, Otto wasn't around, or I can't remember what the circumstances were. I wound up going to Mexico City with the secretary, going to Canada with the secretary, and you know, flying the plane, you're the one who's kind of briefing the secretary.

Q: You're briefing.

DERHAM: Yeah. It's, you know, you wonder how you got to where you got sometimes.

Q: (laughs)

DERHAM: And you know, you try to do your best, but you're always, you're always dealing with kind of limited information. And I remember on the Canada, one of the Canada trips we went up there, the issue was—I can't remember the kid's name—it was a terrorism case—who was a Canadian citizen, but Middle Eastern origin. I think this was a young kid, I think this was a sixteen-year-old or something, I can't remember. But what had happened was he had, he had gone to Canada and then Canadians—somebody in the Canadian authority structure, they put 'em on a plane and sent him back, sent him to us. And we threw him into Guantanamo or something.

Q: Oh God.

DERHAM: And it became a big cause celeb in Canada. And big cause celeb in Canada and I remember when—

Q: Because of his age? Because we put him in Guantanamo, or what?

DERHAM: Well, because of the way we treated him, but the Canadians, there was an uproar in Canada as to why the Canadian government had let this happen to one of their citizens.

Q: Yeah.

DERHAM: And we—and this is one of those things where you're trying to figure out, you know, what had gone on and, and, you know, typically in, typically in WHA we don't really privy to that kind of intelligence. And, and so, you know, and Powell wanted to know what happened and our people said, "Well, the Canadians knew this was a bad guy and that they agreed to do this." It was always a little bit unclear as to who's, whether information was being withheld or something. But it was one of these messy things and you were kind of—I was kind of the person on the ground with, with Powell trying to—

Q: Trying to defend the policy—

DERHAM: Yeah, to defend a situation where I didn't even know what the circumstances were. So that was—the Mexico story that I will tell, and this would have been—so this would have been, I don't know, I guess in the fall of 2002 we were going down for what was called a Binational Commission. The Binational Commission is where the two cabinets meet together. You do it twice a year, once a year—

Q: Alternating?

DERHAM: Alternating of course. So this time we're going to Mexico. And Tony Garza at that point was the ambassador down there. So they were, before we left we——there was going to be a press briefing on, on the Binational——well——

Q: So we're talking now at what level? Secretary of State and——

DERHAM: Secretary of state would be _____.

Q: Yeah.

DERHAM: So that's not plugged into anything, I don't got to——

Q: It is plugged in.

DERHAM: No, I'm just thinking this other——

Q: Oh yeah, that's OK, it's off.

DERHAM: OK. So that——so I was asked to do the press briefing before we left Washington. So.

Q: On the upcoming Binational.

DERHAM: On the upcoming Binational. Well, you know, it's a learning experience, right, when you go through one of these things. Because as far as the actual Binational meeting, I knew the stuff.

Q: Yeah.

DERHAM: I knew the issues and I knew what our positions were, I knew what we were trying to do, I knew——

Q: What to say to the press.

DERHAM:——what to say, yeah, exactly. Of course the press isn't necessarily limited to the Binational Commission. In fact, the Binational Commission, per se, there's *zero* interest in the Binational Commission.

Q: (laughs)

DERHAM: So to give you a little bit of context, Tony Garza, who was our new ambassador down there, had actually been in Washington previous week or couple days before or something, and had said something to the press about some sort of migration reform that the administration was going to put forward, like a——

Q: Which administration, ours?

DERHAM: Ours.

Q: As opposed——

DERHAM: Right. The Bush administration was going to do something. I can't remember the exact details, but we were going to do something. And I think my take on this is Tony shouldn't have said anything to the press. Because the administration hadn't reached that point and certainly over at State we didn't, we didn't think we were that far along and that there——

Q: Nobody had told you if they were——

DERHAM: Well——

Q: I'm making a joke, I'm making——yeah, yeah.

DERHAM: But there was no point in, in——no, no, no point in kind of surfacing something like that. It wasn't going to be productive. So, but that actually had nothing really to do with the Binational Commission. But of course I got a question at the press briefing about, you know, what does the State Department or what does the administration think about Ambassador Garza's comments about blah, blah, blah. And I should have just said, you know, "We have no comment," or something. But of course I made a flip remark about——well, well, you know——

Q: He's entitled to his opinion.

DERHAM: Yeah, or, or, or we don't know anything about it. And you know, I hope——news to us or something, or something like this.

Q: Oh yeah.

DERHAM: And so of all the big, long briefing I did with all these reporters, the only thing that I came out was, was this——

Q: News to us.

DERHAM:——was this snide comment. And so they couldn't identify me by name, but it was, it said something in the senior blah, blah, blah at a briefing said this. So it was one of these things that kind of surfaced briefly in _____ and the secretary's office called me and said, "What's this about?" and everything else. And then when we got down to Mexico City, Garza was furious with me.

Q: Well, before you get to Garza being furious, did you feel like when they called you from the secretary's office, did you feel like your hand was slapped or——

DERHAM: Oh, my hand was slapped. And in fact, when I was riding with Powell on the plane——now, it's funny that what he said was——this——actually, we were flying down to Mexico and Garza called him on the plane to talk about stuff, including this. And Powell got off the phone and said, "Oh, he's all spun up, he's all nervous about this whole visit and everything else. And this, this, this, this little incident in the press."

And Garza said, you know, "Whoever in WHA said that did not do Garza any favors." Now, I don't know whether he knew it was, it was me who said it, or since I wasn't identified in name——

Q: He didn't know.

DERHAM:——or, yeah, you know, Powell's got a zillion things on his mind, he worries about something stupid like this. But anyway, he was aware of it and it was a mistake on my part. And Maisto, Maisto at that point was the director for Western Hemisphere at NSC and of course he was, he got himself on the trip of course, but he got himself on the trip. And you know, he commented and it was kind of a flip comment or something.

Q: Yeah.

DERHAM: So. And then when I got down there, Garza was, you know——

Q: Did he by then know it was you, or no?

DERHAM: Oh, he knew it was me from the beginning.

Q: Oh, he did. Oh, he did. It was just Powell who wasn't sure.

DERHAM: Powell wasn't sure, because it wasn't in the press and I don't know if Powell paid that much attention. I think it was Debbie, Debbie——

Q: Grace.

DERHAM:——Grace who had called me. And she wasn't even in, on his, on Powell's staff. She was——

Q: The secretariat.

DERHAM:——the executive secretariat. She was the one who called me. But every——anybody who really wanted to know knew it was me.

Q: Right.

DERHAM: Because I was the one who gave the briefing. I would be the one to do it and Otto was, I don't know whether Otto at that point had left or was not around, so was kind

of the person. Or, or was traveling somewhere else. I don't know why Otto was not on that trip, maybe, maybe he had left by that point. So this might have been, this might have been late 2002, early 2003. So Garza was, was very unhappy about it and—but we—Tony's a very nice guy and we kind of smoothed that out.

The other—so that was, so that was Canada, that was Mexico. The other—one of my other screw-ups, because the only things you remember are screw-ups—

Q: (laughs)

DERHAM:—one of my other screw-ups was—and this would have been pretty early in—well, it couldn't have been that early. It would have been pretty early in my time back there, but Otto was there. And President Bush was going to Canada, I think, Ottawa or somewhere in Canada, for a bilateral meeting. And, and this kind of shows you, it, it's, in a way this is part of the Canada problem, part of the way we do briefings and stuff. So we were, we had to do the briefing. We—State Department prepared the briefing books, or—

Q: Yeah, yeah.

DERHAM: The NSC, they do it or assign it to us. So, we in WHA basically did the Canada briefing, we have Canada. So you know, what do you do? Well, you farm it out to the desk and the desk kind of, kind of works up through the bureau. And you know, it's one of these briefing books, a zillion tabs.

Q: And it comes to you for your final approval?

DERHAM: Well, no, it went up. This was, this was actually—this—the incident I'm telling you about happened on the trip itself.

Q: Oh, OK.

DERHAM: So, I approved the package. And I looked at this—I would always look at things and you'd try to look and you'd try to—you can't go crazy about it because you'll never get anything out. But you know, but it's a certain level of, of acceptability. And what do we think about, I don't know, the Peace Bridge in Toronto? Soft—what was it, softwood lumber?

Q: Oh, that's right, a favorite topic, right.

DERHAM: Yeah. Go on through—there's a zillion different Canadian, Canadian things, NAFTA, you know, NAFTA with the Mexicans, maybe some issues in the OAS, blah, blah, blah. And so we put together this great book for the Canada trip. And sort of Otto had it and Otto was on a trip on Air Force One. And he was kind of, you know, a senior guy, the president knew him I'm sure. So president—so he went up to talk to the president about the trip and going through the book. So the president says to him, he says,

“And where are they in Iraq, invading Iraq?” Because at this point, this was, this was going, this was what was going to happen, you know, by late 2002 everybody in Washington knew, knew that this was, this was in the works. And that’s really all Bush was interested in.

Q: Are they with us?

DERHAM: Are they going to be with us? And I don’t think we had addressed that because we hadn’t thought about it.

Q: Yeah.

DERHAM: Because we don’t—I don’t worry about Iraq. I worry about NAFTA. I’m WHA.

Q: Softwood lumber.

DERHAM: Softwood lumber, yeah, let me talk to you about softwood lumber again. And——

Q: Oh, my God.

DERHAM: So, and I mean, I don’t know how Otto responded, but he, he, he tried to finesse it. But, Otto was not a nasty guy. I mean Otto does not come back and kind of ream your ass out in front of people and stuff. But he came back and he mentioned it, once again not in a nasty way, but it was enough just to mention it. And yeah, we had really, you know, I’m sure we did a scope paper, probably didn’t even mention Iraq in the scope paper.

Q: Sure.

DERHAM: Or something. It was just——

Q: Did anybody find out what Canada thought about Iraq at that point?

DERHAM: They didn’t like it. They weren’t going to——they weren’t supportive, my recollection was. Although they weren’t as bad as Mexico turned out to be. So that was, that was one of the other things that kind of went wrong. So why don’t we——

Q: Well, before you leave that——you want to take off?

DERHAM: Well, what I want to do is I want to finish with Otto and explain what happened to Otto, and then I know we should——

Q: But before we do, this one question that’s pretty obvious from what you just said about both Mexico and Canada. Aside from the bilateral issues, was there any focus, I mean on,

you know, did you have to deal with their broader foreign policy issues? Like you've made references to Cuba and Mexico. But what was going on in——

DERHAM: Well, in the case of Mexico, Mexico was on the Security Council at some point. And we talked about that in the earlier session. And again——or again——or, you know, Jeff Davidow's prediction came to pass, that in fact, a really important issue came up for us, it was very uncomfortable for them and that was, that turned out to be a problem, was Iraq. In fact, I went up to, I went up to New York in September when they had the big meetings, and sat in on the meeting that Secretary Powell had with——it was a new——Zinzer had left at that point. I think there was a new Mexican ambassador. But the whole thing was lobbying for support for what we were going to do in Iraq.

Q: Yeah.

DERHAM: And at that point they were able to get a first resolution, but this is jumping ahead a little bit more than I want to jump ahead here. But, it was a second resolution that we really needed and wanted.

Q: And it didn't work.

DERHAM: It didn't. I think we didn't even go through with it or something, we just knew we couldn't get it through. And I would, you know, at that point I was focused on Iraq. And I remember telling maybe the Mexican ambassador, whoever I could get to in Mexico, was, "Look, this is a *very* important issue to us, *very* important. And you know, the way you come out on this issue is going to have an impact on our whole, whole role and relationship." And my, my argument, and maybe it wasn't such a great argument, but it did prevail anyway, was whatever you may think about Iraq, think about——

Q: The importance of the U.S.

DERHAM:——supporting us, just for the sake of the U.S.-Mexico relationship. So but anyway, so to back up a little bit, so we're talking about 2002 when I was doing the NAFTA thing. So what had happened was Otto was a recess appointment. And I think that meant he was in office until the end of that Congress. That Congress ended in 2002. There was an election in November of 2002 and the Republicans won the Senate and Lugar took over, and was going to take over as Senate of the Foreign Relations Committee. And I mean I wasn't privy to the inner circle even on, certainly on this kind of stuff, but after Lugar took over, at a certain point he put out a statement that basically said he was not interested in confirming Otto Wright. And since Lugar was Republican——because I had thought, "Lugar takes over, Otto's going to be confirmed, and"——

Q: Life goes on.

DERHAM: Life goes on. And Lugar said something like, you know, he's not major league quality or something. I don't know whether it's a Curacao story, but the business

about the reaction after a coup had to do with it. Lugar kind of knew of Otto I think for a long time. Just from Curacao's story we had always heard that Secretary Powell was very upset and felt that if he had not been in the Middle East it would have been handled a lot differently. But it was, it was clear that, clear and surprisingly actually to me, but that Otto could not get confirmed. And so that in fact he was going to leave. And he, he, he certainly left by the end of November I'm thinking. So as it turned out, I really only worked for him for those, you know, six, seven months before he left. And then we moved into a new era.

Q: OK.

DERHAM: OK, that'll be good.

Q: Today is July 30th and we're talking with Ambassador Jim Derham about the period of 2002 to 2000 and——

DERHAM: Five.

Q: Five, OK.

DERHAM: So this actually might overlap with whatever we were——so, so at this point I was in the WHA (Western Hemisphere Affairs) front office. I was deputy assistant secretary for the NAFTA countries and I also ran the Economic Policy Desk. Otto Wright was the assistant secretary, but he had not been confirmed, he had been made assistant secretary by a recess appointment. And so around that time——so there's a lot of kind of stuff churning around.

Q: Whether he would stay on or?

DERHAM: Well yeah, exactly. And I mean he had, he had political backing from the White House, certainly from, I guess from the Miami community or the Florida community Republican circles. But Otto was a controversial guy. He had——he had been controversial in the past. He had I think it was a feeling that he, he kind of did not handle the, the, the, the coup attempt in, in Venezuela in April of 2002 well. He was, I think he got along with Secretary Powell and Armitage, Deputy Secretary Armitage, but he wasn't particularly close to them. And, and, and Powell relatively speaking in that administration at that time was kind of a moderate.

Q: Mm-hmm.

DERHAM: In that, that, that——

Q: You say that as though that changed, or that——

DERHAM: No, I mean he was a moderate——Powell was relatively speaking a moderate.

Q: Right.

DERHAM: And he still is now, but I'll give you my take on Powell a little bit——

Q: OK.

DERHAM: So anyway, what happened was in 2002 they had the midterm election and the Senate switched back from Democrat to Republican. Republicans took a couple seats I guess. And at that point Richard Lugar was in line to become chair of the Senate Foreign Relations Committee. And taking over I guess from Biden, I can't remember——

Q: Was that when Biden was in charge?

DERHAM: Yeah, he's——but it was clear after November elections that Powell was——that Lugar was going to take over the Senate Foreign Relations Committee. And I wasn't really privy to kind of the early circles on this, but I just assumed that once Republicans took over that they could put Otto up again and that he would get——the Republicans would push him through. And right after the election Lugar put up a statement basically saying——the essence of it was that he wasn't convinced that Otto Wright was the right guy to become assistant secretary. And so that was the kind of kiss of death for Otto, because his recess appointment I believe expired at the end of the Congress in 2002 and Lugar had been saying publicly that he had no interest in——

Q: Pushing his case, yeah.

DERHAM: Pushing his case. It was so that Otto had to leave the job. So at that point——so there's a lot of things going on. At that point John Maisto had been the, at the NSC the director for Western Hemisphere, was also leaving that job. Once again, I wasn't kind of privy to all the inside stuff. I think there was a feeling that——I don't know if there was unhappiness with Maisto or wasn't just a good fit or whatever, but the plan was that, that Roger Noriega would be nominated to become assistant secretary. Roger at that point was ambassador to the OES. Maisto would move over to become ambassador to the OES behind Roger. And that opened up the NSC job, the director for Western Hemisphere. So it's one of these things where I'm kind of just sitting around not paying attention to much of anything in a certain way. And I always felt——at that point, it's changed since then——but I felt that even though I was in kind of the WHA Front Office that in a certain way my WHA experience was a little bit limited in that a lot of it was in Brazil, three times in Brazil at that point, Mexico, but Mexico's actually kind of a special case. And of course lots of countries are special cases.

Q: But it's not the——it's not the Colombia——

DERHAM: Yeah, so I didn't have any Central American experience, which certainly was important back in the 1980s and 1990s. I didn't have any Andean experience with any of

the Andean countries. I had some in Argentina, but that was sort of a one off. I didn't have any experience in the Caribbean, either Latin or non-Latin Caribbean.

Q: Right.

DERHAM: So I felt that I was kind of—and I didn't have any Cuba experience, which—or any association with Cuba. So I kind of felt that I wasn't a fully balanced WHA person. And you know, even—

Q: Not part of the team (laughs).

DERHAM: Yeah, not—and actually it was the first time I was ever serving in WHA or ARA in Washington as, as—in the front office as a DAS. And as I said in the earlier—last time I said, you know, DAS for NAFTA, which was kind of a, kind of a crazy job too. So having said all this, I was told that I should go interview for the Maisto job at the NSC. So—and the—

Q: For the ego, but did you feel like you were qualified—

DERHAM: I didn't feel I was qualified, and actually I don't think I interview well and particularly in a situation where I had some, some—my own reservations about whether I would really be up to the job. I, I just, I just wasn't sure. And I think Armitage told me or he—Curt Struble at this point became acting, Curt was the principal DAS and with Otto leaving Curt was going to be acting for a while. And I think Curt probably was one of the ones that put my name forward or something. I don't know the circumstances of that. And Armitage said to me, you know, if I had—if I really didn't feel I wanted to do this, don't feel that you had to do this kind of thing.

Q: Yeah.

DERHAM: So it was—in a way at that point it was probably my job to lose, which I went ahead and lost.

Q: You've done that a couple times (laughs) in your career as you indicated back to the Panama—

DERHAM: Yeah. So I mean I went over. It was very heady in a certain way. I went over and I interviewed with Rice and with Hadley over there in—

Q: That's right, Rice was over there, yeah.

DERHAM: Yeah, Rice was the National Security Advisor. And you know, was there in the West Wing and everything. And they were—I got the sense they were kind of thinking "Well, I guess he'd probably be OK." But they were obviously—and—

Q: Did they have a preferred candidate?

DERHAM: Well, I'll tell you the rest of the story. I didn't know Maisto that well. But, we kind of knew each other.

Q: Uh-huh.

DERHAM: And I don't think I was Maisto's candidate. And at that time Tom Shannon was——Tom Shannon had moved to the WHA Front Office, but then he was supposed to move up to the seventh floor to be deputy executive secretary.

Q: Right.

DERHAM: And so Tom's name was thrown into the mix. And Tom——well, Tom is a brilliant officer on policy stuff, can be very articulate when, when the need to be articulate is there, did have the kind of broader experience, you know, had been in Venezuela, had also been in Brazil, had been in the OES, had, had a New York career up until then and continued to have after that. So his name was thrown into the mix and he went over and interviewed. And so he got the job. So at that point, at that point I'd go down and talk to Roger Noriega, who was getting ready for his confirmation hearing. And I seemed to get along OK with Roger. Roger was I think in a, in a very good positive phase then and, and, and although he came to State he had this terrible reputation from the Hill, he played well in the sandbox in WHA.

Q: Is his background on the Hill originally?

DERHAM: Yeah.

Q: OK.

DERHAM: This is mostly on the Hill. Although he worked for AID a long time ago, he was never Foreign Service. He was always essentially a career political appointee, domestic. So I think _____ had some questions about Roger, because once again they were kind of more mainstream, or had a little bit of reputation of being extremists. But——

Q: Was he of Cuban background?

DERHAM: No, he's Mexican actually, Mexican from Kansas. His family's from Kansas. So, but he was very sensitive——he's very well plugged in to the, to the, to the Miami republicans and that's where he kind of——his backing came from.

Q: Uh-huh.

DERHAM: So, he was going to be put forward. And I remember talking to Curt Struble after it became clear I wasn't getting the NSC job. Oh, he said, he said no problem, we'll just move you over to the PDAS, we'll just slot you in for PDAS.

Q: Oh, that's nice.

DERHAM: So I said fine. I mean I don't know what the hell's going on. And Curt wanted to, Curt wanted to get out once——Curt was acting for a long time and did, did a great job. Curt had, had, had very good instincts. And so for a while Curt was acting assistant secretary. So I guess I was acting PDAS while we were waiting for Roger. Roger was fine with me staying on as PDAS. And so, and, and so that's the way it kind of played out. The one——

Q: Didn't that require confirmation?

DERHAM: Not——

Q: PDAS? No.

DERHAM: No, deputy assistant secretaries, they just——they send a memo upstairs.

Q: Oh, OK.

DERHAM: And people——the D Committee signs off or something like that. So it's only assistant secretary. So the one thing I'll say is so in those, in those days I mean my role was still kind of funny, it was both with——

Q: So you did become PDAS?

DERHAM: Yeah.

Q: OK.

DERHAM: All right. So first I was acting PDAS while Curt was assistant secretary.

Q: Right.

DERHAM: So I can't——Roger probably came in in the summer of 2003 I guess. So——

Q: You'd done about a year at this point.

DERHAM: OK, but in other words I'm doing——so there's a half a year after Otto's left. I'm acting as PDAS and Curt's acting assistant secretary.

Q: Right.

DERHAM: And so at that point I was kind of thrown into——it was kind of a bad situation in that I still——I can't remember——I think at that point I still had the NAFTA

countries, or I can't remember exactly how we did this whole crazy thing. But——

Q: Before you go in, because that'll clarify a little bit, how many DAS' did they have in WHA at that point?

DERHAM: At that point they had the assistant secretary, they had the principal DAS, they had an Andean DAS, they had a NAFTA DAS, and they had an Andean South America DAS I think it was, or——

Q: OK. And nothing for Central America.

DERHAM: Yeah, no, they had a DAS for Central American-Caribbean. So they had five, one of which the Central American Caribbean was a political appointee. I mean that case it was Dan Fisk. Dan Fisk and actually I got to WHA at the same day in, in——

Q: That's right, and I know he did Cuba, right——

DERHAM: He did Cuba and Central America and the Caribbean. And I think what happened was I think the PDAS wound up doing non-Andean South America. So I, I, I——when I moved over to acting PDAS I, I, I, I left NAFTA, I think they brought Linda Jewell up to do NAFTA.

Q: And you did Brazil and——

DERHAM: I did Brazil, Argentina, Brazil and Argentina essentially, the southern cone.

Q: Yeah.

DERHAM: Chile probably too technically. But, and, and so I kind of knew Brazil and knew a little bit about Argentina, so I was pretty comfortable with that. But once again I was kind of, I didn't, I had never followed the Andean countries, didn't know anything about them, and that was, that was a big part of WHA, was the Venezuela problem, and Colombia of course, the PLAN Colombia and all that kind of stuff. I had no Central American experience. And Central America is always an issue because they're such weak countries, we've had such involvement with them, and there are the Sandinistas and the civil wars in the 1980s and 1990s. And then the Caribbean, particularly Cuba, which is a very sensitive subject. So the point being that I kind of didn't jump into those things. I served as PDAS, I worry about my own turf, I do what the assistant secretary or the acting secretary wants me to do. And, and, and that was kind of the way I operate. The problem was that at times Curt wasn't around. And then when Curt's not around I'm responsible for everything.

Q: Right, right.

DERHAM: So I got kind of an anecdote about that. But so what would happen would be we——Powell did senior staff meetings I think three times a week, something like that.

Q: Yeah.

DERHAM: And they were——Powell liked kind of big meetings like that. Powell, Powell had a very high opinion of himself and so they were all kind of performances for——

Q: For his benefit.

DERHAM: Yeah, or he performs for us or whatever. And the other thing was they were very big meetings. So they had all the assistant secretaries. They had like the office of civil rights director, they had every cat and dog that was up there. So they had like thirty people at the meeting at least.

Q: And everybody's supposed to give their two minutes worth?

DERHAM: Well no, I would, I would say this. The——for the most part——well, my feeling was this. My feeling was maybe the undersecretaries and the regional assistant secretaries were the important people there. There were all these other cats and dogs that should keep their mouths shut unless they had something to say. I mean there are some, you know, Maura Hardy, CA or something like that, that are important or whoever's running INL. But by and large there were a lot of back ventures that just showed up. My feeling was that as a representative of the regional bureau I should actually always try to say something just to make sure I knew I was there, that WHA was there. The other thing was that by and large nothing was said in these meetings in the sense that——

Q: Yeah.

DERHAM:——there was nothing important ever said. So that they would, it would be a very superficial meeting and there would be real no——there's no policy discussions or anything. It was, you know——

Q: The latest update.

DERHAM: Yeah, people talking out of the newspapers essentially. Everybody kind of nods their heads and everybody gets along and, and, and everything was like that. Actually I remember one time that——shows you how clueless I was at that time——this was when we were——this was right around the Iran-Iraq War. I can't remember whether we'd already gone to war or not. But Richard Hass who is the director of SP was there. And he was leaving. And you know, I'd been going to these staff meetings for a while, never saw anybody complaining about anything or any doubts about any of our policies. And so as typical at the last meeting, Powell said some nice words about Hass and then——I mean Hass was a very, is a brilliant guy. Little bit arrogant, but——

Q: Yeah. But anyway.

DERHAM: But very smart.

Q: Yeah.

DERHAM: And, and then in his kind of closing comments Hass, you know, blah, blah, blah, blah, blah, blah. And he said, “And it’s important that we or this building or State or whoever needs to keep speaking truth to power.”

So I’m saying, “What the hell is this guy talking about? We are the power. This is the administration. We are the U.S. government.” But he was obviously talking about the fights that they’d been having with the White House and everything. But you would never—in that staff meeting you’d never hear the thing.

Q: Yeah.

DERHAM: So the——

Q: Just a humble PDAS or a regional bureau, didn’t know what was going (laughs)——

DERHAM: But, and as I said, by and large there was never anything to discuss at these meetings, Hal was always very even tempered, showing himself what a great guy he was, and loves the troops and all this other stuff. Certain truth to it too, but as I say, he had a very high opinion of himself. And I remember the one, the one——I think I was up there on the Monday after——I can’t remember why he went on all the talk shows. Maybe it had something to do with Iraq or something, but he did——

Q: The weapons of mass destruction.

DERHAM: Might have been something like that. But in other words, he went on like four or five talk shows on one Sunday. And of course in the Monday morning meeting Voucher was there saying what a great job he did and this was the first thing since——the last time this had been done was when Monica Lewinski’s attorney had done all the talk shows, Ginsberg, whatever they hell they called it, and Powell just, you know, pleased as punch about _____. So the one time I saw Powell get mad it was at me so that——

Q: It stuck in your mind.

DERHAM: Well yeah, no, it was, it was brutal and I went, I——and sometimes I wouldn’t even know I was going to a meeting until I got in the morning and somebody would say Curt was coming in late or Curt had something else to do, had to go up to the White House or something, I should go up and represent the bureau. So I went up there and, as I said, I wasn’t——didn’t follow the Andean countries that much. And apparently the evening, the evening before the White House had put out a statement about something going on in Venezuela. And I wasn’t even aware of this, of this statement.

Q: But for it or agin' it, as they say?

DERHAM: Well, it was some criticism about Chavez and the regime or something.

Q: Oh, OK.

DERHAM: And I think I might have heard about it as I went upstairs, but I didn't realize there was any issue there or not. And they sort of went around the table, and I would never sit at the table, I would sit at the back because I was acting and felt I should sit right at the back, but it came around and Armitage said something to me. I said—he said, “I see the White House has put out the statement.”

I said, “Well,” and I said, you know, or something like that. And Powell exploded that he—nobody had consulted him on it. He didn't like the statement I don't think. And he just kind of ripped me up and down.

Q: And you didn't know what it was.

DERHAM: I didn't know what I was talking about. And I think it reflected other problems Powell was having where the White House where he felt the White House was doing things without talking to him.

Q: But you were the ready target.

DERHAM: But I was, I was the target. And it was just, just withering. And it was sort of embarrassing and—

Q: But did he say something like you didn't know what you were talking about or, or—

DERHAM: He didn't say I didn't know what I was talking about, but he, he said—and he didn't like personally attack me. I don't even know if he quite knew who I was.

Q: (laughs)

DERHAM: But he was very upset. And it was kind of my WHA's—it was WHA who had failed in not coordinating or clearing it with him, and I was there representing WHA.

Q: Sure.

DERHAM: And so I kind of had to kind of stutter through this, and it was kind of, it was—and it kind of wound up the kind of thing where he would say, “And do you understand?” Of course. This kind of shit. And I remember, I went downstairs and by then Curt was in. And I said, you know, “I just went through the ringer up in the staff meeting.” And so I explained to him what happened and he went up, and he went up later and talked to Armitage about it. And Armitage said yeah, that I got caught in the, in the, in the—not in the crossfire, but I was in the sights that morning. And so. And, and I

sort of felt that was, you know, Powell was, as I said, very interested in his own image. I mean good instincts on lots of stuff, but on, on personnel matters and policy things by and large. But as I said, very, very interested in himself, in his own image. And seeing him in incidents like that and other things where you could triangulate between what he was saying and what was actually going on, it was not being—not that I was that up close with him, but it was not—it, it didn't strengthen my opinion of him. And the other, the other thing was—to go a little bit further along I think was I was there also I think when right after the 2004 election and it was clear to me from—and once again in these big staff meetings where nothing was being said, but for whatever reason I had certainly had the impression he wanted to hang on very much and that in fact he was, he was forced out and it was very kind of an unhappy experience despite all the—

Q: Despite the rhetoric to the contrary.

DERHAM: Yeah, no, exactly, exactly. So.

Q: Was he pushed out—did you get the sense that he was pushed out by you might say policy or ideological reasons? Or they just happened to like her better, or whatever?

DERHAM: Well no, I think they were, they were kind of unhappy—I think they were unhappy with him for some of the same reasons that I was not that impressed with him. He came across as interested first in the image of Colin Powell above all other things. And I felt the—

Q: Substance got lost along the way.

DERHAM: Sometimes, yeah. And of course by that point the whole weapons of mass destruction and the whole UN thing hadn't worked out very well either, so, so I think that was—

Q: You were ready for change.

DERHAM: Anyway, so that's sort of to back up a little bit, so that, so I worked for Curt while Curt was there. And then, and then what happened was it turned out—wasn't clear what was going to happen with Curt because there wasn't, there wasn't an obvious embassy for him in WHA.

Q: Well, he'd also had a whole Soviet background too.

DERHAM: Right, but he was—yeah. But he was—but as it turned out John Dawson, who I had known, who I had known for a long time, but most recently he was the Mexican desk director when I was in Mexico, he had gone off to Peru as ambassador. And it turned out he had, he'd gotten pancreatic cancer in early 2003. And I mean he was dead in a couple months. It was pretty brutal. And I kind of, I kind of went through that whole process because I kind of knew John and given the circumstances. But so what they decided to do was send Curt to Peru to replace John. So that worked out. So at that

point Roger moved over as he was ultimately confirmed as assistant secretary. And so then I was the PDAS. For a while Chicola was acting for the Andean countries but Roger didn't like Chicola, felt—he felt Phil was, talked too much and too, too opinionated. So I think they brought Shapiro back from Caracas at that point, maybe sent Brownfield to Caracas. Linda Jewell was doing the NAFTA stuff and Fisk was, Fisk was in Central America.

Q: Just for the clarification, Shapiro is Charles Shapiro who is an ambassador in—

DERHAM: In Caracas.

Q: In Caracas, right. And Dan Fisk in Cuba, or working on Cuba, right.

DERHAM: Well, Dan Fisk, Cuba, Central America, and the rest of the Caribbean.

Q: And Linda Jewell, who I know, but Linda Jewel was doing what? She was a, she was a DAS while—you mentioned her earlier, but she came out of the USIS cone, right?

DERHAM: She was, she was a—

Q: Public affairs.

DERHAM: Yeah. And then for a while she was director of PPC, policy planning office. And then as the musical chairs directed she moved over to be the, to be the DAS.

Q: Right.

DERHAM: There was a rule, I don't even know if it was a rule, a guideline, a strongly suggested that you have a woman in the front office. So, so that, so that—I guess when I first got up there there probably wasn't. And, but I think, I think the orders were to find a woman kind of thing. And it also helped public diplomacy because at that point they didn't—now they really have to have a public diplomacy DAS too.

Q: Yeah. To sort of create a whole new DAS.

DERHAM: A new area, right. So. But actually it was funny, the other thing is when I was working at NAFTA when I was a NAFTA DAS actually Dawson had left for a while there was a vacancy because the, you know, who took over Mexico was Roberta Jacobson.

Q: Oh yeah, you mentioned that.

DERHAM: Yeah. She was—

Q: (laughs)

DERHAM: I didn't wind up doing too much work there. But actually Roberta and I got along fine.

Q: So now we're in——are we in 2003 or 2004?

DERHAM: 2003.

Q: Yeah.

DERHAM: So Roger takes over in the summer of 2003.

Q: OK.

DERHAM: And so I worked with Roger. Roger and I got along fine. Roger I think trusted me and I say that because there were lots of Foreign Service Officers he didn't trust for whatever reasons. And he, he never found me——he was always, he was always suspicious of Foreign Service, a lot of Foreign Service Officers have political orientation. With some merit. And, but Roger actually, I thought Roger was a very good, very good assistant secretary. He was very attentive to morale, he had a good sense of humor, he was a good guy to work with. He kind of kept the prerogatives very close.

Q: Right.

DERHAM: So that, for example, he didn't like to travel. I'm thinking he might have traveled with the secretary, but if he wasn't traveling with the secretary he wasn't that interested in leaving the office. He wanted to be running the office. He also made clear that if there was any testimony on the Hill he would do it and that he didn't farm that out to the other DAS'. I mean I think when I was on the front office I only testified once and it wasn't even in Washington, it was——

Q: Yeah.

DERHAM:——it was a boundary and water thing in Texas where they had a special hearing down there. So that——and that, that's kind of the way he, he ran things. He was——

Q: And did you have to travel as a result of that or did the other DAS' go to their regions, or how did that——

DERHAM: Well, actually I thought travel was for the birds for the most part.

Q: I'm not asking——no, no, I wasn't asking what you thought about it. I——

DERHAM: I didn't——no, I didn't, I didn't travel that much. There was, there was no——I traveled when there was, there was a reason to travel I would travel. So I think I went to Brazil once. There was some conference that when I first got back to Washington

actually, was a total waste of time. I might have gone to Brazil once with Grossman for discussions with the Brazilians. And I kind of went along because I kind of knew Brazil. I did that once. Pretty sure I went to Argentina at least on a familiarization, because Linda was down there then. I remember her, you know, hosting a dinner for me. I had to go down to Uruguay because Silverstein, the ambassador there, was a political appointee and he was tearing up the embassy. And it was, there were grievances and people resigning and, and a lot——

Q: In Uruguay?

DERHAM: Yeah, no, it was just——it's one of these deals where you got an embassy where nothing's going on.

Q: Right.

DERHAM: So people spend all their time, you know, shooting at each other. So I went down there, kind of it was one of these things where I talked to the ambassador, talked to the front office, talked to——go around talked to everybody getting their versions of it. And then they came back and reported to Roger and reported to I guess to Ruth Whiteside over in DG. So not a whole lot of travel. And at that point Powell did not believe in travel. And actually I think Powell is right. I mean to Powell basically the feeling was, you know, most of this stuff you can do by the phone, but I mean different secretaries——Rice was——when she came over she was very different. She traveled much more. Part in reaction to the fact Powell didn't travel. And then when Hillary took over all she did was travel and then she was surpassed by Kerry. I mean Kerry——

Q: There was a piece today about his mission (laughs). Just can't keep around.

DERHAM: Where'd you read this?

Q: At the back of The Washington Post today there's an editorial, and it's a good one actually. You know, op-ed piece on, you know, Kerry's——

DERHAM: Right.

Q: It was Dana Milbank.

DERHAM: Oh, OK.

Q: Anyway.

DERHAM: So, and so there was not——as I said, Roger didn't travel that much and——

Q: Yeah.

DERHAM: And actually I didn't travel that much either. Some, but not much. And then

one of the things that PDAS, you do a lot of personnel stuff.

Q: Well, that was my next point. Because you know, it's sort of paradoxical but what you just said for the last few minutes is what you didn't do or what he didn't do. And so I was just about to ask you, "So how did you spend your time?" kind of thing.

DERHAM: Well, in other words I did in addition to my turf, which was the South American southern cone countries, which Brazil, you had to keep your eye on, there's a couple things, the shoot down thing which I got involved in again and again over, it was kind of spent off and on over 20 years on this.

Q: What's a shoot down?

DERHAM: Shoot down is basically the Brazilians——and this happened actually first when I was in Brazil and then came back, came back again in the mid 2000s. The Brazilians at various times have, they have a legislation or executive order or both or something, that would basically give their air force the right to——when they encounter a plane that doesn't identify itself or something, and basically we're talking about drug traffickers is what this is.

Q: Right.

DERHAM: That they, under certain circumstances, would go through a sequence that ultimately could result in them firing at the plane.

Q: Right.

DERHAM: If the plane, you know, wouldn't signal or wouldn't land or something like this. Now, this seems like kind of a reasonable policy, but in fact it drives the FAA crazy here in the States, DOT. And so there's actually a big split in the U.S. government about——

Q: Whether this is OK or not.

DERHAM:——it was a good idea or not. And in fact, there are——if, if a country does adopt a policy like this and nothing else is done we, we, we, we sanction them. Won't give them equipment or certain kinds of _____ loans for aircraft and this kind of stuff. But there's a waiver process. But to get the waiver they got to kind of do a checklist for you. The country has to do a checklist. Of course the Brazilians don't want to do that, they're not going to do a checklist for us.

Q: Not for us, nope, nope.

DERHAM: Do it for anybody, but never do it for us. It's an inordinate amount of time trying to sort out what we wanted and then to do something with the Brazilians. And actually that was part of the point of the Grossman trip at that point in Brazil. So work

on—they'll be, they'll be the Brazil stuff and, and, and the Argentine stuff to a certain point. I mean the thing with the DAS is if you have strong office directors they'll, they'll, they can run the office itself. It's not as if—I mean I'll never—

Q: Micromanage that.

DERHAM: Yeah, and actually one of the good things about Roger was Roger was not a guy—Roger was not—would not stay there until 10:00pm at night unless there was a real reason to stay. So Roger would get out of there by seven and I would almost always get out of there by seven. I was never at work late. So you did the Brazil and the southern cone stuff was a certain amount of work. Economic Policy Office—

Q: You oversaw that.

DERHAM: I oversaw that. I liked that because of the econ background. We had good directors down there, Chris _____ and _____. But, I was interested in giving them direction, because there were sometimes it wasn't that much interested in what they were doing, and they were—some of the _____ and a lot of kind of stuff you would do. At one point I was involved—and then a couple of special projects. I did get involved in Haiti reconstruction because, I don't know, I think—I can't remember who was supposed to be doing that but they had too much other work, so I was kind of involved in the Haiti thing. Roger was very much involved in the Haiti thing. Roger was in the middle of the removal of Aristide, like on the phone he was up all night, actually talking to the secretary, talking to Port-au-Prince and everything and sort of very happy to get rid of Aristide. And then of course with Haiti trying to pick up the pieces again, which is a mess. And we had this gigantic interagency recovery effort or something.

Q: Yeah.

DERHAM: And try to sort of manage that whole process. So did some of that. And then—but then you would also, as PDAS you were responsible for personnel stuff and actually EX was—

Q: Part of your, mm-hmm.

DERHAM: So EX once again had a strong director whose name I can't remember. And actually first we had a lady who was actually very good and went off as CG in Frankfurt. And then, we did have strong directors. But there were always problems of one sort or another or, or in posts. And then you spent a lot of time in—as typical in the State Department Foreign Service—spent a lot of time on the personnel selection process for senior jobs. So that for DCMs and for ambassadors was the thing. And that was—I mean people (*laughs*), as PDAS, you know, people would come pay court to you.

Q: Right, oh yeah.

DERHAM: And lobby and everything else, because you're in a fairly powerful position. And for the most part Roger, you know, I would sort of try to fit the pieces together and always run it by Roger. Roger for the most part would just acquiesce, although he did have certain——

Q: People didn't like——

DERHAM: He didn't like, yeah, or that he liked. And, and he would, he would weigh in on that. But that, but that was, was not——I, I liked the process, I like to think I was as transparent and——as you could be in that process. One of the problems with State Department is nobody ever says anything about, you know, people being selected or not being selected or any——

Q: Or why they're selected or why they're not.

DERHAM: Yeah, and not so much why but whether. You know, you just——they never, you never——

Q: You never get the——

DERHAM:——call them back.

Q: (laughs) Well, you could get it, you'd get something.

DERHAM: So the, so I, I tried to be reasonably transparent on that. I tried to do a good job. And, but I found that, by and large, that was enjoyable. And so you spent a lot of time over at the DCM committee. You also spent a lot of time putting together the D Committee stuff and kind of lobbying people both at the D Committee and at the D Committee and these kinds of things. Particularly the D Committee, even the DCM Committee is kind of a totally, it can be a very unpredictable process. People kind of weigh in from everywhere. And as a regional bureau you can kind of control everything. And there's a certain resentment about that, but it's very hard to break that control at that point. So it was, that was a good part of the responsibility.

Q: One question on that, curious because a part of that time I was still in the Caribbean. When Colin Powell came to office I think there was an incredible amount of——well, we talked about this little in the context of Mexico and Bush about these expectations that OK, here's a president who cares about the region because he's from the region, close enough. And then with Powell given his, you know, Jamaican background, in the Caribbean there was an incredible amount of initial enthusiasm thinking OK, he's going to focus on us. And because of what happened, and at least it had happened. But from your perspective, or your vantage point, what were the key issues——because it was long enough ago that we all forget——what were the people in the front office, or even Powell, when they thought about WHA, what were they thinking about? Was it all focused on Venezuela or the bulk of it, or Cuba, or——

DERHAM: Well, you know, it was kind of the obvious thing. It was Venezuela, it was Cuba, it was Haiti.

Q: OK.

DERHAM: And Mexico is always a lot of stuff going on in Mexico. But——

Q: But in terms of any new initiatives or any new thoughts or any——

DERHAM: Well, there was always——there was the Sum of the Americas process, which is just a big bureaucratic goat rope. It's——I mean there's always——the lament is always gee, we don't pay enough attention to Latin America.

Q: That's right.

DERHAM: But you pay attention to where you've got to pay attention to. And it was no——it seemed to me there was no particular reason you needed to pay attention to Latin America a lot. It was by and large things were going OK.

Q: right.

DERHAM: I mean there were obviously exceptions and there were some, there were some friends and stuff and migration and this kind of stuff, but when you look at a country like Brazil, for example, both you and I know this having served there, the amount of high-level attention to Washington-Brazil is like zero. And everybody kind of throws up their hands and says well, gee, isn't that terrible? But in fact, there's no reason that, you know, people have to sort of lie awake at night worrying about Brazil, worrying about——

Q: Except for the World Cup.

DERHAM:——or worrying about the U.S.-Brazil relationship. And so, I think for the most part our feeling in WHA was there's a couple things they're interested in on the seventh floor and we'll, we'll make sure that they're aware of what's going on if they want to weigh in. But by and large they want WHA to, I think, I'm pretty sure Armitage told Roger when Roger took over, they said, "Look, this is your portfolio. You run it, you know." And actually it turned out that Roger got along very well with Tom, somewhat surprisingly. But in, you know, didn't, didn't spend a lot of time trying to rope him or the seventh floor into stuff that——they had other things to worry about. I mean the whole Iraq thing was going off the cliff and everything else. And I think, I think to the extent WHA hands kind of——even, even before 9/11 with, I mean Bush obviously had an affinity for Mexico and, and that was a priority. I don't think that was sustainable. If there was going to be something else there'd be a more important or that where our decisions would make a bigger difference than kind of, you know, cultivating the U.S.-Mexico garden kind of thing.

Q: One quick aside. I read while I was on my trip Jorge Castañeda's book, Mañana Forever.

DERHAM: Right.

Q: In which he talked somewhat about the period you were there. He doesn't mention you by name, but he mentions David also by name and talks about his perceptions. You might enjoy the book.

DERHAM: Yeah, no, I think I talked to David about that too.

Q: Right, OK.

DERHAM: But anyway, so it shouldn't have been surprising and I think, you know, from a U.S. national interest point of view it was kind of the correct way not to spend a—but we still flail around on this. We still, you know, people always—it's just that kind of process.

Q: So this went on 2003 until—

DERHAM: 2005.

Q: OK, so you have basically a two-year stint as PDAS and now at one point are you starting to think about next steps? Or are people approaching you, or you know I mean how did the Guatemala thing come about?

DERHAM: Well, it turned out, or, or it—that, you know, the—at that point I'm looking for a chief of mission job.

Q: Right.

DERHAM: I'm going to go out again. And I was actually almost not fed up, but I actually even looked around, it would have been the summer of 2004, that you know, I felt I'd been in the front office long enough and I had nothing more to gain by hanging on for another year.

Q: Yeah.

DERHAM: And I remember talking to Ruth Whiteside, who at that point was number two over in the DG's office or something.

Q: Mm-hmm.

DERHAM: And *(laughs)* I can't remember why we were talking about it, but she kind of suggested that I could—she could send me off to a university or something for a year. She said, "Because one of the slots has opened up." And the slot was Ryan Crocker who

was, I don't know where the hell he was, at what university. But he was being brought back. I can't remember at this point if it was Iraq or Afghanistan.

Q: OH no, no, no, I can tell you exactly where he was. Because I dealt with him at that point in an odd way. He was ambassador to Pakistan in 2005, four-five.

DERHAM: Yeah, he must have been——yeah, it must have been 2004. Because that would have been——and I remember, I was thinking about it seriously because she said——or maybe it's in Damascus or something.

Q: Whatever, but anyway——

DERHAM: So he, but he was out at some university and some, some slot we had I guess. And, and, and the thing was it was opening up because he was leaving.

Q: Yeah, because you know, he was involved in the human rights report for Pakistan that year.

DERHAM: I'm sure.

Q: So anyway, that's why I know.

DERHAM: So the——and I remember Ruth kind of I thought offered it to me in retrospect. And I remember talking to Jolene about it. Said, "Well, you know, I was thinking maybe I should do this or something else." Or he might have been at the National War College or something——

Q: Whatever, something.

DERHAM: And Jolene said, "You're crazy."

Q: You've already done that a few times.

DERHAM: No, she said, "You're crazy. Stay down that——stay as PDAS. I mean why would you——you're not going to get a better job." So anyway, so I hung on to——OK, so the thing is so the chief of mission things are——so how do they work? So the way they work in WHA, work in all the bureaus I guess, is certain are designated careers, certain are political. Basically the way it works is the White House releases to the department chiefs of mission that the state can fill. So they'll——

Q: They're given a list effectively.

DERHAM: Right. And so at WHA they're always——there's always some that are always career, of Bolivia for example. There are some that are always political, Costa Rica is one I would think.

Q: Really? Oh yeah. Easy life, yeah. And Barbados.

DERHAM: And there are some that bounce around so that Brazil, for example, El Salvador for example, sometimes its career, Uruguay for example. So, those are the ones that you want to find out if the White House is going to give you or not. Anyway, that's the first thing. So there's two categories. The second is, at least for career people it's a three-year term. So it's a three-year time in the coast. So it turns out that not every year is a good year. So that it's kind of a three-year cycle and some years are better than others.

Q: Yeah, where there's an opening.

DERHAM: Well, no. But in other words in the sense of—for example, most of the Central American countries are, are political.

Q: Are career.

DERHAM: Are career, I'm sorry. Are career. And they are all on the same cycle almost.

Q: So it could be a year where nothing is open, I got it.

DERHAM: Right, or it could be 2004 where there's only a couple places open. 2005 is a good year, there was a lot, a lot coming open. And, and I was, since I was PDAS I was——

Q: You got it.

DERHAM: I was in kind of a good position to play this.

Q: Yeah.

DERHAM: So in 2005 we had Honduras, Guatemala, El Salvador I think, Panama probably, Ecuador, Paraguay maybe. But we had——there were at least, and without talking about the Caribbean, but there were at least half a dozen countries that were coming open for a career and that for career people and for a first timer, like myself, could aspire to. So I kind of looked at the list and, you know, talked it over with Jolene. And we really liked Mexico.

I wasn't going to get Mexico obviously, wasn't even open, not that I would get that even if it was open. But, and, and of all——looked at the countries and Guatemala was the one that I thought—I said, "Guatemala's the closest one to Mexico, it's an interesting country, it's got a lot, you know, got a lot of history to it and everything else, got a lot of recent history and a lot of issues and stuff." And so——John Hamilton was there at the time. So Guatemala was the one I kind of sort of set my sights on.

So what you'd do is for the D Committee I think you'd set up a list of three people. And typically the——set up three, but usually the Regional Bureau would prepare the list.

They——supposedly the regionals would not limit it to just their friends, but you know, what the hell does that mean? And, and pretty much what you wanted to do was whoever you put down as number one, that's who you wanted. You put a couple of other names to fill out the list and, and, but that's——they weren't really playing. Then you tried to manage the process. So you'd go around and you'd lobby to the members of the D Committee.

Q: You being the candidate or you being——

DERHAM: Not the candidate. No, no. The candidate at that point is——they're not involved in this at all. They're, they're, yeah, I mean, I would, I would talk to them, interested in, and I would tell them, "You're on the list." I would tell them where they are on the list.

Q: That's more transparent than most, yeah.

DERHAM: And, but I would go around, or Roger and I would go around.

Q: And talk with people.

DERHAM: Talk to people and say, "This is who we want for this reason." So there was a lot of horse-trading. Not horse-trading, but there was——I mean the problem is there are certain people that think they should, they should get something that they're not going to get. It's kind of supply and demand, and there's tremendous demand and not much supply. But as it——and for some reason once——I think, I think we usually——every year we'd get one slot to somebody outside State, Foreign Commercial Service or Foreign Agricultural Service.

Q: Right.

DERHAM: So for some reason 2005 we wound up giving one to SES out of WHA. So we put Chuck Ford up for Honduras. El Salvador was political, so was Costa Rica. I was up for Guatemala. Truvella got Nicaragua coming out of PPC. Linda went to——

Q: Ecuador I thought or somewhere like that.

DERHAM: Linda went to Ecuador. Actually, Ecuador is a place I could have looked at, but——

Q: It'd be interesting.

DERHAM: Yeah, no, it turned out to be very interesting. But I decided to opt for Guatemala. I think Kasen got Paraguay because he needed to be rewarded out of Cuba. And it was kind of that process. So this was 2005. And so you——this was before 2005. So the——basically the, the, the one——well, there's always complications on this. But so we started the process in 2004 a year ahead. And then kind——

Q: At that point you being in the position you were, you knew you were the candidate for Guatemala.

DERHAM: I was at the top of the list for Guatemala.

Q: Yeah, so you could sort of start focusing on that.

DERHAM: Well no, first you got to go through the D Committee.

Q: I know, but I mean personally you can start focusing.

DERHAM: Well, you didn't want to——

Q: You didn't want to put your eggs in that basket.

DERHAM: Yeah, you didn't want to make assumptions.

Q: OK.

DERHAM: And as it turned out that year, as opposed to subsequent years, which I can tell you three years down the road, the Regional Bureau did control the process. We pretty much got our candidates.

Q: OK.

DERHAM: Now, as it turned out this was a time of transition. It was the end of 2004, early 2005. So Powell left. So one of the, one of the complications was that while the D Committee made their selections, they had to wait for Rice to come——

Q: To approve them.

DERHAM:——and make sure she was OK with them. She came in and she was OK with them. Another thing that made it pretty smooth sailing was that the Republicans, you know, controlled the Foreign Relations Committee. So——our Senate. So that when——

Q: When Republican secretary of state——

DERHAM: Yeah, right, when the administration recommends it, it's, it's much easier. So long and short of it is we got through the process, we got through the D Committee. It was pretty much the slate of people that we had picked. And then there was some delay before it was officially announced while we waited for Rice to, to get settled and get around to it. And then, but then once it was announced it went, it went pretty fast and, and the hearing was pretty, hearing wasn't an issue, get a bunch of us at once. They had——

Q: How much preparation did you go through?

DERHAM: Went through a lot, but you go through a lot but I mean the bottom line is you haven't been there yet. So it's not as if you're supposed to know everything.

Q: Oh, it's pretty obvious right now some of these guys don't know much of anything (laughs).

DERHAM: Right. What you, what you—they always told you was, and they'd tell you ad nauseum, is, you know, you—if there's—whatever you're asked you always say, "If confirmed, I will blah, blah, blah," and you're very deferential to the, to the, to the senators. But as I said, it's not as if you're supposed to be an expert on Guatemalan issues or politics or stuff. They do brief you on all the Qs and As and everything, but it's not, it's not as if you should be expected to understand everything. It's more a question of just kind of thinking on your feet.

The—so anyway, and my hearing, which I think I did with Linden and Travelli and whoever else, we went together, it was—so it was actually wasn't the full committee, it was the Western Hemisphere subcommittee. Senator Coleman from Minnesota was the chair and it was a pretty pro forma hearing. I think maybe a Democrat showed up for—Dobb might have shown up for a couple of minutes and then took off. The one—or actually Dobb showed up after the hearing, because I remember he wanted to, he wanted to say hello to Linda, because Linda had worked for his brother. She had been Tom Dodd's DCM in Uruguay I guess it was, so there was a connection with Linda. But the only thing that Coleman said that turned out to be useful that he highlighted this, was he asked for my commitment to work with him on adoption issues in Guatemala. And so what am I going to say? If confirmed, yes—

Q: I'll be happy? Yes, good cause.

DERHAM: Yeah. So then, and then, so then we reported out to committee and then one, one Friday evening they came on the Senate floor and it was all executive calendar, blah, blah, blah, blah, _____ consent and it was over.

Q: But I guess the question too of this particular case is from the time that it went to the D Committee, how long was this process?

DERHAM: Well, I—

Q: How long before you—

DERHAM: I think I went to the D Committee—it actually turned out I hadn't gone to France to visit these same people that year too. So I think I went to the D Committee sometime in the—I think the lists were prepared, we had prepared the lists in the summer of, late summer of 2004. So we went to the D Committee, I don't know, September, October, something like that, maybe September.

And then, as I said, and then we were kind of on hold. I mean they have this whole kabuki about gee, you can't do anything. You can do certain things once you're announced, but once you're announced you can't do anything. And even after you're announced there's only certain things you can do. So it took—we were confirmed I think in May. So I don't know, it was sort of six to eight months I guess, so anyway.

Q: But at what point I guess were you thinking after—it was after the D Committee and you'd been approved that you were sort of can start thinking about family planning for—I mean planning for the trip and moving and that kind of stuff, the psychological part of it.

DERHAM: Well, it was—well—

Q: You still weren't—

DERHAM: No, I mean I've been around that process enough at that point that I understood at any step of the way something could go wrong. So that you never—each step you went step by step. And in my case it turned out there were no missteps. But I like to think that I'm always aware that you shouldn't assume anything.

Q: OK.

DERHAM: So.

Q: So come—so we're going to probably—

DERHAM: We should stop now.

Q: So basically are there any closing thoughts on your period in, in Washington PDAS?

DERHAM: I guess the closing thought is, it tends to be stressful in a very kind of unpredictable way. And you also are—a lot of times you're kind of considered to be responsible for stuff that you really don't have much power over or, or have, have much say. And it tends—there is a sort of sense that you're right near the center in everything, but it's actually very frustrating about the, about frankly the limited impact you really have on these kind of things. And so that's why people, by and large people want to get out of Washington (*laughs*), because at a, at a post you're—

Q: You're in charge.

DERHAM: You're much more in charge, yeah, yeah.

Q: All right, so next time we'll talk about getting to Guatemala and your time there.

DERHAM: Yeah, no, exactly. We're moving along here.

Q: Today is August 20th and this is with Ambassador Jim Derham and we are about to talk about his tenure as ambassador to Guatemala, or what led up to that initially. We sort of got to that point, so if there's anything else you want to bring up—

DERHAM: No. So in other words, we left for Guatemala in August 2005 and by we I mean Jolene and myself and I think Michael met us halfway down on the trip.

Q: And how did you get there? I mean because in your case, yeah—

DERHAM: I'm going to go into that. I'm trying to remember where Kathy was. I don't think Kathy was with us. I don't know what the story with Kathy was. So we drove, OK?

Q: All the way to Guatemala.

DERHAM: All the way to Guatemala. At that point we had driven back and forth to Mexico, so we knew most of the, you know, two-thirds of the route. And we kind of—we enjoyed it. It's kind of a long, tough drive. It's a long tough drive, and unbalanced, but it's good. The drive itself is interesting, plus it means once you get to post you have your car and all the, all the crap you could put in your car. So you're able to bring more stuff than you would have on an airplane flight. It is kind of a long drive.

Q: How long did it take?

DERHAM: Well, I'd have to think about this. Takes you—you certainly get to the U.S.-Mexico border in no less than two days. And then from the Mexican border you can get down to Mexico City in another two days or even a day if you really haul ass I guess. So it took three or four days to get to Mexico City. Then we stopped in Mexico City for a couple days because we had to work there. I saw a couple people, did a couple things. I went and talked to Tony Garza who I knew and sort of gossiped with him about stuff.

And I think at that point Michael flew down to Mexico City, wherever the hell he was. He might have been in Miami at that point, working for Modern Finance. And he joined a trip in Mexico City. So I think it was the three of us departing Mexico City. The one thing, it turned out that we kind of actually dated—we just dodged Katrina up in Louisiana and Southern Texas. And I think we went through just a couple days before Katrina got there. Of course at that point we had no, no sense of how important Katrina was going to be for the Bush administration and the country, but it was a

So in leaving Mexico City one of the things we wanted to do was stop in Chiapas, which we did, and spent a day or two in San Cristóbal, which is the capital of Chiapas. And then did some stuff there, which was pretty interesting. And then arrived at the border in Guatemala. So it was probably—we were probably a week on the road by then. And the border of Guatemala the RSO picked us up and they had—it was the RSO in a car in an armored suburban I suspect, plus at least one other vehicle. And we kind of

convoyed down to——

Q: They let you drive?

DERHAM: Well, in fact he asked me if, you know, somebody could drive the car. And I said no, I can drive my own car. And I have, over the years I've struggled against security and actually the RSO, John Ustis, he got there to Guatemala, he got there that same summer so we worked together for the three years. And he was——he's an excellent, he's an excellent RSO, a very good guy, and very regional guy, which is what I like about RSOs.

Q: Before you——

DERHAM: When we were in Brazil——somebody asked me the other day what RSOs I worked with. Did you know Decamply? Or Decamply was up in Brasilia.

Q: He was from——

DERHAM: He was from Jackson.

Q: Jackson, uh-huh, your favorite person (laughs).

DERHAM: Oh Jackson was fine.

Q: Really?

DERHAM: Yeah.

Q: Oh, we'll save that for——that is not the impression that the staff at the consulate has, let's put it that way.

DERHAM: Really? Well, I give a mistaken impression sometimes.

Q: All right. Well anyway, before you leave Mexico, I know we've had a hard time leaving Mexico.

DERHAM: Right.

Q: But you just mentioned Chiapas. And so my question on that visit was were there any sort of, you know, residuals from all the, you know, activities that had been going on in, in, in Chiapas a few years before?

DERHAM: No.

Q: You didn't have any sense of——

DERHAM: No, the interesting thing about Chiapas, and a little bit of a preview for Guatemala is _____ and very interesting. And Chiapas is a little bit more interesting and exotic than Guatemala in that case, but no, there was no——

Q: OK.

DERHAM: So.

Q: Crossed the border.

DERHAM: We got to Guatemala, and my recollection is we probably got to the border maybe mid-morning and for the rest of the day we kind of drove and got into Guatemala City. I got to Guatemala City mid-afternoon, late afternoon my recollection is. We had to——we were kind of——

Q: So you made that in one day?

DERHAM: Oh, from the border? Sure. That's not a problem. The road is not——it's the——it's the Guatemalan section of Pan-American Highway. Kind of go through the highlands and stuff. But it's pretty——

Q: Passable.

DERHAM: A pretty, a pretty good road and in pretty good shape and the weather was fine, there were no issues. We had to push a little bit because President Berger, Oscar Berger, B-E-R-G-E-R, was going to accept credentials the next day. And I had——and I kind of——I'd been informed of this and I kind of tried to push back, could you give us a little bit more time? And the word came back no, had to be that day or you'd have to wait. So we wanted to make sure we, we——

Q: Got your, yeah.

DERHAM:——got the credentials. So we did that and so arrived in Guatemala, went to the residence. There were people, pretty sure the DCM was there, Bruce Wharton, Wendy Wilkins who was kind of the——worked in the Housing Office or something. She was the spouse of either the MLO or DAT, I can't remember what Mark Wilkins' job was. And, and that was a couple we got along with very well, the Wilkins. And they were kind of almost as old as me. So they were——and Bruce Wharton I inherited from John Hamilton, Hamilton had picked Bruce, he's an outstanding officer.

Q: Was he there for much of your time, or?

DERHAM: He was there for the first year.

Q: OK.

DERHAM: So he's gone on, I think now he's ambassador in Zimbabwe.

Q: OK.

DERHAM: But he's very good, very, very professional, and he's the kind of guy when we were corresponding before I got down there one of the things he said to me was, he said—they had, they had—the way the embassy worked was they worked four full days, maybe ten hours a day, can't remember what the deal was, nine hours a day. And on Friday they'd only work half a day, so you'd get off at twelve noon. So I said to him, I don't know, on the phone or in emails or I don't know what, that that was—I couldn't see any justification for that. There's no real—there's an hour time difference with Washington, you know, there's no particular reason to take half a day off on Friday, except it's nice to have half a day off.

Q: Sure.

DERHAM: And I just said that was kind of abusive and that would be something I'd want to take a look at. So Bruce, the kind of guy he is, he came back to me and he said, well, he said, "If you want," he said, he said, "I can, I can make the change before you get down there and I'll take the heat for it and then, and you won't, you know"——

Q: No one will think you're an awful person.

DERHAM: That's right. No one will, will, will take it out on you. And——

Q: (laughs)

DERHAM: So I, that was very generous of him to do something that——because he didn't really agree with my thinking on this, but I told him no, that that wasn't, that that wasn't necessary, that——

Q: You'd play John Wayne.

DERHAM: Yeah, I would take a look at it when I got down there. So just to finish that little story, so at one of the first country team meetings I had I, I kind of talked about this and said, you know, I couldn't really understand people in Washington are working Friday afternoons and there's stuff going on, and I didn't really understand why this was being done. And I said I was going to, I was going to think about it and maybe, you know, whether we'd continue with this or not. And, and you could have heard a pin drop in that country team meeting.

Q: (laughs) What was their——I mean clearly people wanted a little bit a longer weekend, but it's not like living in Manhattan. I mean, was there something that they wanted to do Friday afternoons?

DERHAM: No, they'd just get a longer weekend.

Q: Get a longer weekend.

DERHAM: Get a longer weekend. There was no——there was no real reason, there was no kind of——there was no real justification for it. But it was something at a certain point that had been instituted. And of course once it's instituted it's hard as hell to walk it back.

Q: Was there something to do with the working hours in Guatemala City for the government or anything? No? No. Nothing to——

DERHAM: No, there was no——as I said, there was no justification for it.

Q: So you changed it.

DERHAM: What's that?

Q: So you changed it.

DERHAM: No, I never changed it.

Q: Oh, you didn't change it.

DERHAM: No, I chickened out.

Q: (laughs) Oh, OK.

DERHAM: And in——and I, I felt somewhat satisfied in the sense that I thought——I was kind of pleased with the way I handled it, because I scared the hell out of everybody, but never actually did anything. So everybody kind of walked around on eggshells that they didn't want to sort of piss me off, change my mind on it. So I never changed it. I was in——to gossip a little bit about my predecessors, my immediate predecessor was John Hamilton. And Hamilton's very kind of senior, experienced guy. He had come to Guatemala from Peru, which I don't quite understand. But he, he, that's the way he wanted to do it. He had been preceded by Prudence Bushnell.

Q: Oh yeah.

DERHAM: Yeah. And before Bushnell was Don Planty who was kind of a piece of work. Bushnell, Bushnell's a very strong willed person who kind of——I mean I don't really know her that well, but——

Q: She was in Cuba too, wasn't she?

DERHAM: What's that?

Q: Was she in Cuba at one point?

DERHAM: No. Her claim to fame was that she was in Cuba.

Q: That's right.

DERHAM: When they bombed the embassy.

Q: That's right, that's right, I couldn't remember where——

DERHAM: And so the——and I always felt that, you know, she made a big deal that, you know, when she got to Kenya she went in and said, you know, the security situation's very vulnerable here and kind of, kind of went on record. And it always struck me that she was more somebody who kind of covered her own backside rather than actually sort of doing things or something. You know——

Q: For the sake of the embassy or——

DERHAM: Well no, you send in your cable saying, "We're very vulnerable" without any, any, any thought that actually something's going to be done about it, you're just, you're just putting Washington in a difficult place. Because I think she might have done something like that in Guatemala, although I'm not quite sure. She also had a difficult president to work with, Portillo, who actually I think now is in jail in New York for money laundering.

Q: Mm-hmm.

DERHAM: And sort of Hamilton, Hamilton's a good guy, did a good job. My sense of John is——and he's very professional, and his spouse Donna was kind of very senior CA person, although she was, she was just a spouse at that point. But I always thought John kind of just went with the flow on certain things. Because I think the Friday afternoon stuff probably predated Hamilton and he didn't change it. But the other thing that I thought was really crazy that I remember was when I got there we were talking about the national day, which in my perspective is July 4th. Well, it turns out it rains a lot in Guatemala in those months, and Bushnell had at one point decided to have our national day celebration in February, on President's Day or something. Which to me is——

Q: Sacrilegious (laughs).

DERHAM: Yeah, you know, I'm sorry the weather is bad on July 4th, but we're not going to, we're not going to make this change. So Bushnell made this change. It's kind of something Bushnell would do, you know, this kind of crazy very out of the box in a way but ultimately stupid idea, and Hamilton just went along with it for three years. So when I got there, when this was kind of explained to me I said no, we're going to do it on July 4th. But that was, that was subsequent to that. So anyway, that was, that was kind of the situation I inherited. The embassy itself, Wharton, was a very strong DCM. We had Alex Featherstone and Alex——he was head of the Political Section, he was, he was great,

excellent officer.

Q: He was in Brasilia, wasn't he?

DERHAM: Yeah, he was. He was. Oliver Griffith was the econ officer, who has actually since left the Foreign Service. He was, he was, he was a very good econ officer. He was disappointed he wasn't a DCM, and I think that was one of the reasons that led to him leaving the Foreign Service. I think he left Guatemala after a year or two, I can't remember what it was. But while he was there he was great. Scott Heckman was in charge of the Management Section and he was, he was competent in, in—he was competent. And then John Wall got there at the same time to run the Consular Section, and John and I got along fine although he was kind of a managerial challenge. And, in Public Diplomacy we had David, whose last name escapes me at the moment. He was actually I think more a political officer than a public diplomacy officer. I got along with him fine but he kind of struggled a little bit sort of working in public diplomacy. But all in all I thought it was a good team. And——

Q: Now, was Jolene able to work at all?

DERHAM: So this is the way the State Department works. She can't work for me.

Q: I know, that's why I asked (laughs).

DERHAM: But she was on——she was a consular officer CA. And CA took care of their people. So CA has a program or has, whatever you call it, for——they have a number of what they call regional consular officers.

Q: Mm-hmm.

DERHAM: So that particularly in a place like Africa, for example, there'd be a regional consular officer maybe based in, I don't know, Cairo or Frankfurt or maybe there's one for the Middle East in Cairo or something. And basically you would go——you'd go out to smaller posts who maybe only had one or two American officers and kind of a bigger post, you have a senior consular officer running the section and they can take care of it, but you have these small things. So CA had that program for the Western Hemisphere. And so they put Jolene into that slot.

Q: Based in Guatemala City.

DERHAM: Based in Guatemala City. And CA, CA does this, does this a lot to accommodate the tandems.

Q: Yeah.

DERHAM: And for the tandem it's great. I don't know if that's, you know, there's all sorts of equity questions that would come up. So Jolene, you know, had a little office,

little closet without actually no windows or anything, kind of off of the Political Section. And she traveled a lot, she liked the job a lot. But she traveled a lot, but she was around Guatemala too. So——

Q: In and out, yeah.

DERHAM: Yeah, it worked out.

Q: That's great, that would be wonderful. I mean she got to see a lot of Latin America.

DERHAM: She got to see a lot of Latin America, she had her own salary, she had, you know, a meaningful job. She often came back with lots of stories and stuff. So it was fun. The residence was very nice, it's kind of a classic, one of these classic Latin America residences. A beautiful garden, kind of, kind of well known. So it was-- and the U.S. ambassador in Guatemala was a big shot.

Q: Sure.

DERHAM: So it was, in a lot of ways it was a very enjoyable job.

Q: Well, let's look at some of the specifics there like security, and so on.

DERHAM: Yeah. Well, kind of a lot of stuff to talk about. The, the, the one thing I was kind of thinking about this was the first thing that that happened there was of certainly big note was Guatemala was hit by a tropical storm, Tropical Storm Stan, which never——

Q: Which occurred when?

DERHAM: Well, soon after I got there. I got there in August, it probably occurred in October, around that time. And it was basically kind of torrential rainfall on the southern part of Guatemala, sort of the part nearest the Pacific there. And kind of rivers overflowed and there were mudslides and loss of life and housing and everything else. And it was——I mean Guatemala's never prepared for this kind of stuff. Guatemala's also very vulnerable to these kind of natural disasters and it's kind of——I mean Guatemala is a fascinating, beautiful place, but it's also a long history of a lot of sadness and, and things. And this is kind of one more chapter. I do remember because——for a couple different reasons. One is, we——I mean we're the ones——we, the U.S. in a place like Guatemala, we're the ones that kind of have to step up to the plate and, and, and, you know, help them out. So——

Q: When there's a natural disaster.

DERHAM: Yeah. So Southern Command was very active and AFTA also sent up their personnel from El Salvador. And actually we had a very——when I first got there was had a very active USAID director, Glenn——can't remember last names anymore, have

to look these up. To the point where he was—he would bump against me and—AID was very important. They had a lot of money—

Q: Right.

DERHAM:—they had a fifty million dollar program there. And Glen would kind of want to hang on to the money and he saw himself as almost sort of a co-ambassador at times. And so, as I said, we would bump up against each other. But not—Glenn was good, but too good I thought. But we never had any, any serious problems. But AID was very much involved in that, and Southern Command. Southern Command sent in helicopters, they set up a kind of an operation out at the airport. So they were there for, for, for a couple months.

Q: Was there a lot of I mean loss of life, or?

DERHAM: There was loss of life. One of the things was out by Lake Atitlán there was a mudslide that essentially washed away the village and there was considerable loss of life there. One of the big activities was to rebuild that village. There was also a lot of road loss and, and, and, and, and other kinds of things. And of course there was, there was a lot of, there was a need to get supplies in, and that kind of stuff. And Southern Command actually had the helicopters, I think they had Chinooks that they used, and certainly Black Hawks. And they, they seconded a number of—had an ongoing operation out at the airport. And I was involved in a lot and AID was also doing a lot of things in that.

The problem is that when we do these things, we kind of do them well. But—and, and they were—they Southern Command and AID are always very meticulous, and more than meticulous, sort of proud of how much money they're pouring in. But when you look at how that money's actually spent, a lot of it is just running helicopters and fuel and salaries. Same thing with AID, it's you know, contractors and blah, blah, blah. So given the amount of money that they spend, the actual assistance that actually gets to people is relatively reduced. So you know, we'd be throwing around fifty million, one hundred million dollars we would say, but when you actually sort of looked at it very closely it turns out we're actually due a lot less than you would think. But nonetheless, we did it, and made a good faith effort.

The government was very appreciative and it was, you know, it got me to do all sorts of things going out, inspecting it, and climbing around in helicopters and everything else. And it was, it was, it was an interesting experience. The one thing I do remember is early on—I think actually the government set up a command center also maybe close to the airport. And the president convened a meeting of the diplomatic community, basically because he wanted to pitch for assistance.

Q: Sure.

DERHAM: So I went there and, you know, all the ambassadors are there, the usual gaggle of people. And the president made the presentation. And then at the end of it he

asked me to stay back for a couple minutes and I went in and I talked to him privately. And he said to me, he said, you know—and this is right after I got there, maybe the first month or so—well, the October.

Q: Yeah.

DERHAM: And he said, he said, you know, he said, “You really have an opportunity to be”——

Q: A big man (laughs)

DERHAM: Yeah, “A historic U.S. ambassador here.”

Q: Ooh.

DERHAM: Yeah.

Q: Feed that ego.

DERHAM: Yeah, but he had a specific ask or request. He said, he said, “And you know, if you could get TPS, temporary protected status, for Guatemalans based on, on Tropical Storm Stan,” he said, “that would be——your name would go down in history books.” So there’s some background to this. Three other Central American countries had some form of TPS.

Q: Mm-hmm, I know El Salvador did.

DERHAM: El Salvador did, Honduras did, and Nicaragua did. I think El Salvador—I can’t remember what the——it was actually a hurricane or a storm.

Q: Well, they had it for the war refugee thing too.

DERHAM: Well, I don’t know if they——

Q: Didn’t they?

DERHAM: I, I can’t remember. No, I think it was, I think it was later. And certainly Nicaragua and Honduras, I’m pretty sure it was natural disasters. But I can’t remember. But in any case, and they had had it for a while, and the TPS was one of these things that you——it’s only for a limited time, it’s a year or two years I think it was. And it has to be rolled over. And it——the El Salvador, Honduras, and Nicaragua thing is dated to sometime in the 1990s, I’m pretty sure. It has been rolled over each time.

Now, having said that, it is for a limited number of people and it’s not, you know, you’re granted temporary protected status at a certain moment in time, as long as you stay, as long as you——I don’t know if you can go back to your country or not, but as long as

you're still in the U.S. you enjoy that status, and as long as it rolled over, you still roll over. But people who would go to the U.S. after that don't get temporary protected status. It's, it's, it's a snapshot in time. So it's not, it's not carte blanche for all El Salvadorians or Hondurans or Nicaraguans. So there's a certain number, and particularly in the case of Nicaragua and Honduras, my sense was it wasn't all that great, I don't know, tens of thousands or something. El Salvador might have been a little bit bigger. And as it turned out, this was 2005, El Salvador under I guess it was President Flores, I don't remember, had agreed to participate in the Iraq Coalitions. So as long as El Salvador had their company of soldiers out there, they had——

Q: They could keep getting——

DERHAM: They could get the TPS rolled over and it was too hard to do anything against the Nicaraguans and the Hondurans, so all three countries typically got——I think they still have it, I think it's been rolled over since then. So I lobbied Washington very hard. And Shannon at the time, who's assistant secretary, I think he supported me although I'm not, I'm not one hundred percent sure. And it might have been, and Rice might have been receptive too. But——and in fact, the, the merits were pretty strong.

Q: Yeah.

DERHAM: There was this tropical storm so that if you were in the States and, and you, you know, your home——where you lived was in that area that was devastated by the storm, arguably going back would be a problem. And so, you know, under——it was a——on, on, on the merits, on, on paper technically, theoretically there was a very strong justification for TPS.

Q: For people who were already in the U.S.

DERHAM: For people in the U.S. and who could make the argument that going back would be a problem. And TPS exists. You could do it and you could——the executive of the president could——

Q: Right.

DERHAM:——could do it. They ultimately decided not to do it for a couple different reasons I think, and I never got a real explanation but just told politically it wasn't going to happen. It was basically, one was——the whole migration issue was, was——had heated up or something. The administration was trying to get a migration reform through. They felt this would complicate it. Second was, and one of the reasons it would complicate it was there was a feeling on Capitol Hill, which was correct, that TPS had been abused. And it, you know, this continual roll over these things, this was not what TPS had been designed for.

Q: Especially if you live in Arlington County the number of El Salvadorians here are just legions (laughs).

DERHAM: Yeah, and they don't all enjoy TPS.

Q: I know, but.

DERHAM: But some do. And so there had been an abuse of that and to, to use it, to extend it to another country would just be extending the abuse.

Q: Right.

DERHAM: And so there was a feeling that it just, it just couldn't be done. So I pushed and I pushed and I pushed and we'd never, ultimately decided not to so in that sense I did not make myself the historic U.S. ambassador.

Q: (laughs) No William Walker status for you.

DERHAM: Right, exactly. So that was kind of one of the first things that we had to deal with. Trying to think what else, talk about. There were a couple of—sort of jump around a little bit, but there were a couple of important issues that I thought we actually did quite well on. One was adoptions. And when I got to Guatemala, Guatemala was like the second or third largest source of overseas adoptions for the U.S. And it was kind of an unfortunate situation because it was quite clear that quite a bit of money, relatively speaking, was involved in this. So that—

Q: You mean in a corruption sense, or?

DERHAM: In—so for example, if you were a couple in the U.S.—or not even a couple, and wanted to adopt a Guatemalan child, you would have to pay, I'm trying to think, I don't know, between ten and forty thousand dollars or something. And basically it would go through various middlemen or middle-women on this kind of thing. And what you would wind up getting would be a baby, Guatemalan baby, or young child. Almost invariably an indigenous child. There was not—there was a certain—and there was all sorts of chicanery going on as to—I mean there are some, some allegations that, that, that some of these births happened because the mothers were basically doing it for the money, the conceived and then gave up the child, it was just part of a transaction. There are other stories that, that children were birth mothers, children were taken from birth mothers, birth mothers didn't realize what was going on. And, and this kind of stuff. And it was, it was just, it was probably very corrupt from beginning to end. The embassy tried to—the Consular Section tried to put safeguards and sort of DNA things to make sure the birth mother, the mother that was giving up the child was the actual birth mother and things like that, but even that could be gamed, I mean the incentives were so much. And it was just—I mean the kind of problem was in a way, you know, to be a little bit cynical about it, everybody came out ahead. I mean the family got the, the child or the adopting parent got the child, child arguably—

Q: Gets a better life.

DERHAM:—had a better life in the U.S., although that's a little bit arguable, but the child at that point doesn't know. At the Guatemalan end, people got the money. And—

Q: And different people got money, so everybody was happy.

DERHAM: Yeah, right, so it was—so the incentives kind of lined up. But if you stepped back and looked at it it was clear that it was a corrupt system in that sense.

Q: Selling babies.

DERHAM: They were selling babies. And so it was—there was also congressional interest in this.

Q: Were there actual orphanages, or was this being done on a kind of in-house at-home basis?

DERHAM: I think both.

Q: OK.

DERHAM: It was also something that was, there was congressional interest in it. Particularly Senators Norm Coleman from Minnesota, who actually visited while I was down there and who's also raised this issue with me in my hearing, and Mary Landrieu from—

Q: From Louisiana.

DERHAM: From Louisiana who was very interested in this. And they were kind of in the same bind. They had a lot of constituents that either had adopted kids or wanted to adopt kids, so they kind of understood it was kind of a, kind of a questionable system. So it also turned out that at the time I was down there we were, the U.S. was going to implement the Hague Convention on International Adoptions, which from our point of view would tighten up on the way we did this.

There was also—in retrospect, there was also an appreciation, apparently in Guatemala, which ultimately surprised me, maybe I still don't understand this correctly, that the system needed to be changed. And so we lobbied very hard for changes there and kind of pushed by the changes on the U.S. side and the fact that the kind of Guatemalans were a little bit embarrassed by what was going on. In Guatemala it's the white elite that runs the country and, you know, they could even see what was going on with the indigenous women and this kind of stuff. And so one of the things we did, they did overhaul the system while we were down there. And I mean it took almost the full two years when I was down there.

Q: And which way did it change when you say they overhauled the system?

DERHAM: They made it much more restrictive.

Q: OK.

DERHAM: So that the number of adoptions, which peaked at, I don't know what it was, 3,000 or 6,000 a year, has been, you know, probably 1% of that happens now under the new procedures. The one issue, which I still don't think has been totally resolved, is there are a bunch of kids who were kind of in the process when the system changed. And——

Q: So what happened to them, right.

DERHAM: Yeah, and they're——as I said, I don't know that they've all been taken care of yet, but that was, that wasn't my issue. It was for my successors actually, Nick Farland and Chip Cohen.

Q: But what about the American congressmen who had constituents who wanted those babies? Were they happy or not with the——

DERHAM: Well, Landrieu is very seized with this because there are a number of people who, you know, thought they had an adoption in process and had been told that no, the rules have changed. And so that's been a continuing thing. But that's, that was not——and actually things also changed when a new president came in, Álvaro Colom, in, in 2007. He and his wife were, you know, wanted to, to change. And they sort of changed the people who were running it and everything. But most of them——and we were assured at that point that people who were in the pipeline, kids who were in the pipeline there would be a certain process to take care of 'em.

Of course in the Guatemalan case, the bureaucracy really just, you know, kind of gets paralyzed and seized up so it turns out to be an issue working those cases through. But over time it has to, has to diminish. But the overall change was dramatic and we had a lot to do with it. And we were proud of that. Another big issue was——it's always an issue in Guatemala——basically to describe it would be the issue of impunity, that there has been a lot of violence and sort of things going on. And the Guatemalan Institutions just aren't strong enough to kind of take this on. So that one of the ideas that came up was to have some sort of UN body be set up to——

Q: The equivalent of a peacekeeping operation, or——

DERHAM: Not a peace——no, it'd be more like a UN prosecutor office.

Q: Oh, OK, mm-hmm.

DERHAM: So, and that was something that we kind of——we the U.S. government——sort of supported. On the Hill, Leighy's office, which Tim Rieser who follows these things, was very supportive of this. And, but a couple times they tried to put

me together and there was resistance on the Guatemalan side, kind of sovereignty questions and that kind of stuff. But ultimately we did institute what was called CICIG (Comisión Internacional Contra la Impunidad en Guatemala (International Commission Against Impunity in Guatemala)), I can't even remember what the——

Q: CICIG?

DERHAM: Yeah, C-I-C-I-G. So Commission——

Q: Internation——

DERHAM: No, I think the I might be Impunity, Contra, Impunity, and G is probably Guatemalan and C is——letters or something like that.

Q: Yeah.

DERHAM: But I could, I can look this up when we actually put this in the transcript. And in fact, that was also something that I kind of worked on for the whole three years I was there and it finally came to fruition the last year I was there. And——

Q: And the commission was——but before we get into that commission, do you want——can we back up a little for background? Because this is kind of what I think is broadly important. Prior to your being there, 20 years before or whatever sort of the impunity, the conflicts and so on, the role of violence was well known outside of Guatemala.

DERHAM: Right.

Q: By the time you were there I think less was known or people here would always say oh, Guatemala, isn't there violence there, aren't there death squads there? But I don't think most people knew very much about what was going on. And so how would you, looking at it from your vantage point, I mean I know you had security in some way, but were you conscious of the equivalent of death squads, or would you say impunity? Was there sort of a mafia feel to people getting——you see what I'm asking.

DERHAM: Yeah, no, it was——

Q: How apparent was it?

DERHAM: Well, it's, it's,——it's a very complicated subject in Guatemala. Guatemala, I think, in some sense has always been a violent place. Violent either violent-violent, or what do I want to say? Implied violence or, or——

Q: The threat of violence.

DERHAM: the threat of violence. So that——and just given the nature of the place, it's,

it's probably majority indigenous, but in fact run by a very small elite, a white elite. The whole political economy is based on, you know, for a large part a plantation light operation, it's coffee, sugar, bananas, that kind of stuff, and that kind of, you know, sort of look at it I guess—you wouldn't even have to be a Marxist actually to look at it that way.

Q: (laughs) Right.

DERHAM: But to say——

Q: Joe Pineapple.

DERHAM: Well, no.

Q: Sorry.

DERHAM: Pineapple was not an issue there. So that even when the society was not all that violent, there was probably even violence then, just to keep that operation going. Then of course starting in the, in the, after the war, after World War II sort of things changed in a lot of different directions. We got nervous about the way——and there was a certain amount of——modernization is too strong a word in the Guatemala context, but things were changing. And of course then we got nervous when Árbenz took over and that whole business. We were——

Q: In 1954.

DERHAM: Yeah, in 1954. We were somewhat involved with the change there. You could actually argue about how responsible you were or weren't, and there were a lot of other factors, but certainly the myth, in the broader sense of myth, was that we were kind of behind that whole thing. And that kind of evolved and then into civil, civil struggle, starting probably around 1960 I guess. And that, that kind of, you know, with the whole move to the left and kind of what we perceived as a battle with the International Communist Movement, the kind of Guatemalan aspects of that. And in the Guatemalan case it was——actually, we distance ourselves from the military governments fairly early on. And there was always a sense in Guatemala that, with the Guatemalan Military probably with the backing of the business elite, they took care of the problem on their own.

Q: That was Rios Montt and——

DERHAM: Rios Montt, exactly. They took care of the problem on their own, without really too much U.S. help. So that they didn't feel that we had, you know, they had a problem, they figured out how to deal with it and leave it, leave it alone. By the mid 1990s they had the peace process, of course it was full of the Soviet Union, kind of the international aspect of it changed. And the——what had been——so there was no longer the civil, the civil struggle.

But like, you know, a lot of Latin Americans, particularly Central America, there were gangs, there was a lot of crime at that level. There was also organized crime, which for the most part was drugs at this point, which began making a presence, the Mexicans coming down and the Colombians pushing up. And Guatemala is just not a strong enough society to kind of resist that stuff. So it was, in that sense it was a very violent sort of place. There was a lot of street crime, but it was mostly the lower classes, the, the, the poorer people. The whole public transportation was notorious—the buses were notorious for, for crime, for extortion and gangs. And gangs were a problem, not as bad as El Salvador and Honduras, but certainly an issue. So there were different kinds of violence.

What the UN group was trying to get at was not street gangs. What they were looking for was either government officials or sort of shadowy parallel government officials who were involved in certain kinds of crimes and, and had not been prosecuted or brought to justice. This was the issue of impunity. It was a big issue, it's an ongoing issue. The—I remember when they set up CICIG, which was probably my last year there, they brought in a Spaniard who had—UN employee, and set him up as the director of CICIG. And I remember once we were having a meeting with him. It was me, a couple other ambassadors, maybe the Swedish ambassador who was kind of a nice lady but bleeding heart Swede type, you know. And, and at one point he said—he was a good guy, I liked him. He said—so he said, “What do you think we should accomplish?”

And she responded first and she would never—she was always butting in on stuff. I meant the Swedes are good, but they don't—they're not that important down there, so they're kind of _____ a little bit. But she said, you know, to establish, establish justice in Guatemala or something—

Q: (laughs) And you laughed?

DERHAM: And I'm thinking, “Good *luck*,” right? I mean this place has never had, there's never been real justice in Guatemala.

So when he turned to me I said, “Just put somebody in jail, right? Just let me see one case, or just let me see some results. I'm not looking for big broad”—

Q: Justice.

DERHAM: Justice. But I mean let me—give us a couple cases. And so I—actually I left before—

Q: (laughs)

DERHAM: I left before it was stood up, it was really operating. There was still staffing and everything. And it's gone through a lot of kinds of changes and struggles and stuff. And it's ironic that one of the people they went after was actually a government minister

when I was down there, which I'll, I'll talk a little bit about, sort of back up. One of the things that had happened when I first got down there, of course we had a DEA operation, I think we had a—yeah, can't remember. We had a DEA operation and they were pretty active. I mean DEA kind of felt Guatemala was pretty hopeless, but they were—

Q: But they were there.

DERHAM: But they were there, and even though it's hopeless it's the old story that you can get some people. You just can't, you just can't change the whole roots of the thing. So the DEA guy came, Mike O'Brian I guess it was. He came to me one day and this is early on in my tenure. And he said—and so they worked with the head of the anti-drug police, I can't remember what the acronym was. And he said—they thought this guy was dirty.

Q: The one that eventually got nailed.

DERHAM: No, no, no. This is a different story. That they thought this guy was—he was the head of the anti-drug police, they thought he and his deputy were corrupt or involved in drugs, getting paid off or actually, you know—and they thought they had an opportunity, they wanted to lure them to Washington and arrest them in Washington.

Q: Ahh, a sting!

DERHAM: A lure.

Q: A lure, OK.

DERHAM: So, so you know, I'm sitting there saying OK, I guess. So he said—

Q: Yeah, because this is going to happen on your watch.

DERHAM: Yeah, and there's all sorts of things that were wrong on these things. So he kind of, we talked it through. So I said OK, let's give it a try. So we agreed that we would have to—we wanted to let the justice minister go—know—the head of the federal police—

Q: Oh, you had to tell them?

DERHAM: Well, this is what we agreed on. Yeah. And the prosecutor general, fiscal general. So three guys. The minister of justice was Carlos Vielman. He was a buddy of President Berger. And _____ was the head of the police and the fiscal general's name escapes me at the moment. And they were—so—

Q: Did you trust these guys?

DERHAM: Well, at that point, who knows?

Q: That's why I'm asking, why are——

DERHAM: In Guatemala, you never trust, you never trust anybody.

Q: So you still need to tell everybody? Are you serious?

DERHAM: Yeah, because it would be a problem if we lured them without telling them. We just, I just didn't want to do it. Anyway, so we set up a meeting over at the residence, you know, a room in the residence that I almost, almost never use, this kind of crazy room we had, living room, but we never kind of used the living room. And we kind of pulled the blinds down and it was me——

Q: I mean really this is out of a movie.

DERHAM: Well no, it wasn't that, but——

Q: Yeah, pulling down the blinds?

DERHAM: It was, actually there's a great story about, which I'll put——

Q: Say——

DERHAM:——an anecdote in. It's not during my tenure there, but it's a great story about that residence and being bugged. And so they came over.

Q: These three.

DERHAM: These three. And it was Mike O'Brian and we briefed him. We said this is, this is——we think these guys are dirty and this is what we want to do. And so they kind of listened and they, I think part of the, part of the deal was to get them to Washington. They probably needed permission from their superiors to go.

Q: Ohh, OK.

DERHAM: So there was also that aspect to it, right. So I mean what are they going to do? U.S. ambassadors tell 'em we think——the U.S. ambassador to Guatemala is telling these guys, "We believe these guys are dirty and so we want to do this." I mean they're not going to argue——

Q: They wouldn't say this is a sovereignty issue and you're——

DERHAM: Well, that would be one question, but——

Q: They didn't.

DERHAM: They didn't. They wouldn't say, "Oh, they couldn't be dirty." These—of these three, maybe one or two or three of them was also—I mean everybody in Guatemala makes their compromises with stuff. So they weren't going to tell the U.S. ambassador these guys weren't dirty. And I mean they must be thinking hm, I wonder if I'm next on this list, that kind of stuff. So but—

Q: But they didn't protest.

DERHAM: They said OK, let's go ahead and do this. And then it was one of these things where, you know, we invited 'em to Washington for training or something. O'Brian worked the whole thing because he was their contact. And they were supposed to go and then it got postponed. And so the thing was that, you know, we were worried there'd be a leak.

Q: Of course there was (laughs), wouldn't there be?

DERHAM: And, and—yeah, that they would find out. Particularly one that got postponed or somebody would say something to somebody or, or, you know. In fact, they came to D.C. and they both got arrested.

Q: Wow.

DERHAM: Yeah.

Q: And did they wind up in jail?

DERHAM: Yeah. Still in jail as far as I know.

Q: In the States?

DERHAM: Oh yeah. Yeah, no.

Q: Wow.

DERHAM: And O'Brian, O'Brian was the guy who set up the trip. O'Brian actually also traveled with them to Washington. I think they stayed over here in Crystal City.

Q: Did they actually begin the training or whatever, or—

DERHAM: No, the story was—I'm pretty sure the way it worked was they came up on a weekend and O'Brian kind of went out with them to the Space Museum or something, took 'em around and all this kind of stuff, knowing that—

Q: They're going to get busted in a few minutes.

DERHAM: Yeah, no, that they—

Q: Well, at least he gave them a little bit of tourism before (laughs).

DERHAM: Right. The story I'll tell on——well, let me tell you about——I'll tell you the residence story, which is——

Q: And then we'll save the rest of it for later, for another time.

DERHAM: Well, then I'll go back, I want to talk about the minister of justice.

Q: All right.

DERHAM: The residence story, and this is probably nothing for this transcript, but I'll tell it anyway. There is a book by, I think it's Tim Weiner I think is how you pronounce his last name, *Winer or Weener*.

Q: (laughs)

DERHAM: He's a Times reporter.

Q: Right, I'm laughing because of the other Weiner.

DERHAM: No, no, maybe it's Tim *Winer* then, I should say it that way, who wrote——who's written a number of books. One of the books he wrote is "The History of the CIA" and something like "of ashes," "Cup of Ashes" or something like that.

Q: Legacy of Ashes?

DERHAM: Legacy of Ashes.

Q: I read it, that's why the name is familiar, yeah.

DERHAM: Legacy of Ashes.

Q: Mm-hmm.

DERHAM: So he tells this story about Guatemala and I don't believe this story, but here's the story. It was, and I can't remember her name, she was the ambassador probably in the early 1990s. And she was in, she was in, lived in a residence and she was unmarried at that point although she later married a former commander of SOUTHCOM. She might have already been married and divorced or something. I mean she was a reasonably attractive woman actually. The story was that the Guatemalan military had probably bugged the residence.

Q: Oh boy.

DERHAM: And had bugged her bedroom. OK. Now, this is the way the story goes. And that the resident, that the Guatemalan military would pass on the results of their bugging to the station chief. Because this——Weiner's book is about the CIA.

Q: Sure, sure, sure, got it. So the Guatemalans were bugging and passing on——

DERHAM: The U.S. ambassador and, and, and passing on to the CIA. OK, this is what Weiner is saying.

Q: Who else were they passing the information——

DERHAM: No, you got to listen to this story.

Q: OK.

DERHAM: And as I said, I don't believe this story, which made me——and I don't believe this story, it's one of these things that then I would question the whole Weiner book, which I haven't read.

Q: OK.

DERHAM: As my understanding of the, of the story in the book is the ambassador had a dog, a female dog whose name was——

Q: (laughs)

DERHAM:——Lassie or something. And the story was that——so the, the Guatemalans on their, on their, their taping or something, picking up the ambassador saying to the dog, "Oh Lassie," the dog wasn't named Lassie, but some female name, "oh, come give me a big kiss, come do this, come do that."

Q: And they thought it was a——

DERHAM: They thought it was a lesbian thing, right, involving the ambassador.

Q: And knows she probably has a dog.

DERHAM: Probably knows the dog, might even know the *name* of the dog.

Q: (laughs)

DERHAM: So I just can't believe that story.

Q: OK.

DERHAM: OK, that's——

Q: Got it.

DERHAM: Anyway, so that was the story. All right, Guatemala's going to take more than one session.

Q: It will.

DERHAM: Let me——

Q: A question here for you, just a quick one. Just back to something you met earlier so that we don't necessarily come back to it again. We're talking about security and the whole atmosphere. I mean I know you had a bodyguard or a security person, but were the conditions? And the reason I asked this, I had visited a couple times in your residence. But I remember in the 1980s visiting Guatemala. Embassy staff were picked up and taken to work, even if they were living walking distance from the embassy. And there were vans that picked them up, and at that time there were also other vans, white vans, that everybody knew were trouble. What I'm asking is in your time, how did peo——what kind of security for the people in your mission? What was the environment that way?

DERHAM: OK.

Q: OK?

DERHAM: Well, let me talk about security and let me talk about Vielman, then we're going to have to quit.

Q: OK.

DERHAM: On security, once again, you know, when I got there they had an Advance car, a follow car. As soon as I got there I said, you know, no, I'll just——

Q: Take one.

DERHAM: I'll ride in a car and I'll have a suburban. And in fact, on the weekends I would drive to play golf and I would throw a bodyguard in my car. And so I would always, there would always be somebody, but never more than somebody. The rest of the staff, most people just drove on their own. There might have been some sort of pool arrangements, but it was less for security than for——I mean for the most part unless you were in the wrong place at the wrong time——

Q: OK, that's what, I just wanted——

DERHAM: But there were enough incidents of people, guns being pulled on people, people being robbed, some people were very spooked and I think even imagined things. One guy told a story that he was driving home one night and he saw somebody being

executed in a car and this kind of stuff. So it was something you had to be very careful about. But I never found it excessive.

Q: OK.

DERHAM: And I of course never had any problems.

Q: No.

DERHAM: I am who I am with the security. So to talk about——so the minister of justice when I got there was Carlos Vielman. Vielman's kind of a big, heavysset guy. And he was very close to Berger. The one incident, which worked out, he obviously, they did not compromise and he was one of the three, so it was kind of a——and he was a guy I could always talk to about things, and I saw him socially a little bit, went out fishing with him at least once and so kind of knew him that way. One of the big security problems, challenges in Guatemala as in the other Central American countries, as in Mexico, as in Latin America, is the prison system.

Q: Mm-hmm.

DERHAM: And basically the inmates run these prisons. And not only do they run the prisons, they run extortion rackets from the prisons, they're not supposed to have cell phones, they all have cell phones. They're, they're calling out, they're kidnapping people, they're threatening people. And it was a, a prison, a notorious prison in Pavon I think it was called, kind of east of Guatemala City where I think there was a prison riot and I think the prisoners kind of took over the prison. And it was, it was a mess, it was. And my recollection is this, this occurred for a while. And so, the government made a decision to clean this up. And the way they did it was they got kind of like their shock troops, or whatever it was, and moved into the prison.

Q: Like a SWAT (Special Weapons and Tactics) team or something?

DERHAM: It was much bigger than a SWAT team, it was a military operation almost. And they kind of took back the prison. Low and behold, at the end of all this my recollection was that——I can't remember whether it was just six people who were killed or of these six people a number of people were killed but these six were in kind of unusual circumstances.

Q: Uh-huh.

DERHAM: And what happened was sort of the six people that seemed to be the ringleaders of this whole thing were found shot to death, the six of them, at the end of this operation. And the story was they resisted and there was gunfire and, and they were killed. And I remember at the time, you know, nobody else got shot or none of the people going in were wounded or something. It was kind of very——

Q: Mysterious.

DERHAM: Very mysterious in that sense.

Q: Yeah.

DERHAM: And I don't know if I ever talked to Vielman about it, but I did talk to the guy who was at that point was Giomatti I guess his name was, who was in fact the head of the police. And I remember he was also wanted to be president and he was actually——actually he had cerebral palsy, couldn't walk very well. But I remember talking to him and saying, you know, this is pretty mysterious, the way this had happened. And of course he was the one of the guys who was out there, he was kind of on the scene. Vielman was probably the guy who was in charge of the whole operation. And he kind of just shrugged his shoulders, this kind of happens. So after Vielman left office, he was there with Berger, but they left in 2007. And after I had left Guatemala, I don't know whether it was Garzón, he's the crazy guy in Spain or something, but there was a Spanish indictment against him and he was arrested in Spain for this

Q: Wow.

DERHAM: And subsequent to this I think CICIG went after him back in Guatemala. I think he may be in——

Q: On human rights violations?

DERHAM: Essentially, yeah. But from this incident. And you know, it's one of those things where I kind of understand it, and I'm sure that some nasty stuff went down in that prison, but you know, you just wonder if that's, if, you know, ultimately what interest that serves and what the impact of it was. But that was the kind of stuff that would be happening in Guatemala.

Q: Well, I think there's probably a little bit more for Guatemala.

DERHAM: Yeah, there is, there's a bunch of other stuff I did. And we can——

Q: Save it for next time.

DERHAM: Save it for next time.

Q: Today is August 26th and we're continuing with Ambassador Jim Derham in our discussion of his tenure to——our ambassador to Guatemala. The years again just for clarification.

DERHAM: Summer 2005 to summer 2008, almost exactly three years. So we just mentioned talking about the embassy. The embassy itself is I would say a medium sized embassy, can't remember the actual numbers. But it was a medium sized embassy, big

Consular Section, reasonably sized political-econ section, medium sized public diplomacy. And a certain amount, but not an oppressive sort of other agency presence. So the DEA had a reasonable office there and we didn't have an FBI liaison. We did have military, both defense attaché and cooperation or, or a Military Liaison Office.

The thing about Guatemala, and I can't remember if we covered this in the other, in the earlier section on this, is Guatemala is still very, very marked by the civil struggle from the 1960s, 1970s, and 1980s. It's still very marked by the indigenous/non-indigenous breakdown, it's still characterized by essentially an elite who runs the country. And certainly for the first two years I was there the government was Oscar Berger, he was kind of a business guy, he was kind of center-right. The——supported by the business community. And actually very, relatively speaking, extremely receptive to the U.S. I mean that was kind of the worst years of the Iraq situation and the Bush administration was heavily criticized in a lot of different, you know, internationally for what they had been doing. Interestingly, but I guess not surprisingly, things like that were by and large just never talked about in Guatemala, essentially because they had no interest. I mean it didn't matter to the Guatemalans——

Q: What we were doing in Iraq (laughs).

DERHAM: What we were doing in Iraq or not in Iraq, what we were doing on international terra. It just wasn't a Guatemalan issue. So what the media and the Guatemalans themselves were always interested in was what we were going to do on, on, on migration if anything, and the Bush administration tried, but didn't succeed. They were all always trying to read the tea leaves about, you know, the, did the Bush administration, did the president love——

Q: Guatemala.

DERHAM: Oscar Berger, that government, or were we upset with that government, or this, that, and the other thing. I mean there was really nothing there, but this was something the media had to focus on.

Q: What about Cuba?

DERHAM: Cuba, no.

Q: No, no interest.

DERHAM: Not much interest, the——not that they agreed with us on Cuba, not that really anybody agrees with us on Cuba, but once again, it wasn't anything that concretely meant anything to Guatemala one way or the other. So they, I'm sure they, nobody thought much of our policy, but it wasn't something that people would engage in. There was——and you know, I mention there was still——I mean it was still, the recent history, Guatemalan recent history still has tremendous impact on kind of day-to-day politics there. There was a very famous case of the, I guess at that point he must have been the

Archbishop of Guatemala City, who was murdered in the early 1990s right after the church had completed a report on the, the civil, the civil war, the civil struggle. And basically was kind of very critical of the military regime and government. And there was always this suspicion that the archbishop was killed because of his involve—his, his involvement in the report, putting out the report.

Q: An opposition to the military's actions, right? Or no?

DERHAM: Well, at that point the military was not in total control, and it was—but yeah, it was, it was very critical of a lot what the governments and the military did in the 1970s and 1980s. The problem in Guatemala is that these things are always murky. So that in fact there was one version of the story that what had happened was one of the priests, who was in the _____, whatever you call it there, the night of the murder in fact was involved in some sort of homosexual liaison and the archbishop kind of stumbled on this or something and, and he was killed in reaction to that.

There's another version that had Pérez Molina who at that time was in the military, currently president of Guatemala, was involved in the killing. And there was a book that was written on this and that I always felt was kind of overblown and actually didn't really stand up to scrutiny. And to a certain extent it was—but it was done by a very well known Guatemalan-American author whose name of course escapes me. But, you know, I could—

Q: But it was treated seriously at the time.

DERHAM: It was treated seriously and I kind of did a long interview for The Nation of all things about it, and kind of pooh-poohed the whole thing. Basically thought it was going after Pérez Molina. There was an election when I was there. There was an election, so two years in, which would have been—I got there in five, would have been at the end of 2007.

Q: Mm-hmm.

DERHAM: And it was Pérez Molina versus Álvaro Colom. Pérez Molina was kind of center-right, former military, but a very sophisticated guy and kind of good instincts. Álvaro Colom was center-left in the Guatemalan context, which wasn't really left. The business community, he wasn't their first candidate, but they were always kind of comfortable with him. And he, it's, it's a two-stage election and he and Pérez Molina finished first and second in the first round and then, and then they, then they had a second round.

And the thing that was notable was that it was clear that Álvaro Colom was going to win, although not by a great margin as the numbers came in. Interesting, Pérez Molina, I mean always an option in these places is to say fraud or something and just throw the whole process into litigation almost. And Pérez Molina instead, you know, I remember that election night, was very forthright and said, "No, we've, we've lost and I concede the

election to Álvaro Colom.” Served him well, because he, he, he at——

Q: He was subsequently elected, yeah.

DERHAM: He won four years later.

Q: Yeah, yeah.

DERHAM: When Álvaro Colom could not, could not run for reelection. Probably might have beat him anyway, was Colom. The other of them——I mean Guatemala is a small place and it’s a small elite and you have a lot of contact with the elite, and of course you’re the U.S. ambassador so you have pretty much access to, to, to whoever you want I guess.

I do remember one story that when they were, when we were having the elections in 2007 it was Álvaro Colom and it was Pérez Molina. And you know, to do our reporting we wanted to meet with both of them. So I’ve always liked for representational things to actually have breakfast, particularly in Latin American countries because they’ll——you can get a reasonably good breakfast.

Q: (laughs) Yeah.

DERHAM: And plus you don’t drink at breakfast, which is probably better for me, better for them. So, but I remember I invited Álvaro Colom and I think he came by with Sandra, who would have been his wife, to breakfast at the residence. And then like a week later or something we invited Pérez Molina.

Q: So you kept it equal, you——

DERHAM: Yeah, you know, exactly, and Roxanna Baldetti. But I remember, I was talking to a journalist and a kind of radio show guy who was, you know, one of the players there. And we were kind of talking offline, I think I was there to do his radio show or something. And he was, he was very critical. He said, you know, he said, “It looks bad when,” according to him, said, “It looks bad when both presidential candidates kind of,”——

Q: _____ up to the American——

DERHAM: Run up to, run up to the U.S. ambassador’s residence.

Q: Oh.

DERHAM: Which on one hand I understand, but I thought it was unfair in the sense that it was just convenient for everybody. They were——I certainly would have went to them, but it was easier for me to sort of worry about setting it up and it wasn’t that big a deal. But that was the kind of stuff you have to be, the focus is, is always——there’s always a

focus on the U.S. ambassador and you have to be, have to be a little bit careful of this.

The other, one other anecdote which is sort of related to the idea that the focus was always on the U.S. ambassador. But you know, you, we, periodically we the diplomatic corps would periodically, the ambassador's chief of mission, would go to certain, certain events in the congress.

Q: Sure.

DERHAM: Opening of the session, important, important events and that kind of stuff. So the congress was set up as a, you know, it's a, a hemisphere or whatever you'd call it. And so on the, kind of on the——what, a semicircle, a half-circle. And of course the congress itself, the leadership table and where, if there were other branches present and where all the speeches were given, would be on the wall. The members of congress would sit in the——

Q: The U or the semicircle or——

DERHAM: In the U, and then there were two galleries. And the gallery on the left was——the gallery on the left if you're sitting in the congress——the gallery on the left was for the diplomats. And the gallery on the right was for the press. And so in fact the press kind of stared straight across to the——

Q: (laughs) You all——

DERHAM: Yeah. So, but very typically you would, you would go to these events and it would say, "Going to start at 10:00pm." Well, you get there at 10:00pm and——

Q: Nothing's happening.

DERHAM: Nothing happen——literally you could——forty-five minutes would be, you know, a short wait and it could be longer than that. And pretty much nothing to do, you'd kind of just sit there. But I do remember there was one occasion where the bunch of us, there were a bunch of diplomats sitting there and, you know, we're waiting, we're, waiting, we're waiting. And——

Q: No coffee or goodies (laughs).

DERHAM: There's a certain amount of chitchat you can do, but after a while you're just kind of looking at your watch kind of thing. And just sitting there. And of course I close my eyes. And, but you know, and in fact there were other——I remember the Egyptian ambassador in particular was actually snoring.

Q: (laughs)

DERHAM: But of course what happened was they took a picture and they ran it in one of

the front pages of the papers——

Q: Ambassadors——

DERHAM: Implication being there was something going on there and I was——

Q: Sleeping.

DERHAM: Napping or something. It was totally unfair and I remember complaining to the guy who ran the newspaper and, “Oh yes,” he said, “that was——I didn’t know about it and shouldn’t have been done.” But it was——

Q: Sounds like the Governor of Virginia.

DERHAM: And in fact, I wasn't even identified by name, but it was clear that I was the focus of the picture and the picture was out to get me. So it was, it was that kind of stuff. So it was kind of the reverse side to being a big shot and being U.S. ambassador, that there would be this kind of stuff.

Q: Well, speaking of that before you go on, what about——a couple of things——Árbenz, any old residuals, any——

DERHAM: No, it was out there, it was part of the history. And once again, people who were running the country, you know, were——their predecessors were as much involved in it as we were.

Q: Yeah.

DERHAM: And I, I mean I think there was always a certain resentment of the U.S. The U.S. was not, I mean we were there behind the scenes, but in fact we really——I mean it might have been a couple CIA planes flying around. But it wasn’t a military intervention. Árbenz made a lot of mistakes and, you know, it was as much his own fault as anybody else’s. The——

Q: No, I meant in terms of perceptions, local perceptions.

DERHAM: No, I mean on the left, on the left it was, you know, there was, it was part of history, it was very well known, there was a lot of resentment about it. And, and of course what happens is that on the, on the left in particular it’s——what was going on in 1954 and went maybe went on in the early 1960s has always been going on, still going on, and we’re still giving orders to them and everything else. Which is, which is at best simplistic. At, at, at worst, false.

Q: But that’s what I’m saying, that’s what their image is. So——

DERHAM: Yeah. Well no, it’s, we have a lot to, to talk to, to, to explain about what

we've done in Latin America for the last one hundred years. And Guatemala had a couple of egregious examples, but it hasn't been kind of a constant high level and in fact, in the—I think we might have mentioned this early on, but at the, at the worst of the repression, even, even the Reagan administration was, distanced themselves from people like Ríos Montt.

Q: And while you were there, was Ríos Montt in jail? I can't remember when he went—

DERHAM: No. When I was there—excuse me—when I was there Ríos Montt I think was out of the congress by that time. He got elected maybe when I left, not when I left but that election in 2007, I think he might have been elected—I think the feeling was that he was, he, he wanted to get elected because you, because you get certain immunities if you're in congress. So I think he felt that that would be helpful. Problem with Ríos Montt, Ríos Montt is I guess now under indictment. I don't know—I mean he might have been under house arrest or something like that. It certainly delayed justice.

Of course Ríos Montt would claim that, you know, it wasn't, he really wasn't responsible for some of the atrocities. He was—Ríos Montt in fact was in charge for a very short time. He was like a year or, or between a year and a half and six months, I can't remember. So it was a relatively short period. He was a little bit—call him a maverick is a nice way to say it. He was an Evangelical. When he took over he took over, you know, in a very kind of Evangelical way. He didn't—and, and at that time the military establishment sort of didn't react well to him and as I said, he didn't last very long.

By the time I had gotten there he was, he was old. He must have—certainly late seventies, maybe even older. Not considered one hundred percent mentally. I only met him once and he was, he was, he was president of his party, which the name escapes me at this point. But, and the reason I met with him was we needed something from the party or something. And so I—and, and, and for that reason I sort of lobbied him in person. But never really had much contact with him except for that. And in fact, by the time—he had been president to the congress, but once he was no longer president of the congress we the U.S. government pretty much stayed away from him. We did have a lot of contact with Zury, Zury Montt, who was his daughter, a very attractive woman, a congresswoman.

Q: She was in congress.

DERHAM: Yeah, she was in congress. She was, I think she was in charge of their faction, their bancada, the congress of that party. Need to think about—she was, she was very intelligent, somewhat of a woman's rights person, which was kind of interesting.

Q: Not a super-Evangelical, or—

DERHAM: No, no, no, no—

Q: —didn't—he didn't—

DERHAM:—she was very—well, I mean the thing is I think she was on her third marriage. And it turned out her third marriage was to a U.S. congressman. So he would, he was from Illinois and I'd have to look him up. He's no longer in congress, he left in—

Q: I remember hearing about that, yeah.

DERHAM: He—I think he left in 2006. He in fact was introduced to her at the residence down there at the CODEL, but before my time when John Hamilton was there. And apparently they met at the residence. Jerry Somethingorother. He was a Bush Republican.

Q: Bush father or Bush son?

DERHAM: Bush son.

Q: Yeah.

DERHAM: Not a very powerful influential congressman, and somebody who I think was probably very vulnerable and there were also some questions about some of his finances. So I think for whatever reason he decided to, to leave congress. I think in—I think he didn't run in 2006. And so I think that was his—so that the congress came in in January of 2007, he was not in that congress. But we would see him, he would come through with, with, with Zury. And it was, it was kind of interesting because I had to kind of a little bit care about, you know, what I did with her because she would go to him and then it would come back through Washington maybe. But he was by and large—I mean I got to know him, we got along fine, and we would have some contact. He was, he was pretty careful not to kind of throw his weight around on Guatemalan stuff.

Q: Yeah.

DERHAM: If you know, say, you know, we should be nice to, to Zury and to, to Ríos Montt. But it was just kind of an interesting kind of peculiar thing. The—

Q: Did they stay married as far as you know?

DERHAM: As far as I know, yes, but I haven't followed them for five years. The other personality I should mention is Rigoberta Menchú. Rigoberta Menchú is the Mayan who had written her autobiography, a kind of famous autobiography whose name I'd have to look up. And then the autobiography was criticized as being not totally factual and she exaggerated and it even didn't tell the truth on certain things. She, basically her, her story was about her time as a, as a young girl, a teenager I guess in, in, in the Highlands during the, kind of the repression of the, I guess it would have been the 1980s. And for example, her brother was killed by the military. In the book she has him burned to death in the village square, later other researchers said no, that wasn't really the case. He might—

Q: But he was killed.

DERHAM: He was killed. I always thought well, maybe he wasn't burned to death, but he was, he was murdered by the, or killed by the military. I would go see her because——

Q: She got a Nobel Prize, right?

DERHAM: She did. She got I guess the Peace Prize. And she was an international celebrity. She spent a lot of time outside of Guatemala basically raising money for her foundation or just raising money. I think she had a lot of connections. She certainly had a lot of connections in France where Burgos or whoever helped her, Elizabeth Burgos. Who was maybe one of Régis Debray's wives? I can't remember all the connections. But she had a lot of international connections, obviously having won the Nobel Prize. But also she went to the U.S. a lot, she went——California I think is the place she would go. I don't know whether the Guatemalan communities are kind of left-wing activists or whatever. But I would, I would go see her. And she was always very pleasant, nice to talk to. And you know, we didn't, weren't heavy-duty conversations. I mean the thing would be that I would talk to her and we had this nice conversation, I'd write it up and send it back. And then in public, you know, she was not a fan of the U.S.

Q: No.

DERHAM: Or President Bush, for that matter. And it was kind of interesting seeing her.

Q: And did you——

DERHAM: And as it turned out, I wound up seeing her in Caracas a couple times, but that's for later.

Q: How's her——you were speaking in Spanish?

DERHAM: Yeah, her Spanish is very clear, it's very good. And might have even been better because maybe it wasn't her first language.

Q: That's what I really was asking, because I thought she was probably, you know, indigenous dialect.

DERHAM: Yeah, she was very, very indigenous, but——and, and she was not, she was not sophisticated in a lot of ways, but she wasn't, she wasn't stupid. And she was, she kind of knew enough how to kind of deflect me. And so we didn't really get into it. The——maybe I'll, I'll get into that to just talk a little bit about the, the, the Bush visit. So we had a presidential visit in 2007. That's pretty unusual for Guatemala.

Q: I was going to say, what was the reason for it?

DERHAM: But he wasn't the first president to visit Guatemala, but I don't think, I don't think a president has been there since. I mean it would only be Obama, Obama hasn't been there. Clinton was there, probably in the mid to late 1990s to sort of give the peace process a little boost. But that was——so, but it was probably over ten years and prior to that, there might have been one or two prior to that. So it was a good thing, it was a fairly unusual kind of thing to occur. It happened I think it was in March of April 2007, which in retrospect was right I think when they did this surge in Iraq and they could only get that situation under control. The background of it was a feeling that Bush wanted to do a Latin American trip. Unfortunately for him, the universal places you could go in Latin America were pretty restricted, just because of the way he was perceived internationally at that point. So at that time Dan Fisk, who I worked with in WHA, had replaced Tom Shannon at the NSC. So he was kind of the Latin American guy at the NSC. And I remember we talked a little bit about it. And he was, they were, they were going to have one Central American stop on this trip. And I think the feeling was that Bush had been to El Salvador at least once, maybe more than once, and they wanted to do a little, they wanted to do something a little bit different than El Salvador. So when you look at the map Nicaragua's not a possibility, Honduras, was in the middle of July, it would have been a crazy idea, although not totally impossible. Costa Rica, although Costa Rica is kind of somewhat——

Q: The Switzerland of Central America.

DERHAM: Yeah, although at that point it was losing that reputation, but Costa Rica was——so whatever they decided on Panama. I like to think the fact that Dan and I knew each other and worked together well, that that might have helped that too. So he——I'm trying to remember, he went to Uruguay I think, maybe Colombia or Panama. And then, and then to Guatemala. And then, and then from Guatemala he went to Mexico. So it was, it was a big deal for us, of course. The——he spent I guess two nights I'm thinking. He got there kind of Sunday night, spent Monday and Monday night and left Tuesday.

Q: Where'd he stay?

DERHAM: He stayed at a hotel. I think he stayed at the Intercontinental. We——I was hoping he was going to stay at the residence, but Secret Service these days doesn't like that anymore. They prefer much more to kind of take over a hotel and sort of——so they can do all their crazy stuff. And of course all the people that think they need to be near the president, there's much more room in the hotel. So, we stayed at the Intercon. The——2007, so the security was, was of course ridiculous. Unlike Brazil, with Guatemala, the Secret Service comes in and says we need X, Y, Z. They got X, Y, Z and can do anything they want. Again, on these presidential visits, kind of the embassy starts out as they're the ones in charge. And then over time as it gets closer and closer the White House takes over. But by the time the last, the last day you're kind of almost a fifth wheel.

Q: Right.

DERHAM: To the point that on Sunday, where the day that, that, that Bush came to town, Jolene and I went out and played golf in the morning.

Q: (laughs)

DERHAM: There's nothing else we could do. Things were ready and so there's, you know, no point. A couple people on the golf course were quite amazed that I was out there on the golf course.

Q: They figured you had to be doing——

DERHAM: Doing something, yeah, but you know. So the other thing I remember from the, from the, from the visit or the prep from the visit was they stationed a couple of, I guess they were F-15s, some sort of fighters, out at the airport. And the airport actually was pretty close to the residence. And they would, they came in a week or ten days in advance or something like that, but they came in prior to the actual visit. And they were, I don't know, they were looking for al-Qaeda aircraft carriers or something. I don't know what the hell they were doing.

Q: (laughs)

DERHAM: But they would——

Q: They circled the town or something?

DERHAM: Well, what they do——yeah, they would, they would, they would fly off. So every, every several times a day I guess they would, they would sort of zoom up and, and kind of supersonically zoom off and——

Q: That must have been impressive locally.

DERHAM: It was——

Q: Or at least create a stir.

DERHAM: It did.

Q: Sure.

DERHAM: And I remember hearing them sort of thunder across. And I said——I, I thought that was great. No, I thought that was great. I said, "We're here. Everyone's going to know that we're here."

Q: (laughs)

DERHAM: So they did that. So they came to town, they did the——basically we had one

long day of activities. We went out to the interior, sort of an AID project, which was kind of high value vegetable production or something. Visited a Mayan site, which was, which was nice, and sort of had a certain amount of folklore. Came back, had dinner at the, at the, at the palace. Can't remember what we did for lunch, whether we actually had lunch or not.

Q: Who hosted the dinner? The president?

DERHAM: The pre——

Q: Yeah.

DERHAM: ——hosted the dinner

Q: Yeah.

DERHAM: But I was treated very, very well. The——you know, we sat at the main table, I think they might have even had me next to——I might have been next to the president. It was kind of funny, they were in the seats. And then there were bilateral meetings and I was there. The——I mean for us, for Jolene and all, for Jolene and me, it was, you know, it's great. You're, you're there with the president. President Bush is a very gracious guy. Very nice and, and his spouse was there too. And the first night they got there they kind of, I think they just, they just went to the hotel. Maybe they were only there——no, I think they were there two nights. But anyway——

Q: Did you do anything at the residence at all?

DERHAM: No, we didn't do anything at the residence. We did all, the meet and greet we did at the hotel. So we got some great pictures, great pictures of the four of us. We got a picture of the whole embassy community with the Bushes and ourselves in front and that kind of stuff. And then when we were going around in the city, when we were going out to dinner or something, they always checked with the president. But Jolene and I rode in the limo with them. They jammed Condi Rice there too.

Q: Wow.

DERHAM: It was the five of us. And I remember we were, we were riding in the limo and kind of making chitchat. And the president said to me, he said, he said, "What do you know about Mel Zelaya?" the President of Honduras at that point.

Q: (laughs)

DERHAM: And I really didn't know much, because I worried about my own country. I don't know anything about Central America beyond that. But I had talked to my DCM, David Linwald, about July in the past. And David who had been director of Central America kind of knew more about it and kind of David knows all this kind of stuff

anyway. And he——and what David had said to me is, “Well, Mel’s not the sharpest pencil in the pencil box.” And I kind of repeated that to Bush. And Bush kind of nodded and said yeah——

Q: Neither am I (laughs).

DERHAM: No, he said, “That’s what I hear too.” I mean Bush, I think——

Q: Smarter than people think.

DERHAM: Yeah, a couple things about Bush. He’s probably smarter than people think and my sense is the way he handled the staff, might be a little nastier than people think too. So that, but he was——

Q: Very pleasant to you.

DERHAM: They were very nice to us. They were very gracious to us. So we did that visit. The, the one, one of the things that came out of it I always thought, I always kind of take credit for this——not take credit for it, but asserted that I was present there——is that he had a meeting with President Berger, the foreign minister, whoever. So I was kind of sitting in a meeting and I kind of heard his——so they got in a discussion about the problem of organized crime. And that in fact, in, you know, these small Central American countries really were having a lot of trouble coping with these cartels and some of the organized crime networks. And it was something that you couldn’t just expect a country on its own to take on, it had to be, there had to be some kind of a regional approach.

Q: Was that Guatemalan perspective?

DERHAM: Well, it was——yeah, it was——but Bush and Berger agreed with that.

Q: OK.

DERHAM: That was the discussion. And when Bush left Guatemala, he flew up to Merida and had a meeting with I guess Calderón who was the president at that point. And in fact, and that’s where the Merida Initiative came from, which was the regional approach into Central America.

Q: Mm-hmm, OK!

DERHAM: So I always thought, I always thought that that arguably could have been originated in——

Q: Guatemala City.

DERHAM: In Guatemala City. The——

Q: Were there any deliverables?

DERHAM: Oh, there were, but gee, I can't even remember what——

Q: But nothing that just jumps out at you.

DERHAM: No, nothing, nothing that would really make sense. The——and I don't even know that——I think people understood going in that there wasn't——I mean the deliverable would have been something on migration or something. It was not——that was not something that was——

Q: So basically his presence was the deliverable.

DERHAM: Yeah, and when we did run around in the interior, when we went from the AID project to the, to the Mayan site, you know, we went along the roads and all the indigenous people were there and they were, they were welcoming. I mean they're not very demonstrative. But there was no negativity. And that was, for Bush, that was quite welcome.

Q: Good news!

DERHAM: Yeah, no. Actually because they had had a tough time in Montevideo I'm pretty sure. I think maybe Chavez had maybe organized a counter-rally across the, the——in Argentina at the same time. So I think the White House was very happy with the visit. I mean they usually are at these things. But we were happy and it was good, it was a good morale boost for everybody in the embassy, personally for me it was very, very satisfying of course. And, and then for Jolene as well. So that would have been in March of 2007.

Q: Mm-hmm.

DERHAM: I did——I've talked a little bit about the election. So Álvaro Colom took over. I guess I'm pretty sure it's January 2008 when he was sworn in.

Q: So basically——what month was the election, do you remember?

DERHAM: The first round might have been September, second round October or something like that.

Q: In 2007.

DERHAM: In 2007.

Q: OK, so Berger was still actively president when our president came.

DERHAM: He was still——and in fact, I think somebody asked Berger later on what was

his, what was the highlight of his presidency or something, and he mentioned the Bush visit as one thing.

Q: Hm.

DERHAM: So that——

Q: Did Bush speak at all Spanish while he was down there?

DERHAM: Well, he does——yeah, he does his, his kind of, you know, he knows a couple phrases and stuff, but he doesn't really speak it. So, but——

Q: No, I just wondered.

DERHAM: And Berger spoke enough English, although I'm trying to remember when I the bilateral meeting——we probably spoke——they probably spoke English in the bilateral meeting, because by then when I first got there foreign minister was Jorge Briz who was kind of a nice guy but was _____. One of the criticisms about Jorge Briz was that he never, he didn't speak, he didn't speak English.

Q: Right.

DERHAM: And that was——but by then it was the, the older guy's name I can't remember who was there, you know, went back to being their ambassador in the UN. The other, the other personality to mention is Eddie Stein who was the vice president. Stein had been involved in, in Peru and easing out Fujimori and had studied in the U.S.

Q: But he's Guatemalan?

DERHAM: He's Guatemalan.

Q: And what was his connection with Peru?

DERHAM: Well, well he——yeah, he was vice president for Berger. He was, I think he was designated——the UN designated him. He had kind of an international background or something.

Q: OK.

DERHAM: But he was very much a player in some Latin American international circles. And he was a much more sophisticated kind of _____ and politician than the kind of Berger or anyone else in the administration. But he was, he was not a fan of Jorge Briz and, and he was always criticizing poor Jorge. Gert Rosenthal is the guy who became foreign minister. Gert Rosenthal is the guy who spent most of his——not most of his life, spent years and years in New York. His wife is an American, his wife worked at the——she was a docent at the Metropolitan Museum or something. But when he came

back, he succeeded Jorge Briz. And a very professional guy. And then after Álvaro Colom took over he went back to being UN ambassador, and just left I think somewhat reasonable. He was quite——must have been around eighty or something. But he was one of their players. But I'm just trying to think that probably in the meeting with Bush, we probably didn't need interpreters. Because Berger's English was OK, but not——not super-duper, but serviceable——Rosenthal's, perfect English. So although for protocol reasons——

Q: There might have been. Yeah, that's what——

DERHAM: I just can't remember what it was. Of course in these days you don't even——I guess there are records of these meetings, but you don't even see them anymore. The White House doesn't share those with anybody. So it was——I should——one of the reasons I led into——from Rigoberta Menchú to the presidential visit was the campaign had already kind of started to unfold, and they were, you know, a bunch of candidates out there, one of which was Rigoberta Menchú.

Q: Yes, I remember she had run. Right.

DERHAM: And on the visit, you know, Rice came along as secretary of state, Shannon came along as assistant secretary, and Steve Hadley came along. Steve Hadley was the NSC advisor at that point. And at one point we were talking or he pulled me aside and he, and he said to me, he said, he said something along the lines of, he says, "If Rigoberta Menchú wins," he says, "make sure she's not going to be anti-American," or something like that.

Q: Like you could personally make that happen, huh?

DERHAM: Yeah. But in fact anybody who knew anything about Guatemala knew Rigoberta Menchú didn't have a snowball's chance in hell and it was just——but it was kind of these things that nobody at the White House really knew anything about Guatemala, except maybe Dan Fisk and he didn't know that much, and——but they did know about Rigoberta Menchú.

Q: Menchú, right.

DERHAM: And so they hear she's running for president, next thing well, she could win. And for lots of reasons, she, she wasn't——

Q: That wasn't going to happen.

DERHAM: She wasn't a rival candidate, so.

Q: When you were talking about Stein and Rosenthal.

DERHAM: Stein, yeah.

Q: Stein. The elite. How large was the sort of—I want to call it non-Spanish origin elite, the portions? I mean were there, was there a large German community? Was—I mean, you know—

DERHAM: No, Stein was—Rosenthal was Jewish.

Q: Yeah.

DERHAM: Stein was, Stein was Christian—not clear to me whether, how far back you go if there was always Christian, but he was certainly, he was, he was Catholic. In Guatemala there was a strong German presence up through World War I, maybe even into the 1930s and 1940s. But they were kind of marginalized because of the world wars. They were still, I mean they were responsible for the breweries and a lot of the early coffee things.

Q: Right.

DERHAM: But certainly by, you know, by the 2005 when I was there, I mean the whole, the whole leadership deal I had—the elite was, was pretty much Guatemalan. I mean it was, I mean Guatemalan had been, you know, so violent and, and such a screwed up place that it wasn't the kind of place that you could live and sort of make your fortune, and be, and be all that comfortable. Might say a place like Brazil where that might have been an option for someone.

Q: Right.

DERHAM: So it wasn't really in any important sense a sort of non-Guatemalans.

Q: Yeah, it's just that you mentioned those two names and it struck me that I wondered whether that was—so this is our getting a little bit toward the end of our, I mean you're in your last year now.

DERHAM: Right. So that, so the thing was the election, Álvaro Colom, the—

Q: How free and fair would you say this election was, by Guatemalan standards?

DERHAM: It was reasonably free. I think we had, we had observers. The OES probably had observers. They—it was, it was pretty good. The—I mean the thing is that it's less that—problem in a place like Guatemala is not so much the election process itself. It's just—

Q: What went before?

DERHAM: Well no, it's just, it's just too, too, too, people from the elites, sort of, you know, it's never been an indigenous presence of Guatemala, even though arguably fifty or

sixty percent of the people are indigenous.

Q: Right.

DERHAM: It's just the way sort of reality is. But as far as the election process it was I think reasonably clean one of the—I remember David Linwald, the DCM and I, went out on both the election days, the first election and the runoff. And one of the most interesting things was to go into some of the indigenous districts and see these indigenous women lining up to vote in their colorful costumes. And some of them, kind of the older ones, were barely literate. But I mean it was a good participation. Yeah, good—they were pretty clean elections.

So Colom won. Colom won. I think he took over in January. The delegation from Washington was headed by Secretary Levitt. Levitt used to be the Health and Human Services Secretary, former Governor of Utah, who I've run into probably when I was in Mexico. So he came down, very, very good guy, sort of a moderate Republican, centrist Republican. The one, the one story I remember about Levitt, the, you know, the day of the inauguration, there's a billion things going on, there's delegations from—lots of delegations there and lots of things—so that the kind of last event of the night was going to be a very small reception for a couple of—

Q: The major delegates.

DERHAM: The major delegates I guess it was.

Q: Yeah.

DERHAM: So we went down to the National Palace, that's where the reception was, and the reception was going to be up on the second floor. And the second floor where the reception room was, a big room, and actually this is where we had the dinner for Bush now that I think of it. But it kind of overlooks the plaza, Plaza Central. And the—so we got there and of course Colom is running hours late by this point. And prior to the reception there was going to be a big public event in the plaza. So there's like thousands of people in the plaza. And—

Q: And when you say "we're" at the reception—

DERHAM: Me and Levitt and a couple of other people and we're kind of killing time. And I'm pretty sure Colom was going to speak and then—big long program and this whole kind of thing. So we're waiting and waiting and waiting and then there's kind of a lull or something, or maybe—there's some kind of lull on this. What I'm trying to go on is, so I'm kind of poking around. I'd been in this building lots of times for lots of different things at this point, and knew my way around. So I kind of opened the, opened the doors to the plaza and sort of walked out on the balcony.

Q: Oh no.

DERHAM: It was kind of like an Eva Perón moment, everybody started——

Q: Yelling?

DERHAM: Yelling.

Q: (laughs)

DERHAM: So that's the way I remember this. And Levitt kind of was right behind me, or something like that——this is the way I remember this. Levitt remembers it in a little bit of a different way.

Q: He was out first.

DERHAM: He was out first. And that's the way he blogged it on his blog. But it was just kind of a funny thing.

Q: (laughs)

DERHAM: the other thing from Colom, I got my——one of the things, at least for Latin Americans when they're, people we have good relations with, or reasonable relations with, usually what they get is a visit to the White House. So Colom got up there, I think it would have been March of 2008. So I'd get a free trip to Washington and get to sit in the meeting of the Oval Office, which was, which was another box I guess to check.

Q: Yeah.

DERHAM: And it was all, it was all very cordial and everything else. I think Negroponte was there to represent the State Department. At that point he was deputy secretary of state, I don't know where Rice was. And then I guess the only other two things were Negroponte actually did visit Guatemala just before I left there, probably June of 2008. It was a good visit. We had a great dinner, I think it was me, Negroponte, Tom Shannon, Álvaro Colom, and his wife Sandra, maybe their foreign minister or something, but we had it in the Coloms' residence.

Q: He had a separate——the presidents of Guatemala, did they live in the——did they have a separate residence?

DERHAM: There was a residence attached to the National Palace that's, that's typically I don't think they actually live there.

Q: That's what I was wondering.

DERHAM: They use it more——

Q: For official functions.

DERHAM: For official functions and that stuff.

Q: Right.

DERHAM: So, and actually Negroponte's spouse was there whose name—the lady who works over in Georgetown, she was a—so it was a good visit. It, it, it was, it was a good event for the Guatemala—for the embassy. And then I think the final thing was *just* as I was getting out of Guatemala we had an inspection, which was the first time I'd actually been involved in an inspection in quite a long time because they don't do them as regularly as they used to I think. And, I'd sort of dodge them for anything. Anyway, the, the, the—to be somewhat of a long story. I thought it was kind of an unfair inspection and I wasn't very happy with the results.

Q: What were—

DERHAM: Well, there was a feeling—I think there were a lot of problems in the Consular Section, in the Public Diplomacy Section, which I kind of sort of blame the people who were in the sections on.

Q: (laughs)

DERHAM: Which is, you know, but I'm the ambassador. I'm the one who's ultimately—

Q: Responsible, right.

DERHAM: Responsible. But in the Consular Section the feeling was that the kind of junior officers weren't, weren't kind of in the loop or weren't being informed of what was going on. Public Diplomacy was more kind of a management problem because the guy who was running the Public Diplomacy Section didn't know enough about public diplomacy budgets and programming and everything else. And, and, and also it was kind of tough on some of his colleagues down there.

So as, since I was—the report wasn't written actually until probably I was out of the State Department at that point, so it didn't matter that much. And they didn't—since I was about to retire and the Consular Section chief was moving on and he was going to retire in a couple years, they didn't even do individual evaluation reports, IERs, which at that time inspectors do. I don't think they do them anymore. So it wasn't the best note to go out on but that's the way it was. So—

Q: But you didn't even know what they were going to say until after you left, right?

DERHAM: Oh no, I knew.

Q Oh, you did. They had told you.

DERHAM: They had finished before I left. So we had seen it in draft and we had argued with them about different things. And what I didn't tell them was not to take it out on the DCM, because I thought Linwald was doing a great job and that he had a career ahead of him. And I, I think Linwald, you know, didn't run into any problems. I don't think they did an IER on him either. Anyway, I just felt it was kind of unfair and sort of somewhat the nature of the inspection process. So that would have been June——

Q: You mean it's a little bit mean-spirited?

DERHAM: Well, well, I——

Q: Yeah, it's——

DERHAM:——I mean to a certain extent you have to, if you're going to be an inspector you can't go in——I mean what's the point of going in and saying everything's fine?

Q: Right.

DERHAM: So then if you're, you know you're going to have some problems then you kind of get a mindset of what the problems were. And, without going into all the nitty-gritty that I just thought it was, it was, it was somewhat unfair and that was unfortunate. We did——so then I——the final big event at the residence was July Fourth, which would have been our probably six, seventh, eighth, probably our third July Fourth I guess.

Q: And that's right before you were leaving?

DERHAM: Yeah, we left——I think probably we left within the next two weeks. And we left the way we came, got in the car and drove out. So we——

Q: Now, had you already decided to retire at this point? Was this a——

DERHAM: No, I was——well, we can sort of——

Q: We can save that for another time.

DERHAM: No, we can do that now and finish up on that.

Q: OK. OK.

DERHAM: I was forced to retire. You know, the time——

Q: Well, time in——

DERHAM: Well, in fact I had become a senior officer in 1991 I think.

Q: Mm-hmm.

DERHAM: So you get fourteen years as a senior officer, so that carried me to 2005. Once you get on a presidential appointment you get—your clock stops or something. So I had, so I had been in the senior ranks for seventeen years at that point. So, and I didn't, I didn't get—you need to get one more promotion to it at least, and hang onto it, which I never got, which, which is a very tough promotion to get, there's only a couple every year.

Q: Yeah.

DERHAM: What had happened was—and this happened in 2007—so at that point, sort of turn the clock back, probably summer of 2007. At that point Shannon was the assistant secretary and Shapiro was the principal deputy assistant secretary.

Q: Right.

DERHAM: So Shapiro's the guy who does kind of the day-to-day personnel stuff, kind of Shannon oversees it. And I'll say a couple things. One is, I think Shannon liked me. I think Shannon still likes me. And I liked Tom, so we get along fine. Second thing is, Shannon is a brilliant policy guy. I remember he came down to Guatemala when we were there and with Karen Hughes who was undersecretary of public diplomacy. And we were having this meeting with the business community and we were all sitting around there at the head table and nobody could really explain what the hell we were trying to accomplish until Shannon off the top of his head just did a riff for ten or fifteen minutes, just brilliant. And, and, and he's the kind of guy who can do that kind of stuff. So he was—he's on policy things.

On personnel matters, I don't think that's his strong suit and I don't think he wants to get his hands dirty and that's just my take on it. Shapiro, I said Tom likes me, I'm not sure if Shapiro really liked me. Not that I had that much contact with him one way or the other. And I think for a guy who's the principal DAS, I think he did a crummy job on personnel.

Q: So in other words, he didn't do any favors for you, and when I say that, in quote, he didn't really do anything to help you.

DERHAM: Yeah. And to the point was that so when it was 2007 I, you know, even though my ticket had been running out and everything I was interested in continuing in 2008. So I talked to Shapiro about it and they laid out two possibilities for me. One was—I think it was ambassador to Nicaragua, the other was principal officer in Havana, chief of mission in Havana. At that time, and I've kind of learned more about this since, but at that point I thought principal officer Havana is not a presidential appointment, there's no confirmation at all, it's not an ambassador. And ambassador to Nicaragua is. So my thought was, if I could get Nicaragua my clock would still be

suspended. It would still be a presidential appointment.

Q: Oh OK.

DERHAM: And so, so I told Shapiro, I said, “Well, of the two I’d be interested in Managua.” The—and I explained the reason, because I didn’t think principal officer Havana I didn’t think I could keep working. It turned out I think I could and maybe that’s what I should have opted for.

Q: But you didn’t know that then, so I mean—

DERHAM: Well, nobody—well, Shapiro was no help at all. He wasn’t—and this was, you know, at a minimum my situation was a little bit unusual, little bit complicated, and Shapiro had no interest in making any effort on this at all. This was kind of just part of his job and he was doing it, but he wasn’t going out of his way to help me. So he said, OK, he said, “Let me, let me, let me kind of”—

I said, “Look,” I said, “I may have a problem,” and I explained what the problem was, this ticking stuff.

But he said, “Well,” he said, “let me, let me look into this.”

So, he got back to me and he said, he said something like, he says, well, he says, “You have a fan somewhere,” he says.

Q: Well, that’s nice.

DERHAM: I know, but the way he was saying it was, “Not me, but maybe somebody else.” I suspect it was Shannon. So he said OK, so he said, “We’ll put you up for Managua.” So they put me on the list for Managua, they put me at the top of the list. And what happened was it went down to HR, or DG, and I think Rob Nolan at that point was running, was the division director, office director, or whatever the hell it was. And I don’t know whether he called me or I called him and he says, he says, “Nope, not going to happen.” He says, “You’re ticked out,” and he said, “You can’t, you know, that’s, that’s it.” And he said, “We won’t even, we won’t even send your name to the D Committee,” he said.

Q: Oh boy.

DERHAM: So—

Q: And he didn’t give an explanation or anything, just that’s the way the rules are—

DERHAM: Well no, he—yeah, that’s his interpretation of the rules. So in fact, and so that was the end of that. So I never, I never got to the D Committee. Now, as it turned out at that point Negroponte who was being D was kind of running the D Committee.

Negroponte had decided very strongly that the people who had been going to Iraq, to a lesser extent Afghanistan but Iraq for sure, needed to be rewarded. And he went through and in WHA he pushed in a lot of people that had been, been in Iraq. And I think in the case of Nicaragua I think it was Bob Callahan who was a WHA hand but who was just coming out of Iraq I believe at that point. And he did that——Negroponte did that in a number of embassies in WHA.

Q: But wasn't Jonathan Farra the person who went to——

DERHAM: Jonathan Farra went to——

Q: Havana, and he didn't go to Iraq. No.

DERHAM: No. No. And he came, he came——actually, and at that point Jonathan came from a different, a different bureau.

Q: Oh, I know, I worked with him in DRL.

DERHAM: Right.

Q: Yeah.

DERHAM: So you know, whether I could have gotten to Havana, I just don't know. And, but what I've seen, you know, since then and it, it, it relates to my time in Caracas, that there's a lot of flexibility in keeping people beyond their ticks and certainly in the case of Havana I think that has subsequently proved to be an option, you know, how realistic of an option it was in 2007/2008 I don't know. But anyway, I guess the bottom line is it turned out I was forced to retire. I didn't want to retire. And at least at a certain point I thought there was WHA support in, in, in keeping me on too. But it's——what happened happened.

Q: So basically you knew when you were leaving you knew that that was going to be it, but you would consider other things like WHA or whatever.

DERHAM: Well, we can——

Q: We'll talk about that separately, but——

DERHAM: Yeah, we'll talk about that separately.

Q: Yeah. But I mean——

DERHAM: But I knew——when I left Guatemala I knew I was going into the retirement program, the two-month retirement program.

Q: OK.

DERHAM: So we left, we drove back in July, the retirement program, the, the, the actual month was August and then September you get the second month to actually look for a job. So.

Q: So we'll leave it at that for here?

DERHAM: We will. Maybe one more thing I should do.

Q: Today is Wednesday, September 3rd. This is a post immediate retirement session with Ambassador Jim Derham about his very active career in the Foreign Service after he was ambassador to Guatemala.

DERHAM: OK. I think where we left it after last week or whenever we did this——

Q: Was driving out of the country actually.

DERHAM: Was leaving, was driving out of Guatemala.

Q: Now, by the way, as the departing ambassador did you have any bells and whistles? Did they accompany you to the border?

DERHAM: The——my security guys accompanied me to the border. They had their own vehicle, so it was a driver and one of the, one of the local——one of my bodyguards. So it's——to get to the border, we didn't go out the way we came in, I don't think. I'd have to look at the map to see where we went across. But we were——it took like——it takes like half a day to get to the border in Guatemala. We drove the southern route and so got to the Mexican border. And then we made our way back to, to Washington pretty much without——I mean we stopped obviously because it takes you, it——

Q: A couple of days.

DERHAM: Well, it takes a couple days just to get to the U.S. border, and so we stopped——the first night we stopped somewhere in Mexico and then the second night I think we, I think we probably got across the border, stopped in the U.S., and then probably another, probably another two or three days, might be three days actually. Crossed at, I think we crossed at Laredo, but you can also cross at Brownsville. And so we got back to Washington in I guess five days time. So that would have been late July——

Q: 2008.

DERHAM: Right, 2008. Went into the job-training program. I can't remember if we talked about it on tape, my situation, but I was forced to retire. Jolene was not forced to retire, but she had enough——she had just gotten her twenty years or whatever it was——

Q: So she could retire——

DERHAM: So she, twenty and fifty-five I think it had to be.

Q: Mm-hmm, mm-hmm.

DERHAM: And she just made it. So she decided to retire as well. So we both retired, both went into the job search program. The job search program is a two-month thing, which is August-September. August you actually come up here to FSI and September they, supposedly you're job searching, but you're actually on the payroll.

Q: Mm-hmm.

DERHAM: And so we went through that process and then my spouse whose specialty is consular work was approached by I guess CA probably. And at that point Brazil was, they were trying to get under better control the request for non-immigrant visas out of Brazil, would have been a tremendous backlog, big waiting periods, and, and, and people were kind of unhappy both on U.S. and Brazil, U.S. tourist industry, kind of the Disney corporation and staff were unhappy with this, the whole situation. So there had been an effort to try to throw some resources at the problem and to try to reduce the NIV problem in Brazil. So they went to Jolene and they said, "You're a consular officer, you have Portuguese. Would you be going out to Sao Paulo for a while and helping out?" And they were kind of rotating people in and out. And she said yeah, she, she talk——we talked about it and it sounded kind of——

Q: Did they tell her how long for, or just——

DERHAM: Well, they did——this is something you kind of negotiate with them. But then they said, "Well, and how about your spouse? Because he has Portuguese as well"——

Q: (laughed) They needed that.

DERHAM: Yeah. So we decided yeah, that it would be good, we could go together and we would both work and that would be pretty good. So I explained the problem was I never really had any formal consular training.

Q: Right.

DERHAM: So, as you know because you went through it as well, they send you through the consular course.

Q: Right, right.

DERHAM: Now, at this point I didn't do the full course, I did NIVs because that's what I

was going to do. I think I just did NIVs. So NIVs is two or three weeks, which -

Q: Yeah, because I did the whole thing, which was about five or six weeks.

DERHAM: Right.

Q: I think NIV was as long——

DERHAM: I think NIV was like two and a half weeks and the whole thing might be five or six weeks.

Q: Yeah.

DERHAM: So we did that and then we kind of talked——

Q: Now, she didn't need to take that——

DERHAM: She didn't, she didn't take it.

Q: Yeah.

DERHAM: I don't know what the hell she did at that time. We were, we were buying a place here, a condo, so we had stuff to, move stuff around and that kind of stuff. So then, so the deal is, I mean frankly the work is——and I knew sort of going into it——I mean the work is what it is, it's NIV interviewing officer. I think Jolene might have been doing——I can't remember whether Sao Paolo did IVs, maybe not, maybe they switched it——maybe still up in Rio. So, she might have been doing NIVs in this case as well. Although that's not really her specialty to the extent she has——she'd kind of more of an IV person I guess. So the, so the deal is that it's interesting because you go out there and, and, and you're both working. It's, it's, it's travel, foreign travel. Financially it's actually quite attractive because we're both working as WAEs (when actually employed), and we both get MIE (meals and incidental expenses) or per diem or whatever the case was in this case. And there's two of us and while there's some savings and we're kind of in the same hotel room and stuff, we both get MI&E or something.

Q: Right.

DERHAM: So in fact, if you added up all the numbers, and in fact we got two pensions——

Q: Right.

DERHAM:——it's——financially it's attractive. The thing is, you don't want to kind of do it any longer than you have to, frankly. So usually the post will say, you know, certainly——they would say probably like at least a month and a half is what their going in position would be. Since there's two of us we're a little bit more attractive because two

people show up at once. So I think in the case of Sao Paolo we probably went for five or six weeks. So we went out in—we prob—we—I did the training and actually we spent Thanksgiving in Sao Paolo. So we did the training and we came back, but we came back before Christmas so we came back like in the first week in December. And Brazil kind of shuts down in December anyway, for a while. So we were there for five or six weeks. So we went down to Sao Paolo and I mean no big surprises. There was, there was somebody else who was TDY in from, I think she might have been in Portugal, I don't know where she was, she was a regular FSO. But they were plugging people in to try to get a handle on, on, on—

Q: On the visa problem, the backlog.

DERHAM: On the backlog. So it was, it was what it was.

Q: And that's what—they whole time was—they didn't move you around, you did strictly NIVs, right?

DERHAM: I did NIVs. So since I'm the retiring ambassador, yadda, yadda, yadda, and there's a lot of JOs, I'm pretty sure we met with the JOs once and kind of talked to them about the Foreign Service—

Q: Sure.

DERHAM:—and that kind of stuff. And we did that. I like to think I did a good job. You know, at one point I was, I think I was pumping out, I can't remember whether it was one hundred and fifty or two hundred cases a day—

Q: (laughs) Yeah.

DERHAM: It was, it was pretty straightforward. Very impressed with Sao Paolo. Hadn't been to Brazil for that point in, well, I, I had left in 1999 although I'd been back at least once. But certainly I had not been to Sao Paolo in a very long time. And it was quite clear—this was I guess midway through the second term—it was really impressive that the economic development, the growth of the middle class, the kind of size and power of Sao Paolo. And in fact, from a visa point of view, you could make an argument that Sao Paolo probably should get a visa waiver. But you can't—visa waiver goes by country.

Q: Not by city, right.

DERHAM: Not by a region or a district. So as a practical matter, because you got places we used to work in which there are still visa problems.

Q: Right.

DERHAM: But most of the cases were Sao Paolo, middle class families going up to

Disneyworld or something like that.

Q: Right, or go shopping in New York for a week.

DERHAM: Right. And they were well qualified and in lots of cases they had traveled. And it was—you could do some without interviews, but only a few, there were certain criteria for drop boxes, maybe kids or people that were just renewing visas or something like that. So most of the interviews were very kind of straightforward, little exchange in Portuguese, and they approved the visa and sent them on their way. And you had, you had to—

Q: What month—what time are we talking now? You came back in July of 2008. Pretty shortly thereafter you took the—

DERHAM: So I'm still on—no, I'm still on the roles until the end of December.

Q: OK.

DERHAM: So I can't—as soon as I got off the roles, which was September 30th, I immediately started the training. So I did the training for three weeks in October and then we were—

Q: The NIV training, yeah.

DERHAM: The NIV training. And then we traveled to Sao Paolo, I'm pretty sure we probably left before the end of October, and we were there through November and into—

Q: Early December.

DERHAM: Into early December.

Q: Mm-hmm.

DERHAM: The—so they—it was kind of interesting, I think Lisa Kabitski was the DCM, so she came through at one point. And then there were a couple of other people, Steve Sowell. Remember Steve from Rio?

Q: Yeah.

DERHAM: He was down in Sao Paolo and kind of ran into him. and there was a couple other—I'm trying to remember who was the CG. Who I can't remember now. But you know, we had a little contact with them. They could never figure out what to make with me, you know, why is—

Q: Because you're—yeah—

Q:—Ambassador Derham doing NIVs or something? So, but I mean I'm, I like to think I'm fairly low maintenance, so I just did the job and that was it. One, one thing, a little bit not memorable but interesting, from outside the NIV work we were down there for the election, the election of November 2008. And, and of course it was—

Q: Dilma versus who?

DERHAM: No, no, no, the U.S. election.

Q: Oh, the U.S. election, I was thinking about the Brazilian election.

DERHAM: No, U.S. election.

Q: Oh, ours, yes.

DERHAM: So, and it was—so we went to the event, which was, you know, the held it at the USIS Center, whatever the hell you call it.

Q: The Bi-National Center.

DERHAM: Well, I don't—

Q: Benjamin Franklin.

DERHAM:—know if it was Bi-National Center or not. No, Benjamin Franklin's—

Q: Yeah.

DERHAM:—in Mexico.

Q: Well, it's—

DERHAM: So yeah, I can't remember what the name of it was. It was not the best one of those I ever went to. It was jammed, the CG spoke but to poor effect I thought, and it was just not much of an experience. But the one kind of thing related to that was, so we were, I remember we were, you know, back at the consulate a week or two weeks later. And at that point the ambassador to Brazil was Cliff Sobel. So Cliff Sobel was a political appointee, a money guy, who had, you know, famously supported President Bush with words and money.

Q: Mm-hmm.

DERHAM: He is also a flake as ambassador. He was—he had been ambassador to—where's NATO?

Q: Belgium.

DERHAM: In Brussels?

Q: Mm-hmm.

DERHAM: Yeah, he was the bilateral ambassador to Belgium. And then he had been in Brazil at that point for two or three years. I actually had a little contact with him when I was in Guatemala when we came up for meetings. And he was a flake. He's one of these guys, he's always running off to meetings and everything else. He had, I don't know what the Brazilians made of him. But he was—you would hear stories, and I mean I wasn't present, so this is kind of hearsay, but like that he would escort a visitor in to see the foreign minister or something and then his cell phone would ring, Sobel's, and he would take the call—

Q: In the middle of—

DERHAM: This, this kind of stuff.

Q: (laughs) Yeah.

DERHAM: So anyway, somebody says to me, somebody in the—might have been a section chief of somebody—it was somebody in the hierarchy down there in Sao Paolo.

Q: Going to be a Consular Section in—

DERHAM: Yeah. Said, "Sobel is going to try to stay on."

Q: Even under Obama?

DERHAM: You know, under the new administration. And I said, you know, so I in a very condescending way said, "No, no, no, you don't understand how this works. The Republicans are coming in—the Democrats are coming in and they're going to replace all the Republican"—

Q: Politician appointees.

DERHAM:—"appointees, and my guess is that Sobel will be one of the first ones to walk the plank." And in fact I was kind of, at that point I was in touch with Rob Dieter, who had been Bush's ambassador to Belize when I was in Guatemala and he was still in Belize. And he was telling me—

Q: He couldn't have been political.

DERHAM: No, he was political. Belize is almost always political.

Q: Oh, is it because of divers?

DERHAM: No, because it's English speaking. It's English speaking and a very small country. And so Dieter, who is like a classmate of Bush's at Yale or something like that, very nice guy and we had visited them and they used to visit us and they would come down to Guatemala to the Marine Ball because they didn't really have marines, or they didn't have marines. But Dieter, who was still in Belize when I was, when I retired, sort of I remember asked for an extension of sixty days or something for whatever family reasons because he just wanted to hang around. They told him no, they said get out of there on January 20th. So I was saying, "Sobel is dead meat. I mean I don't know why we're"——

Q: Why are we having this conversation!

DERHAM: Yeah, and actually it was funny, when Sobel, when they heard that I was coming down to Sao Paolo, Sobel sent me an email. Actually, a very nice email, which I'm sure he never even saw.

Q: Somebody else wrote.

DERHAM: So somebody else wrote it. And the——

Q: Oh yeah.

DERHAM: And the reason I——I wrote him back though, and I said, "Oh, thank you, I'm looking forward to being on your team for a brief time." But the reason I say it is in fact he came through Sao Paolo when we were there and I kind of shook his hand or something and I can't remember whether I introduced myself or somebody introduced me, and he drew a blank, he didn't——

Q: So he didn't remember that——

DERHAM: He wasn't——didn't remember who I was.

Q: (laughs)

DERHAM: But anyway, so I was explaining to them that look, you know, you guys don't understand how the system works, I'm the experienced——

Q: I'm the——

DERHAM:——State Department person, I'll explain. Well, the son of a guy, it turned out that Sobel, among other things, had also given money to Hillary Clinton's campaign, or the Clintons or something. And the other thing was that when he was in Brussels, the head of the NATO command, I don't know, Supreme Headquarters, whatever it's called, was General Jones, I guess James Jones, who Obama came in became the national

security advisor. So next thing we know——

Q: So Sobel's sticking around.

DERHAM: Sobel's sticking around. And he stuck around——I mean he didn't stick around that much longer, I think it was another six months or something before they sent Shannon down, because I think Shannon got the job. And it was, it just shows you how the way these systems work. Because he's not a guy frankly I would have picked to stick around.

Q: Sure.

DERHAM: And——

Q: But he was a bipartisan donor.

DERHAM: Yeah, exactly.

Q: (laughs) Interesting.

DERHAM: And so anyway, so we did, so we did the six weeks in Sao Paolo, did the job, as I said we stayed in the hotel. Did travel to Rio. I wanted to get out to Bahia, but it was prohibitively expensive to take a flight or something.

Q: Yeah.

DERHAM: And Rio wasn't that cheap. But it was a good experience. And of course the Portuguese comes back and _____

Q: Clearly.

DERHAM:——they speak clear Portuguese. And actually in the NIV line, you just——

Q: Where are you going, what are——

DERHAM: It's a——yeah, it's a script.

Q: What _____.

DERHAM: Right, so we did that. Then we, so then we came back to the States. So that was December. And so the way the, the consular system works for the WAEs, they have posts come in with needs, with personnel needs, and whoever's running the program circulates, circulates the request around——

Q: To the various WAEs.

DERHAM: Yeah, so if you're interested you're interested. So we came back and we decided we'd look around again. And what came up was Juarez, Mexico. So we decided to go to another consular WAE, both of us. And so we—to go to Juarez. And that would have been—I'm a little bit fuzzy—it would have been the same time, about five or six weeks, which was the minimum the post would—because the post, even if you're a WAE, it takes you a day or two to understand the way a system works and everything else. So there's a certain amount of admin time they need up front. So they—to get their, their money's worth out of you—

Q: They need you there for a month.

DERHAM: For a while, yeah. So we decided to do Juarez. So we went out there in, I think February.

Q: OK, 2009.

DERHAM: In March of 2009. And so a couple interesting things about Juarez. One was we drove out, which was good. And that was when—I mean, look, Mexico has organized crime problems since the creation, but things were getting worse for a while.

Q: And especially around there, right?

DERHAM: Especially around there.

Q: Yeah.

DERHAM: And in fact, while we got to Juarez while we were there and at the time we were there things got so bad, they even got worse later on. In fact, some of the, one of the FSNs in the consulate was, was killed, was murdered. Apparently by mistake, but anyway. So that we—

Q: Oh, you mean that person was not the target.

DERHAM: No, it was—and it happened, you know, at a social event or, or, or something. They think it was a mistake or because of her relative or—I can't remember the full story. That was after we were there. But when we were there things got so bad that they sent the army in. And so we were there in Juarez when the army came in, which was pretty interesting actually. I remember we were in a hotel and they came in kind of early evening, and all a sudden, you know, all the Jeeps and armored personnel carriers are coming down the main street and taking up positions and—

Q: Sounds like Mexican Revolutionary—

DERHAM: Yeah, no, it was.

Q: _____.

DERHAM: No, it was, and Juarez itself——well Juarez itself is a dump. The——and I mean most of the border towns are pretty rough and ready up on the Mexican border. I always said the difference between Juarez and Tijuana was with Tijuana you went across the border you went to San Diego. In Juarez, you went across the border and you went to El Paso! Which is no bargain.

Q: (laughs)

DERHAM: So that, but one of the, one of the results was it was like no tourism. Now, at that point Juarez would get the kind of——get kind of regular tourism, just people for whatever reasons just coming across. Taste a little bit of Mexico. They——but I remember we went downtown to the Artesania Market or something, and it's totally deserted because the gringos weren't coming across. There was also a——

Q: Now, were you staying——where were you staying?

DERHAM: We stayed at a hotel.

Q: No, no, but at what side of the border?

DERHAM: Oh, in Juarez.

Q: OK, so they didn't put you up on the other side?

DERHAM: No, the thing was that, well just to finish up on the tourism thing. So we went down to the market, there's nobody there. There's also quite a bit of what you'd call like medical tourism, low level stuff. In other words, people come across to go to dentists and stuff like that, and that kind of all dried up too. My recollection is most people lived on the Mexican side, most of the U.S. embassy employees. That had to do with——

Q: Financial things, per diem——

DERHAM: Financial things——well, not so much per diem. I don't think you can pay for housing on the U.S. side.

Q: That's what I mean, when I——I used the wrong term. You don't get housing.

DERHAM: You don't get the housing. I think typically people would live on the Mexican side, but their kids would go to school on the U.S. side, they would cross the border. Now, one of the problems was crossing the border is not——you don't just snap your fingers to cross the border, particularly since 9/11. But they did have rapid passes or E-Z Passes, or something, that permanent employees could get. We couldn't get one of those and I, I, I had no interest in having to schlep across the border and go back every day.

Q: For——

DERHAM: Yeah, for five weeks. My feeling was, and I used to tell people this, that I mean Mexico's Mexico. It's——on, on the organized crime stuff, unless you're in the wrong place at the wrong time, you don't have to worry. It's probably a——

Q: It's not personal for you.

DERHAM: Yeah, no, it's not, and it's no more dangerous in a certain way than, I don't know, the District of Columbia or something like that. The consul thought, because of the army coming in and all this other stuff, the consul was getting spooked. And in fact, while we were there, Washington sent down a delegation to kind of hold everybody's hands from DG, maybe the front office and CA and some people came up from Mexico City. What, what, what happened was, I mean typically like——well, the consul is checking in of course.

Q: That was my next question.

DERHAM: The consul was gigantic. Maybe it's one of the second or third largest Consul Sections in the world, because in addition to doing all the NIV work, it does all the IVs for Mexico, the whole country, which is an incredible amount of stuff. So I did——in this case I did NIVs and Jolene did IV work.

Q: Can I ask you a question——

DERHAM: Sure.

Q: Because you know, I told you my first tour was in Mexico City. And in those days both IVs and NIVs were done in lots of places, and they were certainly done in Mexico City. I know that's a long time ago. My question is, when did they——

DERHAM: That wasn't a long time ago because in my sense in countries that had multiple consular posts, they almost always consolidate IVs.

Q: I'm sure they do. But I'm saying I went into the Foreign Service in 1981 and, and——

DERHAM: But no——

Q: I did IVs!

DERHAM: Well, OK.

Q: I'm telling you, I did them, so what I'm saying is——

DERHAM: I mean I——

Q:——there after, but——

DERHAM: In my memory in Brazil it was always done in Rio.

Q: Sure. But all I'm getting at is that in that era, and again it may have ended the day after I left, we all, the junior officers had a—

DERHAM: Well, anyway.

Q: Anyway, we'll leave this.

DERHAM: Well no, all the IVs were done in Juarez.

Q: OK.

DERHAM: So they had a beautiful new facility. It was a gigantic—and I remember because it was under consideration when I was DCM in Mexico. They had a beautiful—it was a gigantic building, very secure, tons of windows. It was kind of a four-sided quadrilateral, a square. And one, one side of the square was just IVs and the other side was NIVs, my recollection was. The—

Q: So when you say huge, how big are we talking about? Rough numbers.

DERHAM: I couldn't tell you. I mean it was—

Q: Americans.

DERHAM: Americans, there were—well, one of the complications were there were some Americans who worked on the Consular Section who actually lived in the U.S., but not Foreign Service.

Q: OK.

DERHAM: So they would be DHS people at that point. So they would, they would come across every morning—

Q: No, I was—

DERHAM: But there would have been in the NIV Section, I don't know, I'm thinking of maybe, I don't know, ten NIV interviewing officers.

Q: All right.

DERHAM: And the IVs, there's at least that minute. Because the IVs are very paper intensive and they had these gigantic files and everything. So I did the NIV work. The one thing I'll say about NIV work at the border, which I've never done before, unlike say Brazil, Brazil is pretty straightforward. You have a case that comes in, as we were talking

about, but even up in Brazil and Bahia, case comes in, the family's well to do, maybe they have previous travel, and probably that case it's a positive, or they don't, which is probably also a positive, and you just pretty much give them a visa unless there's reasons not to give the visa. You would not—you would start asking some questions if they're not so well to do. If they're, you know, if there's something else it was a little unusual. You weren't able to put 'em into one of your pigeonholes. Mexico's completely different. Up on the border, particularly prior to 9/11, people traveled back and forth all the time. And you didn't have to be very rich to, to be, to live in Juarez and go shopping in El Paso.

Q: Sure.

DERHAM: And the fact that you were kind of lower middle class or even worse did not mean you were going, you were going to go up there and come back. And in fact you, you always, you always had options of going illegally if you wanted. So the cases were much more complicated. And so, for example in Brazil if you had somebody who'd gone to the States and, you know, if they had some kind of criminal problem in the States that would be a big red flag, probably couldn't get a visa. In Mexico, oh yeah, I was picked up for a DUI (driving under the influence) in Houston ten years ago. So it was all these, it was very, very kind of complicated cases, tough to, complicated to adjudicate, but much more interesting in that case. So it was a good experience. We did, for our tourism in Juarez we went to the Copper Canyon, the train ride, which is something you do once.

Q: Yeah.

DERHAM: The problem with the Copper Canyon is you kind of have to go all the way in and then all the way out, and it's a great train ride once, but in two directions in that short of time it gets a little bit less interesting. So we were there for six weeks, once again had no security problems at all. When we went back and talked to people and said, "Oh, we're just getting back from Juarez," Juarez? You know. Oh yeah. And then we drove to—"You drove down? You stayed on the Mexican side?"

Q: (laughs)

DERHAM: But it was, yeah, it was unremarkable. And you know, the food is probably—you probably wouldn't pick Juarez for the best Mexican cuisine, but—

Q: Pretty good Tex-Mex.

DERHAM: Yeah, it was pretty good food and, you know, we like Mexicans and it, it was, it was a good experience. So that was, so that was Juarez. So then we, we came back and we drove back to—ultimately we got back to Washington although we went out west and visited friends and—

Q: Took a little time off of assignments at this point.

DERHAM: Well, at that point my mother was still alive and so she was up in Bozeman, Montana in assisted living because that's where my brother lived. So we went up and we visited friends in Tucson, probably went up to Montana, and then went through South Dakota on the way back because that's where Jolene's mother was. And then we got back to, then we got back to, to Washington.

So at that point, this is 2009, at that point we're kind of at loose ends, I'm looking around and going through my various job things that I chased after and came up empty. But one of the things—in fact, I saw it on one of these FSI employment things, whatever the hell they are, the transition center employee things—was being chief of party for a project in Kosovo. And I remember I looked at it once and said, “Well gee, I really don't know anything about Kosovo and I'm kind of desperate for a job, but not that desperate.”

And I let it go through. And then some—Jeff Davidow was, was made aware of this kind of thing. And he gave my name to the people at DAI, because he kind of knew I was looking around. And so, when they came to me, I was still looking. So I thought about it, and said OK, “We'll give it a try.”

Q: And how long was this before—

DERHAM: Well, the idea was to do it for a year. So that was kind of the minimum they wanted. And the project was, it was an AID funded project, it's like three or four million dollars over, I can't remember, a couple years, three or four years. And basically the whole idea was to, to help, help get the Kosovo Foreign Ministry into shape. OK, so the deal was that Kosovo had become independent. I'm pretty sure it was early 2008 or maybe early 2007. I remember being in Guatemala when the demarche went out to the government to try and get them to support—

Q: Kosovo independence.

DERHAM: And somewhat unusually Kosovo did not, they kind of hedged. Well, I, I think they knew—

Q: Knew not where it was!

DERHAM: Well, they knew the Russians would be upset and they were, the Spanish did not recognize them because of their own separatist issues. So it was, it was kind of a complicated issue and there wasn't much in it for the Guatemalans, for example. So anyway, they had been, they had been stood up in like 2000, as an independent 2007/2008.

And of course there was a lot of, you know, there, there's a lot of history in that place, recent and ancient history. We had basically bombed Milosevic's government out of Kosovo in the late 1990s I guess it was. And in fact, I remember, I remember being in Brazil at that point, and this was just before I left Brasilia. I think we were doing the bombing campaign, and I remember going to a dinner party that night and some, I think it

was a Brazilian or certainly a third-country diplomat or some Brazilian, made some snide comment about, you know, what good is this bombing doing? And of course like that night Milosevic capitulated and the bombing burned to his knees essentially. But I had, aside from that kind of stuff I had, you know, really not paid any attention to Kosovo at all.

So the background to the project was that it was, it was a stupid project in a lot of ways. I mean I guess the best way to say why it was kind of ill conceived is the Kosovo Foreign Ministry was maybe like fifty people, including their overseas ambassador or something. I mean between fifty and one hundred. While I know a lot about the State Department and I know a lot about how the State Department does things, what was transferrable to the Kosovo Foreign Ministry was——

Q: Fifty to one hundred people.

DERHAM: Zero, you know. I couldn't——but——and in fact, this was generally recognized. The way I was told the story was that I think when the ambassador was all put into motion, it was Tina Kaidanow, I think her last name is, she was the ambassador in Pristina at that point. You know, people kind of said that, you know, "Maybe it should be Estonia or somebody who should go in and help the Kosovos, the Kosovars, with their Foreign Ministry." Because the Estonians——

Q: _____.

DERHAM: Right, small one and sort of tell them how to do things. And the Estonians, maybe for EU reasons, didn't want——because the EU entity does not recognize Kosovo, even though they have a mission there and a very complicated EU politics there. But the countries that have separatist movements, Hungary, Spain, couple of others——

Q: Couldn't recognize it.

DERHAM: And the Greeks for their Turkish problems and everything else. So the EU as a block does not recognize Kosovo. But there is a recognition, there is some sort of EU mission there and everything else. But for whatever reason everybody in EU passed——

Q: Well, Serbia is a member, right?

DERHAM: No.

Q: Of the EU?

DERHAM: No.

Q: No.

DERHAM: No. That's a big issue actually. Serbia's not a member. So the——but anyway,

but for political reasons, and I think it was Tina who made the decision, said, “If nobody else is going to do this Foreign Ministry project, we’ll do it.” And she told AID to do it. AID didn’t want to do it. AID, it was not in their wheelhouse, it wasn’t development and such. It was a Foreign Ministry. And, but they saluted. And so they set up the project. So as I said——

Q: And they sent you.

DERHAM: Well no, no, they were, actually, you know who was out there? Laporta?

Q: Oh yeah, yeah.

DERHAM: Alfonso?

Q: Uh-huh.

DERHAM: So he was out there for a while, and he was the one who kind of got the project underway. And then what happened was he got himself into the doghouse out there because the idea of the project was not to talk to them about foreign policy issues. It was, you know, who to, you know, where to put the wastebaskets in the Foreign Ministry kind of thing. How to train your people, yeah, what would a training project be, and this kind of stuff. And Laporta apparently was much more interested in why don’t we use this strategy to try to get into the UN and this kind of stuff. And basically——and so actually he had——

Q: Went off the reservation.

DERHAM: Yeah, he did. He had pretty good access in the Foreign Ministry, but that’s not what the embassy wanted him to do. And he was out there, it was very tough circumstances and it’s a very tough place to live. So he had left. And he had kind of set up the project itself and the office. And, and then he had left and that’s why they’re looking around for somebody, so that’s, that’s why they got me.

So but anyway, so the project itself was——it didn’t make sense in a lot of ways, but for political reasons people decided to do it. The other guy who was involved in the project was also a retired Foreign Service guy, Dan Santos. I don’t know if you know Dan Santos. Dan Santos——and I’ll have to clean this up——but he’s a jerk actually. And in fact, he had been thrown out of Bolivia. He had been, he had been chargé, God help us, and had gotten into a big fight with the AID director and then when what’s his name, Greenlee?

Q: Yeah.

DERHAM: When Greenlee took over, threw him out. And he was just——so, so anyway, so Santos was out there doing the project.

Q: By the way, the team consisted of how many people?

DERHAM: Well——

Q: You're going to get there.

DERHAM: So Santos was out there, there was a lawyer out of Arizona, Ivan Abrams who, who at that point was, he's actually back in Arizona. But at that point he was making a career of going to the Stans and to, working for ABA, the American Bar Association, on rule of law stuff. And so somehow he had picked up for the project. So there were the two Americans, there were two locals, and Kosovars who were professionals. And then there was an administrator, a woman. So there were five and then I would go out and be the chief of party. And so as I said, the idea was, I was going to go out there for a year anyway.

Q: Was that going to be unaccompanied or accompanied?

DERHAM: It would be unaccompanied, but we'll talk about that. So now, the——I learned a lot. Now, it's——in fairness to the development agencies, this was not a typical development project. AID didn't want to do it, it was not a well conceived project, and so in, in fairness——and I think everybody kind of recognized it. The, so they, they put a, I don't know, _____ out or whoever they do these things, but the contractor who got it was DAI. But DAI did it in kind of, they were the kind of lead, but also, I don't know if it was Arthur Anderson or one of these other——

Q: Accounting firms?

DERHAM: Well, it wasn't accounting as such, it could have been——

Q: Booz Allen?

DERHAM: No, it wasn't Booz Allen, but it would have been something like Booz Allen.

Q: OK.

DERHAM: Also got a part of the contract. OK. So, anyway, the contract you got to spend I think it was like four million dollars over three years was the original idea. And so the——Santos and one of the locals were kind of on the Arthur Anderson payroll, for lack of knowing what the term was.

Q: The other company.

DERHAM: Yeah, the other company. I, the other American, the other two FSN——not FSNs, they're local employees——

Q: Local.

DERHAM: Were under, worked for DAI. DAI is actually a for-profit contractor. They have headquarters in Bethesda.

Q: DAI stands for?

DERHAM: Development, blah, blah, blah.

Q: OK.

DERHAM: DAI is involved all over the world on kind of working for AID. DAI's the one who sent Alan Gross to Cuba.

Q: Yeah.

DERHAM: So anyway, I signed on to DAI. And did a little bit of training there and then was going to be sent around to Pristina. So it was, it was unaccompanied in the sense it was just me. And, but it was attractive financially because it didn't, I didn't have any WAE rules. They paid me, they have to go by AID's kind of rules on, on salaries and stuff, but it was, you know——

Q: Good for——

DERHAM: Yeah, no, certainly somewhere between one hundred and two hundred.

Q: Wow.

DERHAM: And plus, you get housing and then you get, they are still getting danger pay, believe it or not, in Kosovo. There's no danger at all. But it was one of these things where——

Q: Once on the books.

DERHAM:——once on the books nobody——like half the days in Guatemala, nobody wants to take it on. So it was quite, quite lucrative in that. So I went out to Pristina. So the deal with Pristina, Pristina's a dump, with all due respect to my Kosovar friends. I mean the whole country of Kosovo is like maybe two million people or something. It's like a, it's nothing. And Pristina is maybe 200,000. It's a very challenged place, but what it's turned into is basically it's kind of a little bit of an international community, because of all these contractors and EU development types and the World Bank——

Q: And a good time was being had by all.

DERHAM: Oh sure, in——

Q: Taxpayers were paying for this.

DERHAM: No, exactly.

Q: Yeah.

DERHAM: Exactly. There's a whole sort of mini industry out there where they put up apartment buildings and the housing for the international workers and they paid high prices, but it's just passed through and everybody's very happy.

Q: Yeah.

DERHAM: From DAI's perspective, the way DAI makes money is if there's—if the budget's three million dollars, they get to keep—and if you disperse three million, ten percent of that is theirs, or something like that. So frankly, all DAI cares about is once the project is up and everything, spend the money. They don't care how you spend the money.

And so the question they would ask, and I, the woman I worked for, was actually a very good, very impressive woman, and came out a couple times. But, and she would, you know, she would purport to be interested in actually what we were doing programmatically, but really what she wanted to know was the burn rate. And, and that was, as long as—now, they had their guidelines. You can't just, you know, you know, send out for a couple cases of scotch or something like that. There's only certain ways you could—

Q: Spend the money.

DERHAM:—spend the money.

Q: Right.

DERHAM: But you can spend the money, and they wanted you to spend the money.

Q: Plow it into the economy.

DERHAM: Well no, a lot of the money you spend on your own salaries and the housing and everything. It's just—not that much actually gets into the—I mean the FSNs, the local employees get paid, so yeah, it's that. So that's DAI's interest in this. In this particular instance, AID was not interested in the project.

Q: At all.

DERHAM: They didn't really care at all. And they were just do the project, get it done.

Q: Yeah.

DERHAM: So they were kind of interested in the burn rate as well. The Kosovar Foreign Ministry, I mean they were kind of OK with the project because it wasn't costing them anything.

Q: That's right.

DERHAM: But they weren't——

Q: That wasn't their top priority (laughs).

DERHAM: And sometimes we would kind of, they might be interested a little bit, or they talked to us about certain things. And we kind of have these weekly meetings with their number three in the Foreign Ministry or something. But they would kind of listen and pay attention to some stuff and not pay attention to other stuff. And they, but it was no, no, they had no skin in the game.

So we would spend——and so what we would do——and so I'd be trying to work with Santos. Santos, as I said, is a jerk, and he's very protective and he's kind of, he would, he would double cross you, and he's very hard to work with. But we would do things like we did training for their new, new officers. So we kind of modeled it a little bit on our system here. But it's——it only made sense to a certain extent.

Q: So did that free you up to a certain extent?

DERHAM: Well no, they, they were bringing, they brought in a big class, a relatively big class, because they didn't have anybody. So they brought in like twenty, twenty-five people. I mean they only had, they only had embassies. I can't remember how many countries they were sending to their embassies. So we would, you know, have this training program. One of the advantages of the training program is we, we had enough money to bring in——

Q: A consular trainer! Whose name was Jolene! I'm sorry (laughs), the laughing. But that's what happened.

DERHAM: Yeah, sure. So she came out to do that, and she came out on her own for something else. And, and actually at one point DAI talked to me because they knew I was kind of getting itchy feet on this thing. They said, "Well," and they weren't happy with Santos either, there was some discussion about maybe, maybe Santos would move on, and you know, one, one option might be Jolene could come into that slot. But that wouldn't have worked, it would have been nepotism, would have been, would have been too troubling for people and I think the FSNs wouldn't have liked it.

The, the U.S. lawyer, Ivan Abrams, who's a good guy, I, I like Ivan and everything, he didn't know anything about Kosovo, didn't speak the language, didn't know anything about their legal system, and sort of——and you know, one of the things they were trying to do was, supposedly, was from a legal point of view did the international obligation that

Yugoslavia and then Serbia had undertaken, did they apply to Kosovo?

Q: Right. He didn't know.

DERHAM: He did paper after paper on that, not clear to me he knew what he was talking about. The Kosovars ignored it. But if somebody said, "Well, what are you doing?" he could, he could show you stuff like this.

Q: Yeah. Yeah.

DERHAM: So it was just this, this big game. And at, you know, and I——actually, the Kosovars themselves are a delightful——they love us because we're the ones that are responsible for their independence. There's probably an argument that I know the State Department doesn't like that it might be easier just to fold them into Albania, that they all speak Albanian, they're all——they're Muslim, but Muslim-light. And for me it was a different part of the world. My living conditions were pretty good, but I didn't have a car, which was kind of a, a, a hassle, kind of limited. And so it was, I mean the money was nice and it was——

Q: How about the language issue? I mean you don't speak Koso——you don't speak——

DERHAM: Albanian.

Q: Serbian, Albanian, whatever it is.

DERHAM: Albanian, it's Albanian. So no, but we did all the work in English.

Q: OK.

DERHAM: And the international community is big enough that all the people you dealt with did speak a little bit of English, so that wasn't as big an issue. So, but Jolene did come out once to work, I think she came out once as a tourist too, so she was out there twice.

Q: And you just stuck it out for the whole year?

DERHAM: What's that?

Q: Did you manage, did you stay?

DERHAM: No. My son Michael came out and we went out as election observers for one of their local elections. Which is actually very interesting, because we went and——he and I were a team and we went, went out around the Pristina area. Actually, Pristina's interesting, there's a couple enclaves of Christian, Orthodox-Christian, Serbian enclaves, monasteries and stuff, which were kind of interesting tourist things. But we went out on election observation and, you know, there were five people voting. You go up towards

the, towards the, the dividing line with Serbia up in Metrovica, which is predominantly Serb even though it's in Kosovo, and they boycott the election. So you go to the polling place and there's nobody there. So some of them didn't even open.

Q: Well, they're certainly not enthusiastic about Kosovar independence, so yeah.

DERHAM: So it's kind of interesting about that, and you know, when Jolene was there we took a trip, we got out to Istanbul and visited friends in Kiev. So, we got some time. But at a certain point I was saying to myself, "The money is great, but at this stage of my life I can't do things just for money," and I just, I just was unhappy with the project. And so I told DAI, by the——so I got there in September, September, October, I think, I think in November maybe is when we did the training for the new FSO class. So that was something to do for a while. But it was not——

Q: And you actually participated in the training.

DERHAM: No, we did the training.

Q: But I didn't know what you personally, your role, since you were chief of the party whether you actually did the——

DERHAM: Well, I would divide up the stuff, actually that was one of the problems. Because at that point after here I'm a, actually a consular specialist because I'd been doing the consular work, so I would, you know, when Jolene wasn't there I, I, I fancied myself as a consular guy. Dan thought that was part of his responsibility, I was always fighting——and with Dan it was tough because I liked to think I was, I was running things, but of course he was reporting to a different company, so he had his own kind of channels.

It was messy in that sense. And you know, I tried to structure the office a little bit, staff meetings and that, you know, was always this kind of passive aggressive resistance to that. So it was not, at a certain point it was just not that pleasant experience. I couldn't, you know, we were turning out strategies and we got meetings and we were always, you know, and the whole AID system you're always, you're always sending back stuff. We would go over to the embassy once a week, Ivan and I, I excluded Dan just to piss him off, and talked to the, either the, there was a local employee who kind of followed the project for the AID mission, the, the, the AID guy who was in charge of, I don't know, law enforcement and rule of law or whatever the hell it was, Jose Garcon, he had actually been in Guatemala with me. So I kind of knew him, but in a way I was working for him at that point. So we'd have contact with him.

And Chris Dell was the ambassador, so I would go by and talk to Chris Dell a couple times. And, and he was, he was, he was, he was a very competent guy. And he had, he had some Portuguese background so we traded a couple stories about that. But it was——I can't remember whether I was trying to negotiate something else, or I just finally decided that I was just so frustrated. But I told DAI probably when I came back in

December for Christmas and then got back in January that I just didn't see myself doing the whole year. And so I wound up, as it worked out, I returned in March.

Q: So you did six months basically.

DERHAM: I did seven I think.

Q: Oh, you did? OK.

DERHAM: I think I got out there at the end of August.

Q: OK.

DERHAM: September, October, November, December, January pretty much, just around six or seven months. DAI was not happy because they kind of lost the chief of party, but they're most unhappy because it compromised the burn rate. And that's, and that's—they were very unhappy about that. And then, and of course I didn't stay the full year. I think—I took some air freight back, but I had to pay for the air freight back, not that it was all that much.

Q: No, no, no, no.

DERHAM: And there were, there were certain other—and I might have had to pay for a plane ticket at a certain point. But over all I mean the balance on them on the financial end was, was very positive, so it really wasn't an issue. And in fact, I mean the project kept on going, but I think what they did is they moved Ivan up as chief of party for some internal struggle on that. And then—and maybe they went on for another year or so. They never did send out anybody to replace me as such, although I don't know if you know Mike Palmley.

Q: Oh sure.

DERHAM: Yeah, Palmley wound up going out there.

Q: Doing that?

DERHAM: I don't know exactly what his—but he was kind of working for DAI for them for a while. But it was—and I kept in touch with Ivan and they were working on a commercial promotion or selling Kosovo wine—

Q: So they never really did the full blown training of the—or creation of—

DERHAM: Well no, we did the training—

Q: You did the training.

DERHAM: We did the training for that class of officers.

Q: Right.

DERHAM: And actually that was kind of our big achievement.

Q: OK.

DERHAM: We ran it for two or three weeks or something like that? And Santos always had this idea that we need to do a chief of mission conference or something. What the hell are you thinking about? So that, but actually that's how, that's how Davidow had gotten involved. Because he had gone back to DAI and said, "Well, why don't you try and get in touch with Jeff Davidow to do this chief of mission conference?"

Q: God (laughs).

DERHAM: DAI talked to Davidow who thought he must have been hallucinating.

Q: (laughs)

DERHAM: But somehow he threw my name into the mix, so that's how I got sucked into that. So that would have been 2009 to 2010.

Q: Right, now we're in the spring of 2010.

DERHAM: Now we're in the spring of 2010. God. I'm trying to——get confused when I'm around here. So we came back in 2010 and actually——

Q: And what was Jolene doing in the interim? Was she doing some WAE stuff?

DERHAM: Yeah, she had been doing some out at FSI.

Q: Mm-hmm.

DERHAM: She also, we also bought a house and in fact, when I came back from Kosovo we settled the next day down in Williamsburg, so now we had the place in Williamsburg. So I came back, so this would have been in spring of 2010.

Q: Mm-hmm.

DERHAM: OK, so at that point Tony Grueger, who was running——Tony——somebody in CAEX does the CA WAEs. So Tony Grueger got in contact with me and he said, "They——CA has a liaison office, two liaison offices up in Capitol Hill, one on the House side, one on the Senate side." And they needed somebody to cover the Senate. And so——

Q: And since you'd already had a Hill——

DERHAM: I'd had a Hill experience and supposedly I knew my way enough around CA stuff to at least know where to call.

Q: Right.

DERHAM: So I went up there and on the House side there was——it's a regular FSO slot, they just didn't have anybody to fill it at the time. So I went up there and I did that. It's a good experience, it's——the Hill is interesting, I mean it wasn't all that important a job. But I did——there was a couple people on the Hill I reconnected with, Tim Resern, he's staff my recollection was, and maybe a couple other people. And Brett Pomerance, or whatever the hell his name was, he was the House guy for CA. He was a good colleague to work with, I enjoyed him. So I, I——

Q: Was this a fixed tour?

DERHAM: Well, I can't remember, I can't remember exactly how we worked this out. They only wanted me for certain——so I did it——I went up there in June, July, August. So it was one of these two or three months——

Q: Yeah.

DERHAM: So covering it over the recess. And basically members' offices will call you up and say, "We have this particular consular problem."

Q: Right.

DERHAM: And I got to see certain aspects of it. For example, I didn't realize that there's this——out of Michigan there's this tremendous, I guess it must be a Yemeni community or something, all trying to get IVs and stuff. And what happens is, you know, once one person's got their, their, their citizenship or whatever it is, they bring——

Q: All the relatives.

DERHAM:——the whole extended family. And all of a sudden they have——and in fact, the members have staff members who are——

Q: Of that——

DERHAM: Yeah.

Q: Of that ethnicity (laughs), I bet they do.

DERHAM: And no, so it's, it's, it's——

Q: It's a big Arab center.

DERHAM: It is, it is. And I didn't quite realize it until I started working a little bit out of Minnesota too.

Q: Yeah.

DERHAM: And so places like that. And, and then there were a couple of other people in the office—there was one woman, or maybe somebody else, they actually worked for State not CA, but State-State. And I could work for them and kind of help them out and that kind of stuff. So, I was up there. And once again, hunting for other jobs, didn't come to anything. So when I was up there and it would have been in August or September, and somehow, so there's this Foreign Service guy who I don't think I knew but somehow he knew me, Ruff Reiger is the way he goes, OK?

Q: That's his name?

DERHAM: Yeah. So there's a reason that's his name, Ruff is a nickname.

Q: Yeah, I—

DERHAM: But his, his actual name is Richard Reiger.

Q: OK.

DERHAM: But I think he preferred Ruff as a nickname to, to what the other possibilities would be there. So he was in Lisbon and he was the, I guess he was pol-econ, because I guess they combined the sections.

DERHAM: So I was back in Washington and I was working for CA as the—in their Senate Liaison Office doing—handling staff inquiries and kind of that kind of stuff.

Q: And that was for how long again?

DERHAM: It was just for the summer, so it was like two or three months. So at that point I was contacted I think first by a guy, Ruff Ryder.

Q: Yeah, you mentioned him last time, right.

DERHAM: Interesting name. And he had—he was, he was actually out in Lisbon, or he might have been back in Washington at that point, but we just talked by phone. And he kind of claimed he knew me or he certainly knew of me, although I didn't actually recollect knowing him. But the thing was that there was a, they needed somebody to be DCM out in Lisbon. And somehow my name had, had, had come up basically because of, well, I'm a senior office and Portuguese language experience. So we talked about it and it

sounded like it might be an interesting thing to do. And I was then called by Ambassador Katz, Alan Katz. Alan Katz had been out—he called me from Lisbon. He had—he was a political ambassador, he had gotten to Lisbon earlier that year, so that would have been early I guess 2010. And he had gotten out there and had had kind of a complicated experience.

He had gotten out there and David Ballard was the DCM that he inherited. He and Ballard didn't hit it off very well, I don't know whether Ballard was suffering from chargé syndrome or—probably a little bit of that. Ballard also had some of his own personal issues that he was dealing with. And Katz, who I know and I liked and I consider a friend and we've stayed in touch, but Katz kind of had his own views on things.

Q: And he you say was political, right?

DERHAM: He was political, but—

Q: What was his background?

DERHAM:—he actually—at this point he had come out of Florida and I think he had, he'd been involved in the Obama campaign in the, I think as a fundraising in the financial side. He kind of knew, he knew Debbie Wasserman Schmidt who I think was a congressman out of Florida.

Q: Mm-hmm.

DERHAM: He had also worked on the Hill up here. He had worked for David Obie.

Q: So he wasn't a standard money—

DERHAM: No, he wasn't—I mean he kind of knew Washington and he knew the government and he was not like walking in from the private sector and, you know, just to run a business kind of guy. He was—so in a way there was (*laughs*)—in a way he had no excuse to have such a hard time. But for whatever reason he, he just, he, he had, there were some issues.

And so one of the issues was the DCM who was out there, who was about to leave in fact, left over the summer of 2010, they then identified somebody to be—EUR gave them a list is the way these things usually go and he gets to pick off the list. And EUR pushed him, the way I heard the story EUR pushed him in the direction of a guy called Wayne Salisbury, who in fact actually I think had worked in Brazil shortly. Sort of a management officer. I think Wayne might have been coming out of EUR or EX. A little bit of a complicated family situation, his spouse was an OMS. I think she was going to go out and work in Morocco or something like that.

Q: OK.

DERHAM: So the idea was——so he picked Salisbury to replace Ballard.

Q: Oh, Katz himself said yes to that.

DERHAM: Katz agreed to that. And I think, you know, so somehow the story goes that Salisbury was able to pay a visit to Lisbon prior to taking the job. And in fact, I think I was there on July 4th of 2010. So at that particular moment you had Katz, you had Ballard, and you had Salisbury all being there for overlapping for a certain period. And I mean I don't know quite what went on in that, in that situation, but the upshot of it was Salisbury returned to Washington and kind of, as I was told, surprised Katz by sending him an email saying, "Mr. Ambassador, blah, blah, blah, I've decided to retire rather than go out as DCM."

Q: Well, that's very unusual.

DERHAM: It is very unusual. And as I said, I don't know what all the, all the back story was. Katz was not the easiest guy to work with. As I said, Ballard had a lot of issues. The embassy itself, it's a small embassy, but to be a little cynical about it I don't think it does a lot. And so if you don't do a lot you tend to try to manufacture things to do. One of the things is to kind of fight with your colleagues.

Q: (laughs)

DERHAM: So it was, it was a difficult situation and maybe that had something to do with Salisbury's situation. And who knows, the thing with the spouse, the separation from the spouse I guess and, and whatever.

Q: But suddenly they were stuck without a DCM.

DERHAM: So all of a sudden Salisbury was not coming out to post and Katz didn't have a DCM. This was made a little bit more urgent in that the NATO Summit was going to be held in Lisbon that year in November. And so that would involve a presidential visit, and plus all the, all the dogs and, all the, the, the kind of circus aspects of those kinds of business.

Q: Now, this Ruff Ryder person that you mentioned, he was at post or he was——

DERHAM: Yeah, he was at post. He was——so they must have combined Pol-Econ Section I guess.

Q: OK. That's right, I think you actually mentioned him as a pol-econ person.

DERHAM: And he was the pol-econ guy. I think he was an econ officer, but he was the pol-econ guy. He did not get along with Katz.

Q: OK, so there was no consideration of moving him up.

DERHAM: Well, I don't know if he was, but I think on both sides they kind of realized that would be a problem.

Q: OK.

DERHAM: So Katz needed a DCM for a while. And my name came up. And I'm sure EUR had their own ideas as to who should replace Salisbury in the pipeline. But at that point Katz felt that he had been burned by EUR who was pretty disdainful of the State Department for all the reasons one gets disdainful of the State Department when you have to deal with them. And so, after Ryder talked to me, Katz approached me. And so, I figured what was (*laughs*), you know, what was not to like there? You know, a short term——

Q: Did they talk to you about the timeline, how long?

DERHAM: Well yeah, no. It was clear that I was going out basically to kind of hold the fort down until they got through the presidential visit. In the meantime they were going to go ahead and——

Q: Find somebody.

DERHAM:——find another candidate for the DCM job.

Q: Yeah.

DERHAM: So I couldn't get out there as quickly as Katz wanted, but it was close enough that he was OK with my timing. And so I believe I got out to post early September of 2011.

Q: Now, you mentioned——2011 or 2010?

DERHAM: 2010, sorry.

Q: No, no, my reason for——because you had earlier mentioned——the other thing that I wanted to clarify, you say you got along with him pretty well. Did you know him before?

DERHAM: No.

Q: No. So it's during the time that you were there you had a fairly decent relationship.

DERHAM: Right.

Q: OK.

DERHAM: And so I got there and Katz, you know, Katz is kind of an interesting guy and, as I said, I worked well with him. But it was a——but he was very kind of willful, I would say, or, or, you know, he had his ideas about stuff. And his ideas didn't necessarily jive with State Department or U.S. government priorities.

Q: For example.

DERHAM: Yeah. So, actually this is jumping to after I've even left there. But for example, they were subsequently inspected, and they really didn't focus on my period there. This is a year later or whatever.

Q: Yeah.

DERHAM: But he was criticized in the inspection for——I'm told——for the use of resources in the embassy, and that, and in particular I think there was two conferences that he had kind of pushed the PD section to organize that they were critical of. And the conferences kind of give a good, are pretty emblematic of Alan Katz. One was Portuguese Jews in the Holocaust. So I meant there's probably a, there's probably some story there, but I'm not really clear what the, what the story would be in 2010 about that. Portugal in fact wasn't even in the war, I don't think was subject to the Holocaust as such. And you know, what——why the U.S. government should, should, should be really incredibly active on this is I would say at least questionable. But Katz felt very strongly. And Katz was——Katz was Jewish, he felt very, very strongly about his Jewish heritage, at least once I was over there at his house on Friday night where they had a, a——

Q: The Seder——or the Sabbath meal.

DERHAM: Yeah, exactly. And so he was very observant and very sensitive on that issue. And that was one of the things he wanted to get the embassy. The other conference, and I can't——I don't even know if this second one took place, but I do know he wanted to do it——was a conference on childhood obesity. And that, I mean——

Q: Was he obese as a child (laughs)?

DERHAM: No. I'm sure what that was was a kind of blatant, blatant ploy to see if he could get Michelle Obama to come to post, because that was one of her issues. And so he decided that gee, wouldn't it be good to do a conference in Portugal on childhood obesity? So it was those kinds of ideas that, you know, kind of a strong-willed ambassador, and if you were, if you would push back he would interpret it as the State Department always, you know, telling him to do something, not wanting to do what he wants to do. So that was one of the issues you had to deal with there. And he was a guy, he always had a lot of ideas, and a lot of, you know, a lot of these political ambassadors, they get out to a post, it's, it's a great place, it's a beautiful residence, in recent memory, you know, the transition to democracy in the mid 1970s, we had a big role, Frank Carlucci was out there. But these days we don't, we don't do much. They're part of the EU. I could never understand what the Econ Section was doing. The Political

Section——

Q: Reported on what——

DERHAM: No, reported on Portuguese politics, which is a little bit interesting but not all that significant. They were in fact entering into the throws of the economic crisis that were pretty severe for Portugal.

Q: Sure.

DERHAM: But even that, Treasury in Washington would pick up the phone and talk to the Central Bank in Lisbon or the Ministry of Finance in Lisbon and just sort of bypass the whole embassy anyway. So even that, it was very hard to _____. The other thing was, Katz got along with certain people and did not get along with other people, and he had his favorites. And that, that also kind of, kind of twisted, twisted up the embassy a little bit. So it was kind of a complicated situation.

Q: And this was true while you were there as well as——

DERHAM: Well, I was there, but I would try to manage the stuff. So you would try to, you know, and when, when Katz had certain ideas or didn't understand why State Department was doing certain things a certain way, you'd kind of, you'd sit down and you'd talk to him. And he was a——he, he, he respected me, he liked me. You probably had to like me at that point because I was like the third DCM that he was dealing with, he's got to show that he can work with somebody.

Q: (laughs)

DERHAM: So he was, so he and I got along fine and I like to think that I was bale to——I mean you couldn't turn the guy around on things, but you could kind of direct him in certain directions. I also tried to deal with some of the favoritism issues a little bit, but that was hard. Tried to be, to the most——for, for the large part try to be a buffer between him, between, between him and the staff, particularly a staff he had problems with, and kind of reasonably successful in that.

Q: So a lot of this was just for——

DERHAM: Well, I'm trying to think, it's probably——the numbers are a little bit——

Q: No——

DERHAM:——kind of lost on the numbers.

Q: A medium size.

DERHAM: It was a medium, medium to less than medium I would say, around that,

around that range. They had—the Pol-Econ Section I guess must have been three or four officers I'm thinking. The Consular Section was small, because there's really no NIVs for Portuguese, their visa waiver. There are ACS issues and there are other kinds of issues.

Q: Now, was there a position for your wife in this, or——

DERHAM: No. She, she did come out, she did come out to visit and then when she was there on the visit——because she was actually there also for the presidential visit. So they brought her on, she did some work for the visit, because she had done visits before, you know, running control rooms and stuff. But it was pretty limited and it was kind of more trouble than it was worth. Having said that, Lisbon is a delightful place. We were comfortable with the language. It's, for tourism it's just, it's just terrific.

I wasn't in the DCM residence because that was being refurbished or something like that. But so I was in an apartment, but within walking distance of the embassy. So that was convenient enough. Lisbon's a place you can get around, it has a great subway system, trolleys, just the public transportation is just, just terrific, out of this world, best I've ever seen. And, and, and you're just——having never been there before there's just a lot of things to do——

Q: Oh, you didn't——

DERHAM: No, never been to Portugal before. So there were lots of things to do there to travel around. As I said, Jolene came out for a while. I think both of the kids came out for a little bit. So it was——there were a lot of opportunities like that. You know, at times also I was chargé, Katz taking off for the U.S. or whatever. And we also have an air base out on an island there who's——I'd have to look at the map and tell you. What is it, Lagos? Lagos?

Q: I don't know, the other one is off the coast of Africa at——

DERHAM: No, this——and we have, we have a consulate there, which may or may not——

Q: Yeah.

DERHAM: And so there was all that. The other thing was we, we did, which was good for the embassy I thought, we had the presidential visit to——

Q: That's what I was going to ask, yeah.

DERHAM: So that, so we had, so that gave, gave the embassy something to think about rather than——

Q: While you were there.

DERHAM: Rather than fighting among themselves about things. So, so, so the——and as it turned out the way the visit worked, the visit was——must have been, it must have been mid-November I'm thinking.

Q: You had a fall one.

DERHAM: Well, I'm pretty sure, I'm pretty sure I was out of there before thanksgiving, although I would have to look at the calendar. But anyway, I got there in September, October, November, and as soon as I got to post they were already starting to move on the presidential visit. And the whole thing, you know, these visits, they build, they build, they build until the visit themselves, and then it was it. And so in that sense it was good, and actually I liked that, I like, I like specific goals, specific events that you can work on and then they happen——

Q: And you've got closure.

DERHAM: You get closure.

Q: Or completion.

DERHAM: I think I mentioned that in the case of trade negotiations.

Q: Right.

DERHAM: But also presidential events are like that too. So the——

Q: So it went well?

DERHAM: Well, it's kind of interesting that in any presidential visit ultimately the White House takes over, at least in my experience. Ultimately the White House takes over, and even on the logistics side, while you know, the embassy, the mission is essential in certain ways, they're, they're not giving the orders by the time the thing is over. The other thing was the reason Obama was coming to Lisbon was for a NATO summit. And Portugal was not, Portugal was a member of NATO, but not, not an important member of NATO and——except for the fact that they, you know, they were hosting it, they——that's where the meeting was, there was no bilateral aspect of it was, was, there was no, actually no particular need to have any bilateral thing at all.

And of course Katz didn't want this at all. He wanted the bigger bilateral component you could get, the better. So he spent a lot of time and ultimately successfully to make sure there was a, in addition to the NATO Summit there was also considered a bilateral visit and it, President Obama——I think the big event they had was there was a lunch hosted for President Obama by the Portuguese president. And so the other thing was that there was a NATO sub-command located not in Lisbon but close to Lisbon on the kind of naval base on the ocean there or whatever it is, the army base. And there was a question about

whether that was going to be closed or not. And I mean Katz was——Katz is very much in the mode of being a clientitis kind of ambassador, and he wanted to kind of——

Q: Keep it open for the Portuguese——

DERHAM: Keep it open for the Portuguese and try to sell Washington on how helpful and useful the Portuguese could be. And he, he, he had a certain impact on that. So the visit was——and it actually was kind of an amazing visit in the sense there were, I don't know, how many heads of state all came for the NATO part of it and Medvedev who I guess at that point was President of Russia, came. They had a side meeting with the Russians and Karzai was in from Afghanistan and it was just, it was, it was kind of a pretty amazing thing. But as usual, these things came off OK.

Q: And from State was there a humongous contingent?

DERHAM: There was.

Q: Secretary come? No?

DERHAM: Secretary did come.

Q: Yeah.

DERHAM: Hillary came. She came on her own, she came kind of a day early and they did a couple things. And so the secretary of state was there. Kind of, in a way kind of the lead player on the U.S. side was our ambassador to NATO, Daalder, Ivo is I think his——Ivo, Ivo Daalder. And they, he and Katz really didn't hit it off and of course Daalder was always elbowing Katz out of things because it was a NATO thing and not a Portuguese thing. And so there's a certain amount of that.

And you know, and it was all the people from the White House, at that point Gibbs and Axelrod and all these other people sort of wandering around. And it's, it's——and you, you do wind up with, you know, kind of rubbing elbows with all these people that you see on the news a lot and everything else. It's a good experience. But on the substance it was a) precooked, b) it was a NATO meeting anyway.

Q: So were the control room and all of that held at a hotel or did the embassy get to——

DERHAM: Well, they would——no, the White House did take over a hotel of course, and so, and you know, we kind of ran the control room, staffed the——at least the embassy control room, because White House has their own control room. And then, and a lot of this stuff was done out of the NATO site, which was kind of a specially constructed place, where you had all sorts of delegation rooms and everything else. So it was, it was an interesting experience, sort of, you know, kind of typical of a presidential visit. I remember as Air Force One was landing in Lisbon I was there on the tarmac arguing with somebody from the Portuguese government about how they were going to protect the

plane, whether——because our Secret Service, our Secret Service has just gotten worse and worse over the years, but they kind of had this——the plane itself and where it's landed is considered——

Q: American soil (laughs).

DERHAM: American soil, which I don't think is true at all. But they wouldn't even let——and though the Portuguese were providing security, they wouldn't let them in the perimeter of the plane. And of course the Portuguese got all offended by this because this is their country. I mean, you know, who's to tell them that they can't go somewhere? So it's all these kind of things and it's just——actually it's very stressful at the time. But somehow or another it's, it's resolved in some way and you kind of just move on. So the visit came off fine, I got my picture shaking the president's hand, and I, as I said, I got out of town literally almost the same weekend the president left.

Q: Oh, so it really was to make sure that you were there to——

DERHAM: Well, they were scheduling things too. I mean after the presidential visit everybody was going to go back to sleep in the embassy, or back to bickering or whatever it was. In that process Katz had selected a new DCM, Lucy Tamlyn. I don't know if you know Lucy.

Q: Oh yeah, she was in Brazil!

DERHAM: Yeah.

Q: Yeah.

DERHAM: And I knew Lucy, I knew Lucy from——I didn't know her from Brazil so much, but I knew her from EB in fact.

Q: Oh, OK.

DERHAM: The trade office. And you know, I, I had, I, I had tried to help them through that process. I'm trying to remember the other names. I thought Lucy was a good choice, and in fact she worked out fine, she got along with Katz. So she was going to be there right after the holidays. So it was——the timing just was fine. I went out there, I did it, and got out of town. There was actually no real sort of operational point to hang around. And you know, met, met a couple of new colleagues, and some of them are very impressed with me and I've tried to stay in touch. So it was a good experience. It was also nice being back in the front office again. Because at that point I had been out of Guatemala by over two years and doing the WAE stuff in consular sections. And of course at that point you're at the bottom of the, you're at the bottom of the feeding chain.

Q: (laughs)

DERHAM: But so it was nice to, to, to sort of be back and, and, and going through that whole experience. So it was a good experience, it was good and I enjoyed it a lot. As I said, Lisbon was, Portugal was delightful and——

Q: You traveled around some outside.

DERHAM: WE did, we did. Portugal's not that big.

Q: Yeah, I know.

DERHAM: We did go up to Porto and Fatima and, and, and some of that stuff. Did want to get to Gibraltar but it's too complicated actually and we were really only traveling on weekends and I'm a WAE so I wasn't even sure if you're getting paid for that. So we——so that was the Lisbon experience. So I was out of there by the end of November. So now we're back——I'm back in the U.S.

Q: We're at the tail end of 2010, right?

DERHAM: Right. So at that point Jolene and I decided it'd be a good opportunity to try to go out again together on a WAE thing. And we kind of looked at the list and the one that kind of looked most interesting and most convenient and most feasible was Havana. And basically the deal in Havana was at that point——might still be the case——they're always short in the Consular Section and they always need help in the Consular Section. We do have a commitment to process I think it is fifty thousand immigrant visas every year. And so we're always trying to, trying to get that done. And then——

Q: I'm sorry, who is this commitment to?

DERHAM: To the Cuban government. We have a bilateral commitment to process fifty thousand immigrant visas. Well, I think part of it might have to do with——with, with——we're trying to, to minimize or eliminate Cubans going to the U.S. illegally on the seas and all——

Q: One foot on the land or——

DERHAM: Yeah, the dry foot, wet foot kind of thing. And, but all the political and military problems it creates with having the Coast Guard to try to turn back people and, and people putting out to sea in some of these, I don't know, pretty flimsy boats. So that the Migration Accords I believe it is, which probably dates from the Clinton administration but have, have continued on, we, we talk about——we provide fifty thousand immigrant visas. I'm not sure of all the provisions in the Migration Accords, but one of them is if we pick up Cubans on the high seas we repatriate them to Cuba. But the Cubans have to agree not to harass the people when we repatriate them. So there's a couple of elements to this thing.

Q: But this fifty thousand I mean the sheer volume is pretty staggering if you think of that

over a ten-year period or a twenty-year period. I mean——

DERHAM: Sure.

Q:——adds up to a lot of Cuban immigrants.

DERHAM: It is, but they're a very big community and fifty thousand does not meet the demand——I mean I'm pretty sure the Cubans have an unlimited immigration quota if, provided the people meet the qualifications. So then the point then——and then there is, there's quite a bit of NIV demand, although in those days——it might have loosened up a little bit, but in those days you could only get a passport, only certain kinds of people could get passports. And so it wasn't as if anybody could try to get a non-immigrant visa. But nonetheless, there was demand for those and it was, I'm pretty sure it's a pretty long backlog.

Q: And were they allowed to take money out of the country?

DERHAM: They——well, I don't think——I don't know. I don't think that's an issue because nobody in the country really has money in the country.

Q: Yeah, I just didn't know if they had any legal, you know, prohibition about——kind of comparable to our rules about not spending dollars in Cuba.

DERHAM: No, they don't have those kinds of rules. The more——the question more is will the, you know, what kind of people want to leave Cuba and——the thing is, if you have a non-immigrant visa, even if you have a non-immigrant visa, if you're a Cuban as soon as you step onto U.S. soil you can say, "I request asylum," or whatever it is. So that the——so the Cubans were careful, they weren't going to let like professionals have passports and travel to the U.S. I'm less clear on what the financial things were, I don't think it was really an issue one way or the other. But nonetheless, a lot of the applicants tended to be elderly and the Cuban's attitude on that——the Cuban government on that was, "They want to go to the States, fine." But in fact, a lot of the people would, would get visas and go visit their kids, but they would——

Q: Go home.

DERHAM: Yeah, they'd prefer to live in Cuba. And so they would in fact——they would be bona fide non-immigrants. But anyway, the——so there was always a demand in the Interest Section in Havana for the response to WAEs. So that was one thing that was important to us because we needed to get two slots. And not——a lot of times these posts only want one WAE for whatever reason. The kind of down side was the——I'm pretty sure——I think the Interest Section wanted the WAEs to go for six months. I'm not one hundred percent sure of that. But they wanted to go for a long time and we didn't want to go for six months. But the deal we cut was, well say there's two of us, so we'll go for three months.

Q: And that equals six months if it was only——

DERHAM: Well, I said, “Look, we’re interested in going. How——what’s the minimum we can go?” And so people came up with three months. The issue——one of the issues there is of course getting visas. And at that point——I think it’s been changed since——but at that point the Cuban government would only issue a one time entry visit. So that meant that once you got to Cuba you had to stay in Cuba for three months, you wouldn’t like to spend a weekend in Miami. All right. So that’s somewhat of an issue because one of the other futures of going to Cuba is that you can’t leave the Havana area.

Q: Yeah, the twenty-five-mile rule or whatever they call it.

DERHAM: Whatever it is, yeah. We restrict their diplomats here, they restrict us here. So, so that you couldn’t travel all over the island. You could only sort of stay in the capital.

Q: They didn’t give special permission? The reason I ask this is because——actually it’s sort of interesting——years ago under the Soviet Union we had——and I was working on the desk——and we had the exact same policy called the twenty-five-mile rule for New York, Washington, and Moscow, whatever.

DERHAM: Right.

Q: But the point was under special circumstances, and they were always rather tricky, they could occasionally get——

DERHAM: No, you could, you could in Cuba. But it——

Q: It wasn’t to go play tourist though.

DERHAM: Yeah, no, it wasn’t for tourism. There were reasons you——there’s a couple things. One was it was almost always, there was some official business reason. I don’t know, if you had to get out to Guantanamo or something too, to do something and you had to go overland for some reason. So it had to be official business reasons. I’m pretty sure it was probably reciprocal that if we, if we got an exception we would have to give them an exception. So it was reciprocal. The other thing was, for the most part WAEs weren’t going to get that. WAEs weren’t going to do that. Because in fact, what the Interest Section did want to do is they wanted to get reporting officers or whoever outside the city to see what’s going on.

Q: Right, right.

DERHAM: So they would, so if there’s an official business thing, official business reason to do this they would want to get somebody from those sections to go along to do the reporting. So, but anyway, under those circumstances we agreed we’d go for three months to Cuba. So the——and took a little while, but not too long to get the visa. So we

both got——

Q: Is this already into the new year or——

DERHAM: Yeah, we didn't go out until April.

Q: Oh, OK.

DERHAM: So, so it was, it was——

Q: A couple months.

DERHAM: Yeah, it was a couple months. So we went out, the plan was we went out in early April and then we were going to be there for three months, April, May, June, come back early July. So, we did that. It's a big kind of complicated thing to get from Miami to Havana, there are only certain, there are scheduled flights but they're kind of almost like charters kind of thing.

Q: That's right. I took one once, that's why I know.

DERHAM: And they're full of Cubans who lived in the States or actually who'd been visiting for whatever reason going back to Havana. And they got, you know, they're bringing back car parts and this kind of stuff and stereos and electronic equipment and TV sets and all this. And everybody——for whatever reason everybody gets their bags wrapped in saran wrap or whatever.

Q: Bubbles or whatever they call it.

DERHAM: It's not bubbles, but yeah, but it's this kind of——and there's a whole little industry in the Miami Airport where they——

Q: They wrap it (laughs).

DERHAM: It was explained to me that you do that to, I don't know quite why——

Q: Keep the water out if it rains.

DERHAM: No, it wasn't that. I thought it had more to do with——maybe that was it, maybe the bags could be lying on the tarmac for a while. I also heard theories that you didn't want the Cuban officials, you didn't want to make it too easy for them to go through the luggage, although I don't know, if they, if they wanted to I suspect they could. I mean what——but anyway, I went through that whole thing and of course——

Q: Did you get your stuff bubbled or wrapped or——

DERHAM: Well, they did, did get our stuff wrapped, and in fact you can voucher it too

so you don't actually have to pay for it. So, we went through that whole experience. The flight itself is one of these, you know, by the time you get out you're starting to come down kind of thing.

Q: Right.

DERHAM: And we went to Havana Airport, and there were no real issues there. What's the guy, Morgan, whose last name escapes me, who was head of the NIV Section I think picked us up at the airport and took us to the Hotel Nacional. So a sentence about the hotel. Hotel Nacional is kind of a famous hotel there. It's actually everything in Havana is almost on the water, but it's this big, big building and it's where, kind of where they kind of—it's, it's famous and well known and I guess there are probably nice parts of it, but we were in a terrible room. It was just, it was, it was small, it was cramped, and it was just, it wasn't going to work. One of the things it's very close to the Interest Section, so you can——

Q: Yeah, it's also got all the pictures of all the stars that had been there.

DERHAM: That had been there, before and after the revolution. And so if the, you know, if the sympathizers come down, you know, the Sean Penns or whatever, they would be put up at the Hotel Nacional. So our first order of business was to get out of the Hotel Nacional because we could see that this was not going to——

Q: Oh, they were expecting you to stay there for three months.

DERHAM: Yeah, they kind of——and it was just, it was just incredible. So we switched that week to Melia Cohiba, which is a——

Q: Spanish hotel.

DERHAM: Well, it's——actually I think the Cubans actually own it.

Q: Oh, do they?

DERHAM: But the Spanish run it.

Q: Yeah.

DERHAM: And it's a little bit further out, further down the malecon or whatever you call it. But it was a, it was a good walk to the Interest Section, but it was walkable. And we, we moved out I think at the end of that first week there and we were able to, I don't know, to, to figure out our per diem or whatever it was that since the two of us were together we got a suite on the executive floor. And so we had kind of like two rooms and it was——it, it, it worked out pretty well. And we could get——and it was also, I think it all——Nacional this was the case as well——but certainly at the Melia you got a pretty good breakfast. And then we had access to the business floor, the executive floor up

there, and they had a very nice breakfast. So the thing was that around the embassy there was no cafeteria in the Interest Section. And people would bring their lunch in or——there were a couple places——this was——there had been some loosening up of small businesses, so there were a couple sporadic places where you could go out to lunch, but in fact it was a big issue to get lunch at the Interest Section. So what we would do is we would load up at breakfast, eat a big breakfast, and then schlep in ham and rolls and whatever else they had at the breakfast thing and——

Q: Make your sandwiches for lunch (laughs).

DERHAM:——eat those for lunch. And then for dinner, for dinner we'd, you know, either get something at the hotel or down by the pool or the, they had one of these foreign exchange stores, whatever you call 'em, close by. And you could sort of buy kind of junk food there and sort of imported stuff, Pringles and that kind of crap. But——

Q: Did you try any of the private restaurants——

DERHAM: Yeah, we did. You did.

Q: What's the term, I've forgotten——

DERHAM: Paladares?

Q: Yes, yes, yes. Paladares.

DERHAM: Paladares. Yes, we did——and it was——some of them were very good and it was always, it was always interesting. Cuban food I pretty much like. And of course there's always rum and Cuban beer and whatever. So it was——and there were enough of them around, a certain, a certain variety so that it was an interesting experience. The——so we got there in April.

Q: And were you both going to be working IVs or——

DERHAM: No, I was going to do NIVs, Jolene was working IVs. So we kind of split up that way. The——one of my great anecdotes is so we got there in April and after we——I think it was maybe the second week we were there or the third week we were there, it was the fiftieth anniversary of the Bay of Pigs.

Q: Mm-hmm.

DERHAM: So they had a *gigantic* demonstration up in Plaza de la Revolución, which was just about maybe half a mile away from the hotel kind of up on the plaza up there. And so, so Jolene and I, I mean——

Q: Went for a walk (laughs).

DERHAM: No, we went up there to watch this thing. And it was, you know, they bus in or whatever, you know, hundreds of thousands of people. They mobilize the whole island on this thing. And there was this whole, you know, military parade, veterans' parade, social organizations marching, and everything else. And so we were—and actually quite amazing, we got up there and we ran into Chip Barkley. Chip was the deputy principal officer. I guess Jonathan Ferrara was the principal officer and Chip was the deputy principal officer, and we just, we just happened to run into him at the, at, watching the parade. And so, the punch line to all this is, I mean just masses of people. And there was only—and they were being funneled in certain ways and it was just, you know, you kind of had to go by the rules there. Well, as it turned out, as, as the parade starts winding down, the only way we can get out—

Q: Is it by joining the parade (laughs)?

DERHAM: Is by joining the parade. And so Jolene and myself and Barkley marched in the fiftieth anniversary of the Bay of Pigs. I think Raul was still up there on the stands as we marched by—

Q: Recognize you (laughs)?

DERHAM: So it was pretty funny, I think we've got a couple pictures of it. So we did that. Otherwise I mean the work, once you got used to it the work was, you know, kind of routine NIV work. As I said, it was—tended to be some old women or third country nationals that might need visas. And you know, you'd run into somebody every once in a while somebody and say to yourself, "What the hell is this person doing out here?"

Q: Did you run into situations where—places where there would be Cubans but they had to leave somebody behind? In other words, these were not immigrants but they were people who for whatever reason they were coming to wherever they were going they had to leave their kid or their spouse or their whatever?

DERHAM: Well, in a way we never got into it. In other words, the question was if the Cubans would give them a passport then the Cubans were satisfied that they had made the decision to give them a passport and, and, and felt that.

Q: But this is very different from our usual standard NIV practices. They're not having to really prove the things that we would normally have NIV applicants prove, their _____ in the home country or their return plans for the home country.

DERHAM: No, you—

Q: You still did that.

DERHAM: Even though—

Q: You might know.

DERHAM: Even though you might know that they could actually——

Q: Prove.

DERHAM: Because if they decided to stay they're going to be able to stay. And so——but the Cubans had pretty much preselected the people who would come. My recollection is that the approval rate was pretty high.

Q: That was my next question. So essentially did you have to turn down——

DERHAM: You did, you turned down people for whatever reason. If you felt that no, in fact they were not——there was no chance they were coming back you wouldn't give them an NIV. So you would, but as I said, typically you wouldn't get those cases because they wouldn't have the passport, they wouldn't get them. So we did that and then you would——in certain——one afternoon a week we would process, sometimes it'd be special groups and I remember one was I think with the youth soccer team was going to play a tournament in the U.S. And we gave them, pretty much we gave them all visas. It turned out like three of them defected or something when they got over here. So there was always that kind of stuff. Havana itself is very interesting. It's, you know, as I think everybody knows there's no traffic really, so that's——

Q: Well, there's the wonderful old cars to look at.

DERHAM: There are the old cars but relatively no traffic. There are, there are a number of, you know, old Havana, some of the fortresses across the inlet there and some of the other things. So we would, we would go out every weekend and do that. Because we were assigned or TDY at the Interest Section our immediate families could get visas too. So two of our kids visited us, which was a treat for them and they were able to get the visas without too much difficulty. So we did that kind of sightseeing in Havana. The other thing, one of my claims to fame is I think I played golf twice in Havana. And there's this old nine-hole, used to be the British Club or something, I don't know. And it's in terrible shape and it's one of these courses where you're getting ready to T off and a guy with a donkey walks across the——

Q: (laughs)

DERHAM:——kind of thing. But I don't know if there's that many people who can say they've played golf in Cuba.

Q: Havana.

DERHAM: In Havana. So we did that a couple times. And we did, you know, we traveled around the city quite a bit and, and——which was easy enough because the hotel would take you downtown, it was kind of a shuttle service, could always do that.

Q: Right. What about—I was going to ask you a couple of questions about—because it is an unusual post—I passed it, I saw it, I mean it's a big enough building. Is it full? Is it full of people? And how, you know, what's the morale like there? Is it—

DERHAM: Well, I don't know, I didn't go—as I think we may have even discussed, the, the, the architect for that building is the same for the consulate in Rio.

Q: Yep.

DERHAM: And so the building, they're not identical but they're similar in certain ways.

Q: That's right.

DERHAM: To be honest with ya, I was in the NIV Section. Lord knows what kind of intelligence and other crazy stuff we were up to. So I, I mean I didn't go through the building, so I didn't—

Q: So you didn't really have a sense of the community.

DERHAM: No, I mean I was just there to do the—

Q: Do the job.

DERHAM:—consular work.

Q: Yeah.

DERHAM: One of the things that I did, I did do once, which was interesting, I guess in keeping with the Migration Accords the fact that the, in any case when we repatriate the Cubans one of the things the Cubans are not supposed to do is, I don't know, overly or abusively retaliate against these people who have tried to get to the U.S. but have been turned around. So once a month or whenever we did it we would go out to visit these people.

Q: Oh, to see if they're OK.

DERHAM: To see if they're OK.

Q: Kind of like a prison visit, but—

DERHAM: Yeah, yeah, no, exactly. Pretty close to a prison visit. And for whatever reason they included me on one of these things, it was me and one of the consular officers. And it was really interesting. We visited—first it's very hard to—first it's very hard to find these places. But you got a driver and you've got a map and you figure it out and you ask people. So you find out, the—pretty much all of them—not that there was all that money, it was four or five or six or whatever it was we visited, the

Cuban government apparently did not really go after them once they got back. And, and so in that sense they, they, they obliged, they observed the agreements on this. The——

Q: And what was——

DERHAM: What was interesting was at least half of them either told us or it became clear, they were waiting for their next chance. They were going to get on another boat, they're going to do it again.

Q: OK. So these people that were repatriating were the standard boat types.

DERHAM: Right, exactly.

Q: And they were caught on the high seas or whatever.

DERHAM: And so, so they weren't actively persecuted, but I think they were, you know, they were kind of notorious. In general housing conditions, what you could see was very difficult there. People would, you know, to an apartment——even walking through Old Havana on some of the side streets and stuff, you could, you know, doors were open because it's always so, so blastedly hot there, that you could see the families jammed in together in very small apartments in very difficult conditions. And I would say that these people who'd been turned around were, were, if anything even in more difficult situations like that. But it was certainly the lives of quiet desperation of the people who had tried to leave. In general, there was——you got a sense of just kind of a resignation, resignation not so much anti-government or, or, or whatever, but just resignation that they're in a difficult situation and there's not much that can be done about it. You'd have conversations, people were, you know, when you'd hail cabs or something just hail a car and it'd take you somewhere, the——you could talk to people and of course they were always very interested that you were in Americans. Of course everybody has a relative in the States too, a cousin or an uncle.

Q: Sure they do.

DERHAM: But people, and not that we tried to develop it that deeply, but people were not that interested in talking about politics. They would just kind of say, you know, it's kind of a shame that we have these political differences and maybe someday we won't have these political differences. Now, what are they going to say? They don't know who we are and what's behind this.

Q: That's right.

DERHAM: So that, so they just kind of——

Q: Kept it light.

DERHAM:——stayed away from it. One of the, one of the most, one of the more

impressive things in Havana is the Russian Embassy, the old Soviet Union Embassy, which is like the biggest building in miles and miles and miles and sort of dates back to the, to the days of the Soviet Union. Everybody, everybody talked about how tough it was once the Soviet Union collapsed——

Q: That's——yeah. And also, was there any discussion about or I'm sure you must have noticed the, the hard currency shopping versus the local economy shopping?

DERHAM: Well, we would mostly——well, we would go to the hard currency stores and I mean we were certainly in the tourism circuit there.

Q: Right.

DERHAM: So that, but I mean we didn't have a lot of expenses. We had breakfast, which gave us breakfast and lunch, and that was almost enough food for us for the day. So, and then on the weekends maybe go out to a restaurant. The Consular Section had very, they're very active socially, the officers are always doing something together, a bunch of young officers, and that was a good experience. So, but the prices on the local economy, things were dirt-cheap if you could get them and you could find them.

Q: That's right.

DERHAM: And, but you could go to the fruit and vegetable markets and people would do that——

Q: I ask only because I remember very vividly the guy I had telling me, and we'd been with this guy for a week, more, so by that time he was being a little bit more open. I was there about a year later on a regular, legitimate tour.

DERHAM: How'd you get a legitimate tour?

Q: Oh yeah, yeah, yeah, was maybe 2012, he was one of these cultural exchange——

DERHAM: Yeah, right, that they give the license for.

Q: And we definitely went to many——they fulfilled all the requirements we went to, or, you know, farms and dance studios and concert and people to people——anyway, the point was we had this guy for the week or ten days. And essentially by the end he's being pretty candid, and the biggest problem post-Soviet is the fact that yes, they were lucky because they'd get tips or whatever they would get, but they were given coupon books that they were supposed to use for staples and so on. Many things simply weren't available.

DERHAM: Well, you——

Q: And if they had hard currency, yes, they could go and by——

DERHAM: You would see people leaving the state stores, for example, with 48 eggs in a carton or something and that kind of stuff were rationed and they picked up——

Q: Yeah.

DERHAM: I mean you would see the evidence. But it was——I mean it's a hard life, but I don't know, it's a livable life.

Q: No, they weren't starving.

DERHAM: Yeah. No. The other——I guess the final story to tell about Havana was we were there, it must have been the first week in May, I'm thinking this is just about when Osama bin Laden was killed. Because it was right around, it must have been right around May Day actually. And we were actually walking, Jolene and myself, and Jolene slipped. We were on the Malecón. And depending on how the surf and the tide was, the water could hit the wall and then come, come over the wall and it could be very slippery. So she fell and broke her wrist. Now, that was, as I said, we were only about halfway through our stay there. And that was kind of a tricky situation because while they do have, you know, medical care and doctors in Cuba there's a question about whether she might be better off going to Miami to get this thing fixed. Of course if she goes to Miami she can't get back. And if she goes to Miami I don't think I want to hang around there by myself, I don't know what I'm doing in consular work anyway. So, but she ultimately decided——we did go——there's a certain clinic that treats the foreigners, and we went there. And to set it they——she got some kind of general anesthesia but didn't go under or something, I can't remember. And it turned out that when she finally got back to the States to get it looked at, the, the, the people in the States thought it could be done in a better way, but I mean ultimately——and she had to go for therapy for a while. But I think now she's in pretty good shape. But it was, but she did get, she did have some experience and I kind of tagged along, kind of experience with——

Q: With the medical system.

DERHAM: With the medical system. Which——and we didn't get the typical medical system, it was for the foreigners.

Q: No. But did you have to pay?

DERHAM: You did have to pay, but probably the embassy paid I think.

Q: Yeah, no, I meant in terms of——because obviously the Cubans would not, but since you went to a special——somebody would have to pay, yeah.

DERHAM: Yeah, somebody had to pay. But the embassy had an Interest Section, had a doctor and he kind of arranged for all this stuff and everything, so it wasn't really a big issue in that way. And the final thing was, as it turned out that because of my Lisbon stuff

and whatever else, I ran into problems with my WAE limits. And I had to leave a week early because I ran out of time. So I even got out of there before Jolene anyway. So I think I came back in the last week of June. So it was——

Q: This is 2011.

DERHAM: This was 2011.

Q: Uh-huh.

DERHAM: So it was, it was an interesting experience is I guess the way to say it. The, the——just thought of something else. Bet ya I didn't bring my MetroCard. The——it was an interesting experience, but it turned out when I was out there, and this kind of segues into the next thing, Kevin Whitaker contacted me a couple times. Kevin at that point was deputy assistant secretary in WHA for South America. And when he first contacted me he put it in the context of we didn't have an ambassador in Bolivia, nor in Ecuador, nor in Venezuela. And they, the, the administration wanted to get ambassadors in all three places.

Q: And the reason they didn't have ambassadors in all three places?

DERHAM: Well, in the case of——well, each one was a little bit different. In Ecuador——

Q: Yeah, I mean——

DERHAM: Because I think Heather Hodges was thrown out because of WikiLeaks.

Q: Yeah.

DERHAM: In Bolivia, I don't think they had an ambassador since——who's the guy who's now in the Philippines and was assistant secretary for INR after he got thrown out of Bolivia? But he had——that's——

Q: Not Brownfield.

DERHAM: No, not Brownfield. Phil Goldberg.

Q: Oh yeah.

DERHAM: Phil Goldberg I think——Phil Goldberg had, Ava Moralis had talked about moving the UN outside of, out of New York, and Phil Goldberg said, "You know, next thing I want to do is move Disneyworld out of Orlando" or something.

Q: Oh-ho, and he didn't appreciate that comment.

DERHAM: So that got him thrown out of——no, Phil's got a pretty good sense of humor actually, but you've got to be careful about when you exhibit it I guess. And then there was also a situation in Venezuela, which I'll save for the Venezuela part.

Q: Yeah.

DERHAM: But in other words, the three embassies did not have ambassadors. The administration at this point I think Arturo Valenzuela was still assistant secretary. The administration——he was about to leave I guess——the administration had decided that, you know, they, they had talked to Secretary Clinton, I guess they'd run it by the White House, had decided that they wanted——they did want ambassadors in all three places, they just felt that'd be a better situation, better communication, and better way to deal with it. And so their plan was to put ambassadors in all three. They were unclear on the timing, but when Kevin first talked to me he wanted to know if I'd be interested in going to Quito for a while as chargé. But Quito, he was talking about very soon, so he was probably calling me maybe in May.

Q: You're not back from Cuba.

DERHAM: I'm not back from Cuba and he wanted——he probably wanted something before he wanted——so I was actually thinking about it. And then it turned out that——it turned out I guess they started to move faster on Quito than they had——than Kevin had originally thought. Because at that point they were Adam Name who actually I think was running OBO (Bureau of Overseas Building Operations) at that point, they put him in the pipeline to go to Quito. So as it turned out, it was——I never had to really decided one way or the other, the timing wasn't going to work for Quito and so there was no need for me to get too, too upset about it. So the——so basically it was left there that when I got back I would, I would, I would be in touch with him. So.

Q: So that was——we're not going to get into Caracas today, I know that's where you did go, but Bolivia was sort of hanging out there still, or?

DERHAM: Well no, no, I never——we never——he never really talked to me about Bolivia in a serious way.

Q: OK, OK. So he talked about Quito——

DERHAM: But he did put it in the context that there were the three Bolivarian states almost, the three Andean countries——

Q: Yeah

DERHAM:——and that they wanted to put ambassadors in all three.

Q: Right.

DERHAM: And the sequence would have probably been Ecuador, Bolivia, and Venezuela. Then, they moved on to Ecuador. Adam Name was nominated and confirmed, he's down there now. Bolivia, they did hammer out some sort of a bilateral agreement. The, the——bilateral agreement. And then that, then they ran into a problem. There were, I don't know, some embassy vehicle was found with weapons in it or something, or DEA stuff, and that kind of blew it up. So that kind of set that back.

Q: Right.

DERHAM: So there hasn't been a chargé in——hasn't been an ambassador in Bolivia——

Q: Still not?

DERHAM:——since. Still not, mm-mm, no, no.

Q: It's been a while.

DERHAM: Yeah.

Q: When I asked that I was wondering whether those three were similar to the problems they're having now of congressional inactivity or——

DERHAM: No, but there is, there is a story about the Venezuela thing, because they tried to get——oh good, I do have a——I've been focusing on——they——they do have——which actually does have to do with the Senate process for Larry Palmer. But——

Q: We'll save that.

DERHAM:——leave that for Venezuela.

Q: Well, before we wrap up for the day, any last thoughts on Cuba? Any additional observations? Let me rephrase it in a different way. Was it different in any significant way from what you expected? I mean granted, you didn't get to go drive around the countryside, but in terms of Old Havana, the tourism sector, what they're doing——

DERHAM: Well, I don't know, I don't know that I had very well defined expectations.

Q: OK.

DERHAM: I had never been there. You know, Cuba, you work in WHA Cuba is an issue and has been forever.

Q: Yeah. Right.

DERHAM: We all have our, our views on, you know——

Q: What should or shouldn't have been done.

DERHAM: Yeah, what our policy has been effective or not effective and why we have the policy we have, but frankly I don't think there's too much, I don't think there's too much point in worrying too much about Cuba. The——I, I, I can't remember in the earlier session, I don't remember——I can't remember if I told this, I might have. But when I was interviewing for the, for the director for Latin America in the NSC and I went and I interviewed with Rice, with Condoleezza Rice. And she said to me at one point, "What do you know about Cuba?"

And I said not much, I said, "I really haven't worked on it, I don't know."

She said, "It's probably just as well." Kind of——just an offhand comment, sort of acknowledging the dangerous politics involved and domestic politics.

Q: Yeah, that's right. All right. OK?

DERHAM: Yeah. That's good.

Q: Today is September 16th, I think Mexican Independence Day. Or is that yesterday? It's in between. And El Grito. And we're going to talk about Caracas and other independence minded countries with Ambassador Jim Derham.

DERHAM: OK.

Q: You took down some notes, huh?

DERHAM: Well, actually when I talked to the Flag Group last year——

Q: It was a good talk.

DERHAM:——I prepared the notes, and so I'll follow the notes.

Q: Good.

DERHAM: They track pretty much the Caracas experience.

Q: But before you get into it, it probably will take two sessions if that's the case. Because that was a good——

DERHAM: Yeah, no, it actually ran longer than that.

Q: Well, it was very interesting, but the thing I think you're going to need to do for this purpose is to talk a little bit about so how did it come about?

DERHAM: OK.

Q: So that, so not just once you're there, but you know, you come back from Cuba and now what?

DERHAM: Right. So I'm leaving Cuba and at that point WHA (Bureau of Western Hemisphere Affairs) in the person of Kevin Whitaker had contacted me and they had this situation where in the three Andean countries, Bolivarian countries, we did not have ambassadors for a series of reasons, Ecuador, Bolivia, and Venezuela. And the plan was that Secretary Clinton had agreed apparently that we, we, we should have ambassadorial representation in all three countries.

Q: Right.

DERHAM: But this is going to take time, and so Kevin talked to me about going out as chief of mission while this process advanced.

Q: Right.

DERHAM: And the first one that he mentioned was Ecuador.

Q: You touched on that.

DERHAM: Right. In other words, the sequence is going to be Ecuador, Bolivia, and Venezuela. And so I was kind of thinking about Ecuador and the timing would have been—I might have even have to leave Cuba early. And, but as it turned out, he then got back to me and said, "Ecuador is not a"—they had changed their plan, Ecuador, and so there's no need for Ecuador. So I returned from Cuba at the end of June of 2011 and went to see Kevin in WHA and we talked. I think at that point Arturo Valenzuela had just been leaving, or had just left, as assistant secretary. Roberta Jacobson, who was the principal deputy assistant secretary became acting assistant secretary. So I'm, I'm—I can't remember exactly, I certainly talked to Kevin, I might have talked to Roberta about it, and asked if I would be interested in going to Venezuela.

Q: Did they not have somebody in the pipeline at all, or they just were—

DERHAM: Well, I'll get to that.

Q: OK.

DERHAM: And I said, yeah, I would be interested. It was a little bit unclear as to how long that was. So the story about Venezuela—and I think they approached at least—probably talked to Ron Godard too or something, but I don't—Ron, Ron has a very sweet deal, he goes up to the UN every September so I suspect he didn't want to compromise that. So the deal in Venezuela was the following. Patrick Duddy was the last ambassador we had down there. And Duddy had left in 2010. Duddy had kind of a funny

three years. He was thrown out at a certain point and spent a year back in the U.S. And then I think he was thrown out after he was down there for a year. I think it was the same time that maybe Ava Morales threw out Phil Goldberg in Bolivia. Chavez, out of solidarity or whatever, decided he would throw out the American ambassador as well.

Q: So there was no cause in Caracas.

DERHAM: In the case of Duddy, my understanding is no, there was no cause and I certainly was never aware of a cause. The——but Duddy then did come back I guess in the summer of 2009 for his last year, which was 2009, summer of 2010. So Duddy left in 2010. They had——to succeed Duddy they, the administration had nominated Larry Palmer. Larry Palmer, a career Foreign Service officer, had been ambassador in Honduras, I think he spent five years as president of the Inter-American Foundation, but had not retired yet. And so he was, he was put up to being ambassador to, to Venezuela. So he had——

Q: Oh, so he'd done the leave of absence from the Foreign Service.

DERHAM: Yeah, I guess, whatever the deal was, yeah. It was kind of an irony there because I tried to succeed him in the Inter-American Foundation and didn't get the job, but that's another long story. But I was told that if I had gotten that job I'd have to suspend my pension because it's, it's, it is a U.S. government job of some sort. So he might not have taken a leave of absence, he might have been on detail or long term detail or something like that. So anyway, so, so Palmer was sent up to succeed——

Q: Duddy.

DERHAM: Duddy. *(coughs)* Excuse me. I wouldn't swear on a bible about the exact time of all this, but I'm thinking it would have been——he probably had a hearing, I'm thinking maybe June of 2010 or something.

Q: Oh. That far before. Because we're now talking about June of 2011, a year before?

DERHAM: Well, Duddy was leaving in 2010.

Q: OK. OK.

DERHAM: So Duddy was leaving in 2010, the idea was to get Palmer down there to succeed Duddy. So the hope was that Palmer would get down there——

Q: And——

DERHAM:——right, and get down there in the summer of 2010. So he had a hearing, might have been in June, might have been in April of 2010, I don't remember exactly what it was. It was——although I think it was June. For some reason that sticks in my mind. So there was going to be some sort of gap but, you know, certainly within the

normal practice of foreign——gaps at——ambassadorial gaps at career posts. So he had a hearing in June of 2010 for the Center for Foreign Relations Committee, I guess the Latin American Subcommittee. And I'm told the hearing went OK, although it wasn't a homerun, I don't think he knocked it out of the power, but whatever, it's kind of a gratuitous comment on it. And then after the hearing itself, what always happens in these cases is you get written questions, questions for the record, QFRs. And it's one of these things where you get 'em, they send you a zillion questions, or a bunch of questions, dozens of questions in some cases. And the idea is you need to get 'em back as fast as you can. I can't remember if they have a deadline, but typically State Department has a rule of a practice of 72 hours or——

Q: Oh, my God.

DERHAM:——whatever it is. Very fast, very fast. And you want to do that because they're not going to proceed with your nomination until they get the answers to the questions. So, long story short, they sent some questions to Palmer. One of the questions had to do with Venezuelan military support for Hugo Chavez, who is something——I don't know that I've read the question and answer, it's been so long I can't remember actually. But it was——so the question was, you know, does the Venezuelan military support Hugo Chavez, or do they like 'em, or is there any dissent in the military? And the answer, which I don't think Palmer actually drafted the answer, somebody down in the——

Q: The desk officer.

DERHAM: Probably does, yeah. Said something along the lines of, "In fact, there are parts of the military that don't like Chavez, or don't support him," or true. Which is probably demonstratively true, but not clear that as ambassador going to a country that that's something you would want to be in a position to comment on, or you would want to comment on. And, and the story at State was it's kind of a June weekend, a Friday night, they——nobody really looked at the question and answer, it really didn't get kind of high level review, blah, blah, blah, the usual story. And so they shipped him up to the Hill. I think this question and answer might have been from a Republican, might have been Lugar I think is my recollection on this. And, but the Q&A went up and they were——typically they don't classify these things. And so somehow the Q&A leaked or became public. I don't know the exact circumstances, but it was that, just that particular Q&A or it was all of the Q&As or all of Lugar's Q&As or whoever leaked it. But it did come out. And it, it got——

Q: Made it to Venezuela.

DERHAM: Made it to Venezuela. It was called to Chavez's attention. And Chavez reacted that this is unacceptable and that while they had granted *agrément* (the agreement by a state to receive members of a diplomatic mission from a foreign country) to Palmer, he withdrew it. And so that Palmer was left——

Q: Dangling in the wind.

DERHAM: Dangling in the wind. And I don't know whether——what actually happened to him up on the Hill, whether they went ahead and actually voted him out of committee or not. Pretty unusual circumstances. The story I heard was at the State Department, that at that point Jim Steinberg was the deputy secretary or one of the deputy secretaries. And Steinberg's reaction was, "Well, you know, Venezuelans can't tell us who to send us as ambassador," although my aside would be in fact yes they can since there is the *agrément* process.

Q: Right.

DERHAM: But Steinberg or whoever, they had made a decision to hang tough on this and that, you know, they would have to take Palmer or nobody. So by the time I entered this picture Palmer had been cooling his heels for almost a year at the desk.

Q: Yeah.

DERHAM: And, and what had happened is Steinberg had left the department. So I guess people felt that either the time had passed or Steinberg wasn't around or whatever, so they were going to sort of change things around. So they did a couple things. One is they——I guess ultimately they must have had to withdraw his nomination. But in any case, they sent Palmer to Trinidad and Tobago as ambassador there to Trinidad and Tobago and all those islands there on the eastern Caribbean. And in the meantime they decided they want to send somebody down to Venezuela, namely me. And John Caulfield who had been Patrick's DCM had been chargé for a year but Caulfield was leaving as well. Caulfield was going on to Havana. So for that reason they need somebody to follow on for, for, for Caulfield. They had picked a new DCM, Kelly Kiderling. Kelly is——actually I think she's——her father was American and her mother is Bolivian, so she spoke——I think he was USIA or something. So she spoke perfect Spanish. She had had some——she had Latin American experience, she had been in Havana. She was also DCM in Moldova. But the feeling was that they wanted, in addition to Kelly they wanted somebody else with experience. Once again, that somebody else is me. The——and maybe I'll leave this in the transcript, maybe I won't——Kevin, Kevin was nervous about Kelly, Kelly being on her own down there. And he——Kevin's version of things was if Kelly got the job basically was——Arturo kind of insisted and he wasn't totally comfortable with that. So we talked about me going down to Venezuela. So this would have been probably July, maybe the end of July I'm thinking would have been when we were going to do this.

Q: July of 2011.

DERHAM: July of 2011. So I was agreeable and the plan was a little bit unclear. The plan was that they were going to push hard and fast to get an ambassador announced and into the clearance process. And Kevin in some of his more delirious moments said, you know, we'll have somebody down there by the end of the year.

Q: An unnamed person at that point.

DERHAM: Well——

Q: Or did they have somebody in mind?

DERHAM: They had——later on they had Feely in mind, John Feely who at that point was still down in Mexico as DCM. But I think Feely might have been the plan all along. So, they did have a name in mind.

Q: OK.

DERHAM: And they, they thought the kind of planets were lining up and it would be, it, it would be——something that could happen could happen in a relatively short period of time.

Q: So your thought would be he would be there for what, three months, four months, or something?

DERHAM: Something.

Q: Yeah.

DERHAM: Three or four months. Certainly didn't seem that it's——that was the plan.

Q: Right.

DERHAM: And once an ambassador was almost in a hearing or something I would think I would want to get out of there because I don't, I don't need to, you know, I'm kind of a fifth wheel as it is, kind of a retiree WAE chief of mission and then with an ambassador kind of looking over my shoulder. So, that was the plan. OK, so the first, the first problem as it turns out is I need to get a visa.

Q: Did you need _____ for this position?

DERHAM: No.

Q: No, because——

DERHAM: But I did need a diplomatic visa.

Q: Yeah, mm-hmm.

DERHAM: So I got——we went into the——so Kevin said to me, he said——and you know, after I had this meeting with Kevin, you know, I kind of ran downstairs to EX and

said, “Well, what do I got to do? Start the wheels rolling to get a plane flight and everything else.”

Q: And this is July.

DERHAM: This is the end of July, early August I’m thinking.

Q: OK.

DERHAM: And you know, Kevin and the people on the desk said, “It’s not going to be that fast because it takes a while to get a visa.” So they sent over—at that point the Venezuelans didn’t have an ambassador up here basically since—maybe when, maybe when they withdrew *agrément* for Palmer we probably asked their ambassador to leave or something. So they had a chargé whose name will come back to me as a—but he was the guy actually who’d been in Georgetown, taught at Georgetown and was kind of, kind of not a very powerful person and, and kind of just running a pretty screwy operation at the embassy. So then we sent an application over for me as chargé to the Venezuelan Embassy. And the embassy of course sent it down to Caracas.

Q: _____.

DERHAM: Yeah, no, so then you run into a couple different problems. One problem is they’re just not very efficient or effective or fast, so that even routine visas sometimes took longer than people should think they would take. And once you get to the Foreign Ministry it’s just, it’s somewhat chaotic down there, although it is going to get worse. And while we did—at that point we had a pretty good relationship with the, the U.S. desk, the North American Desk who were still run by a woman who was a professional. The—above that Maduro was foreign minister at that point. And then, you know, any, any decision of any, of any complication would have to go to Maduro. In this case I suspect they probably had to check it with Chavez. And it was a little bit—I was a little bit confusing for them in the sense that I was a former ambassador, retired ambassador, but was not being sent down as ambassador, I was just acting, acting ambassador, chief of mission. And I suspect they couldn’t kind of figure out what the gringos were up to, what we were doing. And since we didn’t have an ambassador up here, what, what was—what did this all mean? How should it be interpreted? Yadda, yadda, yadda. So for whatever reason it went down there and nothing happened. So many weeks have passed so now we’re in August. We’re August slots into December.

Q: Oh my God, we’ve been talking for over a month.

DERHAM: Oh yeah, it was almost three months I think. So that—so I’m kind of cooling my heels and at that point they were still doing the big visa push in Brazil. Jolene and I had already gone there once for Sao Paolo. So I’m figuring, you know, I can’t wait forever on this thing. So Jolene and I decided that maybe we’d go back to Sao Paolo.

Q: They needed help anyway, right?

DERHAM: They needed help, could both do it again, we could do it six weeks or however we could do it. So we could do that again, and who knows? I could go to Sao Paolo and I'd still be waiting for the——

Q: For the Venezuelans to do something——

DERHAM: For the Venezuelans to do something.

Q: One interruption here. Jolene was going to go——is——went with you or was going to go with you to Caracas?

DERHAM: No, she had no role in Caracas as such.

Q: No, no, I mean as a spouse.

DERHAM: No.

Q: No. She was just——

DERHAM: Well, as it worked out we decided we wanted to go to Sao Paolo in October.

Q: No, but had you just——had you gotten your visa and everything the plan was not for her to go with you at that point.

DERHAM: Not, not initially.

Q: OK.

DERHAM: I would go down there and see.

Q: Mm-hmm.

DERHAM: So we're waiting and waiting and waiting. So we decided, "We'll sign up for Sao Paolo." And the——Sao Paolo, they wanted us there, we, we agreed I think first week of October I think is when it was, or right about the first week in October. So at that point I have to get a visa for Sao Paolo.

Q: Right.

DERHAM: So I go——this would have been I September and so I go into WHA and say, "Look, I'm willing to wait on the visa, but I need my passport back because I need to get a visa for Sao Paolo."

So Kevin says, he says, "Look," he said, "if we pull the passport back we'll never get the visa." And so he said, "Get another passport," (*laughs*).

Q: Oh God.

DERHAM: So, so I got——so I got another passport. And——

Q: Is that legal? Never mind.

DERHAM: Yeah, it is.

Q: Is it OK?

DERHAM: Yeah. They make me do it all the time in the case of Israel and traveling to different countries because you can't understand——

Q: Yeah.

DERHAM: So, so I got another, another——

Q: A diplomatic passport.

DERHAM: I got another diplomatic passport. So actually for a time, and I don't think it's any longer the case because I think everything's——one of them's expired at the time. But at the time, in fact, I had two diplomatic passports, I had my tourist passport, and I had a passport card, so I was well documented to move around the world and get back into the U.S. So the——and they were——to the extent they could, the desk was trying to push my visa and so they would talk to the embassy here, they would talk to our embassy there, and then finally at the end of September Robin Meyers, who was the political counselor _____ officer who had a very good contact with the, with the head of the North American desk, went over and met and she, she said, "What's going on with the visa?" And she was told it looked like it's going to get approved. But——and this would have been——

Q: _____.

DERHAM: No, this would have been at the end of September, early October, right on the verge of——

Q: You're going to Brazil.

DERHAM:——going to Brazil. And I think it was, I think it was the day I was supposed to pick up my passport with the Brazilian visa on it that the desk called and said, "They're going to issue the visa." So at that point I told——we decided——Jolene decided she would go to Sao Paolo on her own, which is what she did. And she took off for Sao Paolo——I can't remember whether she took off before I did, or she took off right after I went to Caracas. It was all around the same time as it worked out.

Q: In October.

DERHAM: In October. And in fact I arrived in Caracas on October 15th.

Q: OK.

DERHAM: Which is when I got there. So that was my arrival, once again thinking two or three months or something like that. So in looking at my notes here, it was - -as it turns out I wind up spending exactly a year and a half down there. I leave April 15th of 2013. And it was, it was—I mean Venezuela I guess is always interesting or complicated or—and of course I learned a lot about—I really didn't know first time I was in Venezuela, first time I was actually even in that part of the continent, had known of obviously Venezuela and Chavez and some of the complications we had on that. And I think I told the story about Jeff Davidow sort of when I was down in Mexico and the famous coup in 1990.

In 2002, sort of getting calls from Caracas saying something was going to happen. But I was always—and then when I got back to WHA the coup had just taken place and, and this has gotten Otto Wright into a lot of trouble. But these are never things I was really kind of dealing with firsthand or any responsibility for. So I was kind of aware of the stuff in general terms, but having never been there or working hands on on it was, it was—that was—I was getting into a whole new experience in Caracas. So I would say that the eighteen months was a pretty interesting period. There was—Chavez, in retrospect, was fighting, ultimately unsuccessfully, cancer. Some sort of—what do you call it, a soft tissue cancer? The, the—that he was always going to Cuba for treatment.

Q: Right.

DERHAM: And somewhat of an irony that I was in Cuba when he first showed up for that treatment. And—

Q: Did that get a lot of play in Cuba?

DERHAM: I can't remember if it got a lot of play in Cuba, it certainly got a lot of play in the international press. And we'd see that. When I was in Cuba, I mean we got copies of Granma every day, but it wasn't something I paid much attention to since I was just doing visas. But I mean it was known that Chavez was there.

Q: Sure.

DERHAM: So until he died in I guess January 2013, so from my arrival in October until January 2013 there was always this backdrop of how sick he is, what is the prognosis, and it was all very mysterious. They were—Venezuelan government for a mix of security and paranoia and whatever else was, was never—and Chavez personally was running this whole thing—was always very secretive on what his situation was. Certainly stretching the truth sort of beyond what you could recognize anymore, if not

just outright lying at times——

Q: About he——

DERHAM: He was cancer free and that kind of stuff. And then all of a sudden overnight he'd show up and he'd been in Havana and there'd be no, no advanced notice of this, it would just be from one day to the next. The one theory we heard and that I, I like best was——I mean Chavez probably had——I mean there were options other than Venezuela that would probably have given, given as good if not better treatment than in Cuba.

Q: Cuba, yeah.

DERHAM: And Brazil was the one that was thought of, obviously you could go down and talk to Sao Paulo for example and they have I guess world class or pretty close to world class cancer treatment centers there. The theory that we heard was that but in Cuba they knew they could manage the information, they could make sure there was no information getting out, or at least they thought they could so that was one of the reasons. I knew it was kind of a political thing——

Q: Statement.

DERHAM: Yeah, yeah. So we had the whole Chavez kind of death watch while I was there. Obviously the selection of Maduro as his successor, which was also kind of mysterious and they're kind of different signals at different times.

Q: And he had been vice president at that point?

DERHAM: No, he had——he was foreign minister.

Q: All right.

DERHAM: Vice president I think was Jaua, who until recently was foreign minister. But it seemed that at least when I arrived there Maduro seemed to be kind of the favorite son. Jaua was——not that Maduro's all that charismatic, but Jaua's probably less. Jaua's kind of harder line radical. Maduro had a certain amount of political base. He was kind of a union guy and, and had a certain track record. His spouse was very powerful too. So that——and I——just the way that Chavez operated——vice president not very powerful, and it's not even clear, I mean vice president——president dies, then the vice president just presides until there's an——

Q: Election.

DERHAM: An election, yeah, doesn't take over permanently. So when I arrived Maduro seemed to be the anointed one. That changed and then it changed back again during my time down there. The other thing was there were at least——or there were four important national elections that took place in the fifteen minutes——fifteen months span, or

eighteen months span. So there was the opposition primary, there was the——there was the presidential election in October of 2012. There was the gubernatorial elections in December of 2012, and then it turned out there was another election in April in 2013 just after I left to actually replace Chavez who had, who had——

Q: So there was a lot to keep track of.

DERHAM: There was. And there was always something coming up and there was always a, a——it was, it was kind of——I mean just a lot of work there, a lot of work for the Political Section. It was very hard in a lot of ways to understand what was going on. You know, we spoke to the opposition a lot but we had very limited insight into the Chavistas. The polls were, everybody had their own polls and, and, and so it was kind of difficult to understand that. The——and just kind of a series of factors.

Q: Before you go on, let me ask you a couple of questions back on the home front. Are you planning on discussing why you were there that long, in other words what was going on, why they didn't get a replacement in? And the second question, I'll get on the mechanics here, is give a flavor of the size of the embassy, the function, in other words, how did these people function in that environment because it obviously wasn't always a pleasant environment in the embassy.

DERHAM: Right.

Q: So anyway, a few words on that.

DERHAM: I will. I will——let me try to follow the notes for a while.

Q: OK.

DERHAM: And then we can go back and fill in. These notes don't actually track exactly with what we're trying to do in this project.

Q: That's right, no, no, no. But it's OK.

DERHAM: But why don't we go through it and then we can back up if there's things you think we haven't covered correctly.

Q: OK.

DERHAM: So that was——so in the overview it was eighteen months of a lot of kind of drama, political drama kind of thing. So the thing was we had a very, very, very, very difficult bilateral relationship at that time. You know, I got down there, Chavez had just blocked Larry Palmer for going down there. He had thrown out Duddy for a year. The mythology was that we, the U.S. government, was behind the 2002 coup and were out to kill Chavez. In some of his ramblings, Chavez was a guy who kind of liked to think out loud in a lot of ways and talk, you know, he suggested at times that maybe the U.S.

government was responsible for giving him cancer.

Q: Oh my gosh.

DERHAM: Yeah.

Q: We had poisoned him or something.

DERHAM: Well, he, he, he mentioned at the time I think Lula had some sort of cancer and there was somebody else and, you know, Chavez kind of speculating said that gee, all these, all these leaders—I think Dilma might have had some sort of cancer scare too. No, it was——

Q: Yeah——

DERHAM: No, it was _____.

Q: Mm.

DERHAM: What's her name?

Q: Christina.

DERHAM: Christina. Christina had some sort of cancer at the time. And you know, Chavez one time, like, "Gee, I'm not accusing anybody, but these three great leaders who are anti-U.S. and all of a sudden all of 'em getting cancer, makes you wonder." And he would say stuff like that. And actually he would say it—he, he was a very, very witty, intelligent kind of charismatic guy and it was hard—it's not so much that you would actually like him or something, but he was—he's kind of mesmerizing if you listen to him speak. And he would speak for hours and hours. And it was, it was quite impressive to see how he did that. So it was a very difficult bilateral relationship, a very difficult relationship coming into it. The——when I first got there the——after I'd been there a couple weeks, because I was going out to Maracaibo to do something, I was summoned to the Foreign Ministry to——Maduro wanted to talk to me. So I went——

Q: You didn't have to present credentials.

DERHAM: I didn't present credentials or anything.

Q: No.

DERHAM: Although we had probably sent a note over. We were always sending notes, diplomatic notes. We had sent a note that I was there and I was in charge. But, and so Maduro kind of asked to see me and so I went over to see him. I took Kelly and Robin. Kelly was I guess DCM. And Robin who was the political counselor. So we went over to the Yellow Building, the Foreign Ministry downtown there. And Maduro kept us waiting

for like over an hour.

Q: Oh no. You just sat there cooling your heels?

DERHAM: Yeah. Yeah, no, it was—it wasn't in—frankly, we were so limited with our contacts with the government I would have waited a long time. He was—and, and in fairness to him, I mean he was busy I think. They were going—he was going in and out of—there were meetings taking place with the military high command and all sorts of other crazy stuff. And then when we finally got to the meeting they said only two people, so Robin never even got into the meeting. And then the meeting itself was like fifteen or twenty minutes. I mean he just, he just kind of—sort of—he didn't—I mean it was an OK meeting. He was—

Q: What was the purpose of it?

DERHAM: The purpose of the meeting was to behave myself.

Q: Oh, for you to behave yourself?

DERHAM: Yeah, to behave myself, to don't—not to, not to fall into provocations. He mentioned when Shapiro was down there, for example, Shapiro had done some stupid things and gotten himself into trouble. And that—oh, and I—and the message was, “We want respect.” They—that was something that I heard all the time when I was down there from the government, both publicly and privately. And not that they talked to me that much, but certainly their public comments were—actually an aside, the name of the DCM up here was Angelo, chargé, that they were always—they wanted respect from the U.S. They felt the U.S. would not—at times would not be respectful. And my answer to Maduro was that, you know, of course we'd be respectful, but that also at times we were going to not agree on things and we would have to, we would speak out when we'd disagree, but we'd do it in a respectful manner, or something like that.

Q: Yeah.

DERHAM: So we had the meeting. As I said, it was a relatively short meeting and it wasn't, wasn't impolite, but it wasn't buddy-buddy sort of.

Q: It was respectful.

DERHAM: The other thing that was a hassle for me my whole time down there was that Venezuelans speak what I would call Caribbean Spanish. And I was kind of used to Mexican and Guatemalan Spanish, which is clear as a bell to my ear compared to Venezuelan Spanish, to Caribbean Spanish, like to Cuban Spanish to a certain extent. So it was, it was kind of always something that I had to kind of struggle with a little bit, was that what they were saying (*laughs*)? And it's both their pronunciation, their slang, and both things working together that at times kind of makes it, would make it tricky. The—Chavez himself actually his Spanish was pretty clear, he was somebody you

could understand without too much problem. Maduro kind of less so and some of the other people. Although most of the top government leaders were a little bit sort of better educated to a certain extent. But it was——Venezuelan Spanish is, is, is something that was, was something that I kind of——

Q: Struggled with (laughs).

DERHAM: Wrestled with, because I'm OK as a linguist, but I'm not a super linguist or foreign speaker. And you know, once I'm in a place I'll survive and get by and over time it'll get better, but I'm just not somebody who can parachute in there and kind of just sort of, you know, just talk away——

Q: Yeah, or——

DERHAM:——talk away without any issues. And of course that's in contrast to the DCM, Kelly, who had terrific Spanish.

Q: Right.

DERHAM: And, but we, as it turned out we worked together OK and she was——Kelly was always very respectful of me and even though I suspect she personally probably was not crazy that she was not the boss, but they had sent someone in to be figuratively on top of her on this, but she was always a good soldier about it and she never, never undercut me in any way. Although certainly on something like Spanish she could have cut me up forever, she could have rolled her eyes at every meeting we were in together. So, it was a very difficult bilateral relationship. Let me, let me go back to that in a second. It was also a very difficult post.

Q: OK.

DERHAM: The post was a mess. And——

Q: Want to explain?

DERHAM: Well, part of the problem was all of the uncertainty that went on. You know, Duddy had left and then they were expecting Palmer and then Palmer had never materialized, so Palmer wound up being chargé for longer than he had planned or anticipated. The post was, I would say at least medium size post, which, you know, prior to Chavez we had a very sort of deep complex relationship with Venezuela, which maybe it caused some of our problems, maybe it was too deep and too complex. But we had a large DAO office, we had a large military or liaison office or cooperation. We had a very large, in my mind, Political Section. The Econ Section was separate. The Econ Section was large. There was a lot of consular demand, so pro force we had a large Consular Section.

So you start putting these——and the Public Diplomacy was also, you know, something

that maybe made sense twenty years ago in Venezuela, questionable that we needed that many people at that point. Because limited—we had no interaction with the government essentially and while—the Political Section kept busy and Robin ran a very tough ship and they produced some brilliant reporting and Robin made sure everybody sort of worked at it. Econ Section, they had, I think they had five officer positions?

Q: Really?

DERHAM: If you could justify two you would be doing well.

Q: Oil related or focusing on oil?

DERHAM: Well, the thing is, oil related, the oil industry is run by Pereveza, which is a government oil company. They stopped talking to us. So you could, you could talk to—there were American reps, you could talk to Chevron. Chevron was the big one at that point. And there were some of the service companies you could talk to. But you were, you know, it's like trying to feel the elephant through the sheet or something. You really didn't have any first hand contact with them.

And you know, in the great tradition of Foreign Service, everybody kind of acts like they're doing something, but if you really pick up the rock and stuff and kind of look into the dirt, there's nothing going on there. So, as a result, that leads to a big management section, because they've got to support a lot. That leads to a big RSO section, because it was a very unsafe and kind of a day-to-day crime situation. And in fact, there were a lot of kinds of kidnappings, expressed kidnappings, and all this other kind of stuff. So we had—

Q: Those were not politically—they were just monetarily.

DERHAM: No. No. But we never, we never knew. We were always worried that—and, and you'd get, you know, on intelligence stuff you'd always get stories coming in that were going to be targeted or they'd be this or they'd be that. And I think in my year and a half there we must have averaged the meeting of the Emergency Action Committee several times a month at least, sometimes even more. So you have this gigantic apparatus and then of course you have the locally employed staff, who is also our function of this gigantic apparatus. And then it was just—so I think it was—oh, I don't know—I'm thinking a hundred Americans and maybe three hundred LAS or something.

Q: Right.

DERHAM: And that doesn't include the local guard force, which had been incorporated.

Q: So considerably bigger than Guatemala.

DERHAM: Not considerably.

Q: But bigger.

DERHAM: It was bigger.

Q: OK, all right.

DERHAM: And we had, we had a very nice embassy actually. It was built up on, on a hill there kind of overlooking, kind of on the outskirts of Caracas. And it was built, I think it was built when Jeff Davidow was ambassador down there, which would have been I guess the mid to late 1990s. So that the facility was actually pretty nice and they had pretty good security and the facility was actually not an issue.

Q: And were you living in the residence?

DERHAM: I did. I——when I arrived, I remember I arrived on a Saturday night and they kind of drove me into the residence. The residence for lots of different reasons was a disaster. The story about the residence was we used to have what I was told was a very nice residence over in _____, which at that point was a different——on the other side of the city from the chancellery. So the problem is traffic is horrendous down there. So, the problem of the ambassador getting into the embassy and getting back to the residence at times was they decided they had to make a move.

And they looked and they looked and they looked. And they finally bought this place, which is in Valle Arriba, the upper valley. Very close to the embassy, in fact within ten or fifteen minutes of the embassy by car. But it was, it had been built by famous story whose name, I can't remember the guy, but the previous owner had built it I think for his family and I think they had like four or five kids, so it was kind of this——it was a gigantic place, and like upstairs they had like the master suite and they had like five individual bedrooms, each with their own bathroom, just kind of for a gigantic rich family it was. But the rooms downstairs, while they were, were OK, they were not set up for large entertaining. It was a very nice dining room but it wasn't particularly large.

Q: It was for a family.

DERHAM: It was for a family. And so——and there was not——there were some——there was a bunch of rooms, there was one that's a wood-paneled library, which was quite spectacular in its way but we never used it. The——and the weather actually year round is nice in Caracas, so they had a very nice terrace that kind of overlooked Caracas. But, and that's what we used for receptions. But, that was OK. One of the problems was it was not——there was no parking. So——

Q: It was in a residential area, right?

DERHAM: Well, it is a residential——actually, there were a lot of——there were some diplomatic residence, there were a lot of rich people's residence and stuff. But there's no,

there's no street parking there. So that if you had a function of any size it was an issue. One of the things they used to do would be they would——people would park at the embassy and get on a shuttle, some sort of van or something or small bus. But, and that would take, you know, ten or fifteen minutes to get from the embassy to the residence, but you have to park in one place. It's just something that people don't like. You could do some kind of parking along the driveways, but then people have to go down these cobblestones and women don't like wearing high heels. And there was just——there was just a whole bunch of issues with the place. Then, it was a gigantic place. There was——it was built on the side of a hill, sort of one, two, three, four, must have been five levels.

Q: Oh my God.

DERHAM: Yeah, no, it was a pool, kind of a very nice park area, but it was——it just, it just didn't really work as an ambassadorial residence. I am told that it was picked, and I think Brownfield was the one who actually signed off on this thing, basically because of the location. And in a sense the location was good in the sense that riding to the embassy you got there in ten or fifteen minutes. The——so when I got there it had been empty. Caulfield didn't live there, Caulfield lived at the DCM residence. It had been empty since Duddy had left. So that had been over a year at that point.

And there was no, there was no staff. There was one guy who kind of came around and cleaned up stuff and, and, and sort of did things. But there was no——they didn't really have ORE staff. And he was, he was carried on the DCM's ORE staff, which turned out to be an issue for me. So, I went into the residence and I spent a whole year and a half in the residence. And it was——but we did, we did things at the residence. I would do, I would do receptions, not gigantic receptions, but certainly receptions. We didn't have that many visitors. We never had a CODEL, for example——

Q: Nobody came to see you (laughs)——

DERHAM: Well, the last CODEL was when Whitaker was down there as DCM and the, the, the plane landed on the tarmac and I can't remember who the——I don't know if it was Henry Hyde or something was on the CODEL and was in a wheelchair. And so they needed a special whatchamacallit to get him off the plane and it never showed up. And so at a certain point the plane just took off again and the CODEL never happened.

Q: Oh God.

DERHAM: So there were all these great stories of stuff that had happened. Charles Shapiro having the reception with——had a puppeteer for some reason and the guy started insulting Chavez and it was just——

Q: Oh no!

DERHAM: Just one horror story after another down there. So the, so, so the residence

was a, was a mess. And it was always—and you know, for my, you know, my whole year and a half there I grumbled about the residence. And of course you know me, I like to grumble.

Q: (laughs)

DERHAM: Grumbled about the residence, grumbled about the size of the staff in the embassy, which was—but I felt—I was down there as chargé and particularly when I first got down there I thought I was only going to be there for two or three months, I didn't really take these things on in a serious way because I, I wasn't the ambassador, not going to make me ambassador, I'm not going to lose sleep over this kind of stuff. So. And there were other—there were a couple other issues at post. One was, we never got a handle on and they're still wrestling this, is the gap between the official exchange rate and the parallel rate, or whatever you—

Q: The black market rate.

DERHAM: The black market rate was considerable.

Q: Yeah.

DERHAM: And they had—and the other thing was that the, the rate had dramatically changed a couple times when the Venezuelans devalued the bolivar against the dollar. So that, so this is an issue for the LAS and that they had—because they got paid in—they got paid in—when I first got down there they were paid in bolivars, but they had lost like forty percent of their purchasing power in the valuation. So we had tried to fix that, we kind of fixed that in a halfway way. But it had not actually protected them against the devaluation. So one of the things that we worked on when we were down there, and we actually achieved it, was we finally convinced the department to pay them in dollars.

Q: Right.

DERHAM: And pay them offshore, which meant they were receiving dollars in Florida and then bringing them back for ways that weren't clear into local currency at the black market rate. It was never clear whether that was legal under Venezuelan law. We kind of thought a—we kind of closed our eyes and hoped it was. But it turned out that they were all, they were all setting up bank accounts up in Florida, and this is like three hundred locals or whatever it is. And they ran afoul of money laundering things, and we had to deal with all the, all the—Citibank closed all their accounts at one point. And then it was—

Q: How did they get their money? Did they have a checking—did they have kind of a banking set up in the embassy, or—

DERHAM: Never, never really asked.

Q: OK, so.

DERHAM: The Americans had a deal where they set up with a firm who had, had accounts in Miami, dollar accounts in Miami, and somehow had accounts in, in Caracas _____ so that you would give them dollars in Miami, right, never bringing my cross, and then they would credit your account in Caracas with bolivars——bolivars.

Q: At what exchange rate?

DERHAM: At a parallel exchange rate, black market exchange rate. So the——and so this creates all sorts of problems, this whole thing. One is, I mean there's, there's kind of arbitrary possibilities which are always kind of control, make sure people aren't on——getting windfalls out of this, or windfalls in that. The whole cost of living allowance is done at the official rate, and that kind of was not, was not very accurate. My feeling was that——and of course there's always, there's hardship and it probably costs a living pay too, because there's high exchange rate at the official rate. So my feeling was that, that, that certainly the Americans out there made out very well.

Q: You had to basically close your eyes and not notice the people were——or——

DERHAM: Well no, we knew it, and in fact it was not——it was in a gray area whether it was legal or not.

Q: OK, that's my question.

DERHAM: Right. And we told ourselves we thought it was legal, or that there were opinions that said it was legal. And so, but this created all sorts of stresses and the local employees' salary situations and throughout the whole year and a half. We had to deal with various aspects of this. And I was, you know, I was in the department a week and a half ago talking to Feely about this kind of stuff and it still wasn't, it still hasn't really been fully resolved, we're still trying to get a handle on it. So that was one kind of a financial overlay of this.

As I said, the post is overstaffed. There was——the security situation made people nervous. Not so much right around the embassy, but once you went into town there were enough, you know, either express kidnappings or, or, or carjacking stories. And while it really didn't happen while I was there to our diplomats, there were stories like the El Salvadorian ambassador was kidnapped, express kidnapped and stuff. So it was happening to diplomats, it was happening in good parts of town. So that made people nervous.

Then because of the way, because of all the uncertainties regarding who's going to succeed Duddy and when, they went to a system which is——every time I've heard about this system it doesn't work, but people insist on doing it. They rotated DCMs. So in other words, Caulfield was acting, Caulfield was chief of mission and he wanted to have a

DCM working with him. Now, what——what usually happens in this is there is a certain push from Foreign Service personnel that everybody wants to be DCM for a while, because then you can write on your efficiency report, “I was DCM.”

Q: Right, or chargé, or whatever.

DERHAM: Right, exactly. So what would happen would be——apparently——Caulfield would move Robin over to political section chief for, I don't know, two weeks, a month, I don't know what the period was. And she would be DCM and in addition somebody like Robin, Robin would keep running the Political Section, I mean the woman worked twenty hours a day. And OK. So she may or may not do a good job, but she's doing it for a while. Then at the end of that two weeks, four weeks, six weeks, whatever it is, she's rotated out and they bring in the econ——

Q: Econ, mm-hmm, got it.

DERHAM: So she takes over for a while, Darnell Stewart at the time. And they do it with Darnell story, I think John——

Q: And a——

DERHAM:——the PAO, I'm not sure whether they did it with the——well, Caulfield was a CG and he couldn't——the guy who was running the section at that point I think was Ron Kramer who, who——and they hated each other. So Caulfield's a consular officer, Karmer's a consular officer, they wouldn't even talk to each other I'm told. And then they would——so——and everybody——after the fact everybody we talked to said this was a bad idea. And everybody kind of——Caulfield admitted it, the acting DCMs admitted it, the whole staff that was subject to it admitted it. But——

Q: They kept doing it, they kept doing it.

DERHAM: They kept doing it. And it turns out that after Kelly was kicked out, you know, fast-forward to 2014 in fact Phil Leila who took over as chief of mission or chargé did it too, started doing it again too. So we just don't learn this kind of thing. And, but so when we got——so when we got down there one of the virtues of having me and Kelly there, well we'd have a certain amount of stability in front of them.

Q: That's right. One DCM, one acting ambassador.

DERHAM: Right, one chargé, one DCM. And in fact, that was the case for the year and a half that I was there. And I think Kelly has a very different approach to a lot of things than I do and, you know, I have my idiosyncrasies and she does as well. And, but we worked reasonably well together and at least we gave the embassy a certain stability in the front office, which had been missing for over a year. And I think that was one of our biggest contributions.

Q: When did you get the sense that you would be there longer for a few months, and how did that play out?

DERHAM: Well, a couple things started happening. Just to—— but just to finish up on the management side, when I got there the, there was an inspection going on——
_____ was down there doing inspection. And of course that's a perfect time, from my point of view to have an inspection when you're getting there, they can't blame you for anything, you get there, but they identified all these kinds of problems. They never figured out the financial stuff.

They were, you know, we argued with them until they left the post and then we tried to deal with the compliance issues. But they never understood it and didn't even try. But certainly one of the problems they identified was the rotating DCMs. So the, so I, I mentioned to kind of get into your question on this, it was, it was a very difficult bilateral relationship.

And it was also, on both sides there were kind of domestic-political issues involved in the relationship. And from the U.S. point of view, from the U.S. side, one of the issues was, one of, one of the problems for us was of course Chavez's closeness with the Cubans. But there was also—— the Chinese had a very large presence there, which was, you know, less problematic than the Cubans, but not, not terribly welcome in a lot of ways. But they were also every other cat and dog you ever thought about, in particular the Iranians were there. And they had an embassy——

Q: In large numbers?

DERHAM: Well——

Q: Or substantial?

DERHAM: I wasn't clear. They, they had—— it was very tough for us to really understand, but there was a joint automobile factory, if you can believe it.

Q: I thought you were going to say an oil something or other.

DERHAM: No, some car factory.

Q: OK.

DERHAM: I think there was also, there was some military equipment, might have been drones or something like this. And there were people up here in Washington, and, and in, in, in Miami, because the whole Cuban-Venezuelan thing brings in the whole Miami-Cuban community to a certain extent. The—— but including my old boss, Roger Noriega, who were running around beating a drum that the Iranians are going to use Venezuela to——

Q: AS a lunching—

DERHAM: — as a staking area to, to—s tagging area to attack the U.S., to, to, to, you know, to do some sort of terrorist acts against us. So that was a thing. I mean our best judgment on this was— while there was definitely an Iranian presence, we couldn't really pick up anything that was really alarming in that sense. I mean you'd hear stories that they were putting missiles on islands off of the coast and stuff.

Q: Oh no (laughs).

DERHAM: And it's very hard to prove negatives in these things.

Q: Is that Margarita Island with the (laughs)—

DERHAM: It wasn't Margarita, but it was one of the others up there. And so that— and our line, which has the virtue of being true, was that we actually took this stuff very seriously, we the embassy, we the State Department-Washington, we the intelligence community, we the military, the U.S. military. And we were doing, you know, sparing no effort to try to keep our eye on this kind of stuff. But we—

Q: Hadn't found anything.

DERHAM: Didn't want to be, we didn't think you should be alarmist about this. But that was, that was something that was always, was always out there for the year and a half I was there. The way that— the way it played out at one point when I was down there was this would have been, I got down there in October and I think Kevin got in touch with me, I think would have been early No— early December of late November, and said there was— the woman who was currently the consul general for Venezuela and Miami had previously been in Mexico. I don't know if she was like the PAO in Mexico or some job in Mexico. And they had picked up—I can't remember who they was, the Mexican intelligence or—

Q: Somebody.

DERHAM: Somebody. Had picked up that she had had meetings with— I'm trying to remember what the deal was— maybe it was students or— students, and I think there was an Iranian connection, Iranian students in Mexico or something.

Q: This is while she was in Mexico, not—

DERHAM: This is while she was in Mexico.

Q: OK.

DERHAM: And I think there had been some discussion, and this is— was a little bit unclear at the time, certainly very unclear to me now two years later, there had been some

discussion of—— two and a half years later—— there had been some discussion of kind of doing some cyber attacks against the U.S. I think it was.

And so there were these discussions and it might have been—— or maybe it was a double agent or something, it was in one of these conversations that reported these things. And nothing had ever happened about it. And it was kind of unclear, I mean in retrospect, not that I'm—— I don't know if even that would have made a difference—— in retrospect, she should have probably said as soon as the conversation took that turn she should have probably said no, get up and walk out of the room and said, "I'm not talking about this kind of stuff." But you know, she sat there and listened and didn't turn them off or whatever, whatever it was. OK. And then she left Mexico, she went up to Miami, and so this information turned up. So now the question is——

Q: Should she be PNGed or whatever.

DERHAM: You know, what are they going to do about her? And so they kind of chewed it over at State and Kevin kind of let me know what was going on. And they—— the decision was, and, and essentially made by State, but you know, they talked to the White House and intelligence agencies and the military I guess. They said they had to throw her out, that there was just no way that they could just make believe this hadn't happened or something.

Q: Even though she hadn't really done——

DERHAM: Well, nothing that—— yeah—— and it wasn't as if they were sending her to jail or something, but you know. So, she was expelled in December. And then we were kind of waiting for the——

Q: Shoe to drop on——

DERHAM: The other shoe to drop. And we were pretty sure, we were pretty convinced that they were going to throw somebody out. The question was who's it going to be. There was one—— and then of course you get all sorts of intelligence and all the make of—— they're talking about this, they're talking about that. And at one point we thought maybe it would be the consul general who actually had gotten there at the same time I did, Dell Rumberger. Because it was consul general for consul general kind of thing.

The, the other one—— for a time Kelly thought it was going to be her. And she, I remember—— I can't remember whether it was an intelligence thing or something, and she that afternoon—— Kelly was kind of like this a little bit—— that afternoon she called in her OMS and started giving her OMs, she said, "Don't tell anybody," but started giving her OMS instructions on do this with these files, do that with these files, you know, she's getting ready to be expelled. And of course problem is that the OMS is going to tell somebody and somebody—— the whole embassy is going to know, spook out the whole embassy and everything else.

And I remember, and somehow I got word of it or—— no, Kelly probably told me. And I

remember I talked to Kevin, said, “You know, she’s really overreacting to this. We don’t, you know, we really don’t know what’s going to happen, we don’t know what they’re going to do.” And that Kevin actually had to call Kelly I think and sort of——

Q: Calm her down.

DERHAM:—— calm her down a little bit. So, but that was the kind of thing that in Miami, in Caracas, in Washington, you know, made things more difficult, for example, to designate ambassadors. And I think at that point, I think at that point it’s 2011, they were feeling—— that kind of put things on hold.

Q: Did they kick anybody out?

DERHAM: I’ll get to that part.

Q: OK.

DERHAM: And then we were going to be moving into 2012, which is kind of an election year in both countries, and it just at a certain point it just, I think the administration decided or State or something that it wasn’t worth it to kind of, you know, stir this issue in. They didn’t—— there was no—— Venezuela frankly wasn’t that important. Chavez, you know, to give, to give somebody for Chavez to tee off against or something probably, you know, Chavez would just exploit it and that’d just make his reelection that much easier. And so, so they kind of dithered. And I would talk to Kevin and he would say, “Oh yeah, no, we’re still planning, we’re still planning, we’re still planning,” and actually Feely even called me from Mexico at one point to talk about Caracas and this and that and the other thing.

Q: So he was still the candidate.

DERHAM: He was still the candidate. But they were, they, you know, they moved forward and as things moved on, particularly moving into the election cycles on both sides, it was clear that, it was, it was clear that it was becoming more and more difficult to move on this kind of thing. So as it turned out they didn’t move. I should—— let me try to go a little bit in chronological order here. I mentioned there were four, four big elections.

Q: Right.

DERHAM: The first election I think would have been, I think it was towards the end of 2011.

Q: Well, that’s what you mentioned earlier, so I’m assuming that’s correct.

DERHAM: No, maybe it would have been early 2012. Yeah, no, probably would have been—— all right, so let me do this in, in chronological order anyway. Well, let me, let

me talk about Chavez for a certain—— for a couple things. So Chavez was a demagogue. And I guess a demagogue—— now, it depends on what your definition of demagogue is of course, but demagogue, somebody who's skilled at public speaking and could use public speaking kind of for whatever the or she desired to accomplish. Whether or not it was legitimate or not. And I—— in fact, I have a definition here. A leader who obtains power by means of impassioned appeals to the emotions and prejudice of the populace, and that was certainly Chavez. And he was extremely skillful at this, extremely skillful speaker. Well read at least on a superficial level. He would do speeches or *Alo Presidente*, a weekly TV program. He'd have a stack of books and he would speak for three or four hours on this program, and at various times he would——

Q: Flip through them or——

DERHAM: No, make a, yeah, make reference to a certain thing. And, he's very well read. He's very good on Venezuelan history going all the way back to Bolivia, Bolivia, Bolivia. And the—— and he was, and he had a certain world view that he was able to fit all that in. I say—— I—— here on my notes, intelligent, charismatic, sense of humor, well read, especially with respect to Venezuelan history and, and Bolivia. He could also be nasty and could be anti-Semitic at times. And that came out a couple times against the opposition. Henrique Capriles, who ran against him in 2012, Capriles was a Christian but I think his——

Q: Jewish antecedents.

DERHAM: Yeah, he had some Jewish antecedents. And a couple times he—— Chavez made some references to—— they were clearly anti-Semitic references to Capriles. One of the, one of the interesting things when I was there that Chavez hosted it was either the first or the second summit of CELAC, CELAC is C-E-L-A-C, Latin American and the Caribbean—— LAC is Latin America, and the Caribbean, CELAC is Comunidad de Estados—— so it was——

Q: Community.

DERHAM: Yeah. It was——and basically it was everybody in the western Hemisphere except the U.S. and Canada. And they, they kind of organized it, particularly Chavez was in the lead doing this, but a lot of help from the Cubans, some, some help from the Brazilians. And, so they had the summit meeting in December of 2011, *Teatro Nacional* I guess they did it, the dip (diplomatic) community was there so he would sit in.

Q: You were invited to attend?

DERHAM: Well, the dip community was invited to attend, and we were on the list, so we would be invited to those kinds of things. So that, so I went there and I was struck, a couple things. One of the things was at that event and at another event, which I'll talk about the following month, I was always very nervous at these things because I had to kind of think about at a certain point whether I want to walk out. Because Chavez——

Q: Would say anti-American things.

DERHAM: He would say anti-American things and almost for two full years, two full hours or something in this case. And go back through the Monroe Doctrine, his interpretation of the Monroe Doctrine and every nasty——

Q: All the evils you've ever done.

DERHAM: Every nasty thing we've done. I really didn't want to, because I'd be uncomfortable doing it anyway, I always felt I wasn't the ambassador so I was a little bit below the radar, and I'd just kind of look like a, look a little bit silly I thought. And I didn't do it then. But it was something that, as I said, made me nervous. The thing that was interesting was that they held the CELAC and we went——we didn't actually go to the committee meetings or the commissions, but——

Q: You were the——

DERHAM: Yeah, it was a thing that went on for hours and hours while everybody kind of talked. And the thing was that I was kind of looking at the people who were there. So there was like Dilma from, from Brazil, Correa from Ecuador, Raul Castro, Lugo at this point from Paraguay, Mujica——no, Lugo, Paragua, Mujica's maybe Uruguay, Fernandez from Argentina. And they're the ones who kind of dominated it.

And it was, but it was amazing, the depth and breadth to a certain extent of anti-Americanism. Now, it was, it was shaped a little bit by, obviously by Chavez and Castro and probably Correa. But each one of those people that I just mentioned had some sort of experience, like Dilma who was tortured during the military thing, which I mean our fingerprints weren't initially on that, but you know, we were in the background somewhere there. And, and you go on down the list and they all have real grievances or perceived grievances against us. And the people who were our friends were there, Calderon from Mexico, Santos from Colombia, the guy from Chile, really kind of pulled their punches. They didn't——they weren't going to take on the kind of——

Q: Speak out on our behalf.

DERHAM:——on the worldview of this. And this, this colored very much kind of Chavez's worldview and the way he, the way he thought about all these things. And you could see that for the whole time I was there. Since mid-year, ironically when I was in Havana Chavez showed up in Havana that year for cancer treatment. And since mid-year everybody had been aware of his——he had some sort of sarcoma, soft-tissue cancer.

Q: Mm-hmm.

DERHAM: And the prognosis was very unclear and they were very mysterious about what was going on. And a very small circle around him actually knew, maybe only he

and his immediate doctor perhaps knew everything. But anyway, so, so one of the things was there was a (*coughs*)—excuse me—a presidential election coming up in October of 2012. So one of the questions was, of course, you know, how, how would that campaign go? Would Chavez actually be able to run? And there were a lot of questions about that, questions about his health and, and sort of related questions to that. Anyway, I think I had mentioned that in December Chavez hosted the meeting of CELAC.

Q: You did. We talked about that.

DERHAM: Right. And had all of the Latin American leaders. The organization was set up purposely to exclude the U.S. and Canada. It was one of a number of things that Chavez was very involved in to kind of elbow us out of the region. And they particularly didn't like the OES and—but there were also things like Petrocaribe, UNASUR, which is the South American countries, the Andean group, which also had some sort of acronym.

But kind of underlying all of this was the anti-Americanism of Chavez. And Chavez, Chavez could be pretty articulate about why he was doing things the way he was doing. And of course the whole discussion of our role in Latin America, maybe in post-World War II is kind of a big long discussion for a different forum, a different setting. Anyway, so and CELAC—to get back to my own situation, I had been sent down there and the idea was that they wanted to—they, the administration, State Department Secretary Clinton, wanted to try to get somebody down there as a fulltime ambassador, as a full ambassador. And since Larry Palmer had, had—his nomination had been withdrawn at that point and he was going off to Trinidad and Tobago.

There were a lot of complications on this. One is that our process is so low that you kind of despair of anything ever happening because we're on this process. But the department, the administration was actually sort of interested in sort of keeping the temperature down in, in the bilateral relationship and, and trying to work out, you know, kind of a, a, a way to move forward in the relationship. We do have a big oil trade, which is important. There was still—

Q: Citgo, right? That's the name of the—

DERHAM: Well, Citgo is the retail gas station here in the U.S. owned by Pereveza.

Q: Yeah.

DERHAM: But Venezuela, and I guess it's, it's gasoline—it owns a couple refineries my recollection is. So they refined the oil from Venezuela I guess and used it for their product. But there's also—Venezuela was selling a million barrels of oil to the U.S. a day, not just to Citgo. Chevron took a lot of oil.

Q: Mm, OK.

DERHAM: And there were, there were brokers and everything. Venezuela is an important supplier to, to the U.S. And we were important to Venezuela. I mean it's—it's like any trade, it's mutually beneficial so both sides are—it's beneficial to both sides. So then there's a lot of kind of table thumping on both sides that Venezuela should cut us off or we should boycott Venezuela, but it's, it's trade and mutually beneficial and there was—the, the political arguments were not compelling enough to, to actually result in anything except a lot of rhetoric on both sides.

The investment in Venezuela, U.S. investment in the oil sector, in the petroleum sector, had been reduced considerably. Exxon and I'm thinking Conoco or one of the other oil companies had left I think in the early 2000s or mid 2000s because of what they considered as the owners' conditions being imposed by the government and had filed arbitration disputes. Actually these cases were bouncing along as we were, as I was in Venezuela. Chevron however was still very active, and had kind of worked out a *modus vivendi* with the government. Their senior people had a lot of Venezuela experience, were very well plugged in. And I mean I think they had their eyes open, but they decide—

Q: They kept working.

DERHAM: They kept working. And we were very important for Venezuela. And while I think Venezuela was producing maybe two and a half million, maybe a third of that—two and a half million barrels per day—a third of that would be going to the U.S. But a lot of that oil was going to Petrocaribe countries, these Central American countries and Caribbean countries on very attractive financing terms so that Venezuelans really weren't getting the kind of money they get when they sell oil to us. Certainly with the Chinese there are always these, all these kind of nontransparent arrangements where there would be the oil in return for, I don't know, housing investment or, or—

Q: Whatever the Chinese were doing, right?

DERHAM: Yeah, whatever the Chinese could offer. And the Chinese I think there were some documents that came to light that sort of indicated they had a pretty good deal. And then Cuba had a special arrangement with the Venezuelans.

Q: Sure.

DERHAM: And Cubans for the most part paid for their oil I think with doctors and teachers and that kind of stuff. So, but—which is fine, I guess. But it doesn't, it's not money, not, not cash. So the U.S. is very important to Venezuela. Venezuela was important to, to, to us. But any—so, so that's kind of some of the back—and of course we had like a lot of consular interest down there. There is American Citizen Services stuff. There was—there's quite a bit of back and forth between Florida and Venezuela. Very large Venezuelan community—

Q: In Florida.

DERHAM: In Florida. Somewhat similar to the Cuban community.

Q: Right.

DERHAM: Disaffected from the government, kind of starting things up in the U.S. But it was important to keep the flow of visas going and our Consular Section was very busy in Caracas.

Q: Had there been a drop of—not just to your time there, but in the last couple of years in terms of American citizens residing in Venezuela?

DERHAM: There is. There is very—well, like in a lot of Latin America there is a distinction to be made. And of course we don't really make it in—theoretically in consular work. But in practice it is an important distinction, distinction to be made between what I would call “gringos” living in Venezuela, and dual citizens or people who picked up American citizenship—

Q: And then returned home.

DERHAM: But frankly—right—frankly are more Venezuelan than American.

Q: Right.

DERHAM: So I think the number I think I have in the back of my mind is like twenty thousand is what our estimate—

Q: Overall.

DERHAM: Overall. But I'm pretty sure over half of that would have been Venezuelan Americans—

Q: Right.

DERHAM:—which somewhat hard to identify in the population. The, there wasn't a whole lot of ACS work, but there were—one of the first things that happened when I was down there was I think his name was Wilson Ramos, who is a baseball player for the Washington Nationals who's a Venezuelan, came back to Venezuela, was kidnapped, and so—

Q: For money, for being—as a ransom. Whatever.

DERHAM: Whatever, yeah. And of course that spun everybody up and—

Q: He got out I assume (laughs).

DERHAM: Yeah, no, he did get out, but I was getting phone calls from Washington and

trying to figure out what we could do, and it was very frustrating. But that kind of consular work. So, but anyway so that was also an element of why it would be good to have a relatively non-negative bilateral relationship, have an ambassador there. It was also important with, thinking toward the election, thinking towards the fact that Chavez, it seemed the bedding was that he wasn't going to last, it wasn't quite clear how long he would last but it was going to be good changes, it'd be good to have an ambassador there. It was also important for the opposition I think to have a U.S. ambassador——

Q: Keeping an eye on things.

DERHAM: Keeping an eye, doing a certain amount of handholding, being able to sort of be active in the media in, in certain ways. So there were a lot of reasons why we would like to reestablish ambassadorial relations. The Venezuelans claimed they want to do it too. And, but the problem has always been in my experience since I got down there and even subsequently is they say yes, yes, yes, let's have an ambassador and then they do something that is politically, you know, dynamite back here and it sets us back. So anyway, to go back to December of 2011. While I was still talking to Whitaker and the WHA and we were still gee, yeah, we'll try to identify somebody at some point, there was also intelligence come to light and we, I think we went over this last time, we had the, the lady who I think was like the public affairs officer in Mexico or something had been——she might have been entrapped actually, although I never really saw all of the intelligence. She got into a conversation with some students, radical activists.

Q: That's right.

DERHAM: Who said something about some kind of cyber attacks or something.

Q: Right.

DERHAM: And instead of saying, "We'll have no part in this, I'm leaving," she kind of went along with the conversation my recollection is. So, this, this, this starts bouncing around. And then she was subsequently moved to Miami where she was made consul general. So this, this kind of thing starts bubbling up in the intelligence community. And it's one of those things where we are sort of given our own internal politics that once kind of word gets around, or if word does get around the administration has to do, has to be doing something or it's an untenable position.

Q: So you mentioned this by the way.

DERHAM: Right.

Q: OK.

DERHAM: So they expelled her.

Q: Right.

DERHAM: So they expelled her, it must have been after the CELAC meeting, but I'm thinking maybe before Christmas. So it took a long time, it took like weeks for the, you know, for the decision process to, to decide how to do this. So when they expelled her that was big news in——

Q: Caracas, I'm sure.

DERHAM: In Caracas, in Venezuela. And the Venezuelan government reacted very negatively, but——and it was——we anticipated that they would take retaliation steps but we weren't quite sure what it would be. It was also, it was kind of somewhat interesting in that the woman who was expelled, I mean she was very much a Chavista loyalist, and, but the community she served in Miami and Florida were very much anti-government.

Q: Yeah.

DERHAM: So her clients didn't like her, they didn't like their government, and there's a little bit of irony in this whole thing. So, OK, so then we flash forward to January of 2000——

Q: Twelve.

DERHAM: 2012. And they have, I can't remember the term in Spanish, but they have the equivalent of what we would call our State of the Union speech where the president goes in front of the assembly, the national assembly, and gives a speech.

Q: Which all the ambassadors are——

DERHAM: The dip corps is invited..

Q: Is invited.

DERHAM: Right. And so you go there, it's a big event, and I was kind of——I'm kind of back in the peanut gallery because I'm not an ambassador, I'm a chargé. So the ambassadors kind of——they, they do it kind of, what would I say, half-assed protocol order. In the front row they put their friends.

Q: Yes, of course, the Cuban.

DERHAM: The Cuban, the Iranian, the Brazilian, and I could think of some of the others. And then they kind of go alphabetically by order by ambassador and then, and then the charges——

Q: And whoever else.

DERHAM: Yeah. So I have a seat and I get invited, so I go. But like the CELAC thing you get very nervous at these things because Chavez, Chavez can just, you know, insult the U.S. for hours. And I'm sitting there, what am I supposed to do? Get up, get out, just——

Q: Yeah, make a statement or not.

DERHAM: Well, and——

Q: An action.

DERHAM: And in fact, physically it's hard because the place is packed and they put these little flimsy chairs in there. And I'm in the middle of a row. Even if I wanted to get out, it would be, you know, I'd be climbing over people——

Q: (laughs)

DERHAM: It would be something else.

Q: Yeah.

DERHAM: So the other thing was, this was one of——Chavez I believe, after CELAC I think he went to Cuba for a number of weeks. So he had been out of the country for treatment on his cancer. And I believe that was the case. But in any case, people were interested to see what kind of shape he was in.

Q: Right.

DERHAM: And, and so with Chavez, so it was kind of a, as you're——of course they start half an hour or an hour late, whatever it is.

Q: Sure.

DERHAM: The place is packed and you're kind of shooting the breeze with the dip community. You know, talk to the people that'll talk to you and that kind of stuff. And so there's a certain amount of speculation about how long the speech is going to go on for. And the feeling is that this is probably pretty good news because he's probably not going to be able to do a real stem-winder and he'd been known to speak for like four hours or five hours. So people were saying, you know, this——

Q: No more than an hour (laughs).

DERHAM: No more——yeah, because of his health and everything else, and there was really no point in, in, in doing it. So all right. Yeah. The other thing is, the other kind of thing that was in the back of my mind is they haven't announced what their retaliation is yet to——on, on, on the——

Q: Oh, you thought it might be announced then?

DERHAM: Not only did I think it might be announced then, I thought it might be we're throwing out the charge.

Q: Who's sitting in the middle of the row (laughs).

DERHAM: At which point I got to get up and say bye-bye, OK, it's been real.

Q: (laughs)

DERHAM: So, but it was, it was a spectacle. It was—as I said, the place was packed, Chavez came in and the sort of deputies are in the center and the dip corps on the right. Deputies in the center and on the left there. And as he came in he had some byplay with—you know, he comes in and he's abrazo-ing (hugging) everybody.

Q: Oh yeah.

DERHAM: It's just—and the music's playing and it's just—and he looks in pretty good shape.

Q: Well, our State of the Union kind of is that. This is more.

DERHAM: This is sort of—and then in fact he had a back and forth with Maria Carino Machado, who's a national assembly deputy. She at that point—they had not yet had their primary. Yeah, the primary must have been later. I must have given you the dates wrong last time. They had not yet had their primary—the opposition had not yet had their primary and she was one of the candidates for the opposition nomination for president.

And she said as he—she's very well known, she's very controversial, very charismatic, very attractive woman, Venezuelan woman, in her late, late forties I would say or something like that. But very tough. And had, actually a long history of being an opposition leader. Most famously at one point when she came to Washington in a Bush administration they got her into the Oval Office with Bush, which was controversial within the administration at that point. The State Department thought it was a big mistake. But sort of whatever. So, but she said, she said to Chavez, she said something along the lines of—

Q: Could be heard by you all? Or this was just reported later?

DERHAM: It—no, it was reported at the time—I can't remember exactly how this—whether, whether she later, or later she just stood up or something, but what she said to him was, “I look forward to a year from now when you come in and you transfer the presidential staff to a woman,” she being the only candidate, a woman—

Q: So——yeah, yeah,

DERHAM: So, so Chavez went up, so finally gets up to the podium, we're finally going to get this thing going, and he talked about it I think, or that's——

Q: That's how! Ah, he announced it.

DERHAM: And he made the——and he used the phrase——and she was running behind in the opposition poles, and as it turned out she finished fourth and fifth.

Q: She didn't win. Right.

DERHAM: Yeah. But he, he said something to the affect, "Águila no"——what——doesn't hunt flies. The eagle——

Q: The eagle——

DERHAM: The eagle doesn't hunt flies, "*El águila no caza*," whatever flies is in Spanish, yeah. And basically that she was too——

Q: Too low.

DERHAM:——insignificant for him to worry about. But it was that kind of byplay. And of course throughout the whole speech——it's somewhat like our State of the Union when he says something for the base, they go crazy, the opposition goes crazy and, and whatever. OK. So I——there——two or three things to say about this, because this was, this was a——this was an event. He did actually——he, he covered everything. And——

Q: But he didn't expel you.

DERHAM: No, but he talked about the case.

Q: He did.

DERHAM: And he, he——it was unjustified, they shouldn't have done this.

Q: Right, OK.

DERHAM: Blah-blah, blah-blah, blah-blah. He said, "However, we've decided that we're not going to retaliate by expelling U.S. diplomats."

Q: Oh! So you got the word right there in your speech.

DERHAM: He did. And as I said, I was weighing whether it was going to be the consul general or the DCM and it was very surprising. And he said, "What we're going to do is,

fine, we're going to close the consulate in Miami." And what they did is they decided to shut down—he—they shut down the consulate. And that was——

Q: That was just serving the opposition anyway. Right?

DERHAM: It was just serving the opposition, and actually it made it tough for the opposition because now, for example, I think you could vote overseas was the Venezuelan system at that point. But that meant the opposition had to figure out how to do it in New Orleans. Because that was——New Orleans took over for Miami. So that was, that was one thing. Then there was the speech itself. So Chavez, when Chavez speaks or spoke, he would always—he would have some notes, he would have a couple books that he would refer to the books, I think I said——talk about that, and whatever. In the case of State of the Union, they have, they have kind of like a report, like that we have with the State of the Union Report of budget——

Q: The published version.

DERHAM: Yeah. No, but it was not a text. In other words, it's what each ministry is doing.

Q: Ah, OK, the budgets or the——

DERHAM: Right, and it's a pretty thick thing. It's not a Manhattan phonebook, but it's pretty big. So I was, I was watching the speech and we're like an hour, an hour half in the speech, and he hasn't actually——

Q: Turned the page.

DERHAM: Turned the page on this. So I'm saying great, because that means he's not going to do this. He, he, he's not going to go through this thing because we're an hour and a half in, he hasn't even started.

Q: You were wrong, huh?

DERHAM: I was wrong. We went through the whole thing. He spoke for ten hours.

Q Oh, my God.

DERHAM: He spoke for ten hours. He did not leave the podium. Now, he did not leave the podium——

Q: Did he not eat? Did he not drink?

DERHAM: Well, he drank. Now, there's theories that he had some sort of catheter or something so that he did not have to leave the podium because he drank, he drank water, he drank tea, *mate* or something, pro——

Q: And who knows what else.

DERHAM: Well, coffee too, as well. Yeah. And it was——now, in the——you could actually, you could actually leave the hemisphere, as they call it, and go to a rest room or something, you know, in the back or in the side there.

Q: People like yourself.

DERHAM: Yeah. So it wasn't as if we had to be immobile for ten hours, but we did——

Q: Did they feed you during that time?

DERHAM: What they gave is they gave us little snack packs when we first got there, and you used the snack pack. Nobody believed it was going to be anything like this, ten hours. It was just, it was just a physically——

Q: And did you stay?

DERHAM: Yeah. No, I stayed the whole thing. It was a great theater. And——well, the other thing is it's a problem for me to walk out.

Q: No, I understood that.

DERHAM: Right, they'd say, "Oh, the American left." He's going to speak. I'm invited, I'm going, I'll, I'll sit there.

Q: My God.

DERHAM: And he was, he was a kind of guy, I suspect like Castro——I've never really heard Castro speak——he's the kind of guy, you could listen to him and it's kind of interesting to listen to him and his thinking and the way he jumped from one thing to another and the way he'd tie things together and everything. And he was a great——he really had no notes. He did have the book, so he'd kind of flip through the book and he ki——but the book would just be, you know, it'd talk about this hydroelectric plant and he would start talking about and then talking about the community that he knew out there and some history.

And it was a very tour de force of a lot of different things. And it was fascinating in a lot of different ways. And then at the end——so then finally——it was like midnight when we got out of there or something. It was just unbelievable. And at the end as he came through he passed, he passed by the dip group. And I could have gone up to him and shook his hand and I said, "I don't think I need to do that." Although kind of on a personal, charismatic celebrity thing——

Q: Yeah, yeah, you might have wanted——

DERHAM: I would want to do it. But it was not, it was not——

Q: You didn't need the photo op.

DERHAM: No, I didn't need it and it wasn't going to accomplish anything else. And then, then he leaves the——then he leaves the congress and they're shooting off fireworks and the whole thing. So it was, it was an event. So anyway, that was January. The——in Caracas. I think in February, there must have been the opposition primary.

Q: OK.

DERHAM: And the opposition primary, there were, there were like six candidates. There was Leopoldo Lopez who's now in prison being railroaded, he was arrested earlier this year I believe, Pablo Perez who's the governor of the, the state with Maracaibo in it, Maria Carino Machado, Diego Arrias who's kind of this guy who's been around. And the guy who, who actually won, which was Capriles, and I can't even remember——Henrique, Henrique Capriles.

And it was funny because Capriles is——and he is still the leader of the opposition to the extent there is one person who's a leader down there. But he's a very young guy, like everybody else down there has——there's a certain history of fighting against Chavez and involvement in the coup in 2002, very intense guy, very kind of thing, great jogger. Not, not the best public speaker, certainly, certainly Chavez was much, much better public speaker. But for whatever reason he had——and it was kind of surprising that he won. The——but that he did have——

Q: Surprising because Lopez was more

DERHAM: Lopez is more charismatic and smarter. But Lopez had a legal problem, and so there's some question that even if he got into the election and even if he won, this legal problem, this case against him, would have prevented him from running. And in fact, I think he dropped out of the primary at the last minute. Pablo Perez was the governor of the state of——God——

Q: Well, you said——

DERHAM: It's Maracaibo.

Q: I don't know where——

DERHAM: It's a very important state and that's where most of the oil is.

Q: Yeah.

DERHAM: And it's a very powerful state. And he was, he's much more——looks much

more Venezuelan and the Capriles and Leopoldo Lopez. Somewhat like Chavez, a little bit——

Q: More indigenous——

DERHAM: Moreno——

Q: Or a little darker, yeah.

DERHAM: Yeah, a little darker. And so he was, he was considered a serious candidate. Maria Carino, she has a certain audience, but it's a very——

Q: A narrow base.

DERHAM: A narrow thing, and she never got——Diego Arrias is kind of an interesting guy, but he really never had a chance. But Capriles' victory was a little bit surprising and it was——and so there were a couple surprises. One was the participation. There were——my recollection is two million people voted in the opposition primary, which was a big number. And the second was, Capriles won easily. So coming out of February——

Q: Now, did you have——let me ask a question about how they were structured. Did you——you know, I mean here every state is different, but there are open primaries and then there are party membership only primaries. In which case was Venezuela? Did you have to be officially affiliated and——

DERHAM: No, because——

Q:——show that you were a member of the opposition to participate?

DERHAM: No. I think anybody——

Q: Who wanted to.

DERHAM: I think you had to register and it was——there's a lot of controversy in Venezuela about these registration lists because there's stories that——like the petition to remove Chavez in 2003 or something that's actually got enough votes to organize the referendum, that later on the Chavistas went back and looked at the name and retaliated against people who'd worked for the government. So people get a little bit, a little bit nervous about signing up for these things. But no, I'm pretty sure anybody could, could——anybody who wanted to——

Q: Could vote.

DERHAM: Could vote, could participate.

Q: So two million people showed up.

DERHAM: Two million people voted, my recollection is. It was——Venezuela has a very sophisticated, as I think I mentioned, very sophisticated electoral system and the electoral commission let the opposition essentially use the system.

Q: OK.

DERHAM: So that, that helped it. There was al——

Q: Keep it cleaner, so to speak.

DERHAM: Yeah, and it was clean.

Q: Yeah.

DERHAM: It was a pretty clear result. They were——but the opposition ran it like a regular national election.

Q: Yeah.

DERHAM: They had observers, the embassy——we sent out people to observe. They had observed——they invited sort of international groups to come down and look at it, and it was all, it was all done in a very kind of impressive way. The thing being, it's just an opposition primary. It's not, not, not the big show. But it was, it was impressive. And it was——and I think the opposition——you know, had a clear candidate, Capriles was very active, and Chavez's health and kind of the whole unknowns about——in Venezuela all the time, it, it gave them a certain amount of optimism that they had a shot in October.

Q: Yeah.

DERHAM: OK. So that was——

Q: February.

DERHAM: So that was February.

Q: Now, back to——going on to you for a second. Now, we're into——you've been there practically six months, right?

DERHAM: Right, OK. So my situation at that point is now clear, particularly after the Miami stuff and just, we're now what, in 2012?

Q: Right.

DERHAM: In the U.S. we're in an election year here. It didn't look like anything was

going to happen on the ambassadorial front.

Q: That's what I'm——yeah.

DERHAM: The other thing was I was running out of WAE time. There are limits, as you know. And by then I had decided that I was interested in staying at least through the October election. And WHA was fine with that.

Q: That's right.

DERHAM: So——

Q: So then the question becomes, what happens on your family front——

DERHAM: Well, we'll talk about that. The——but there are certain personnel——

Q: Oh right, of course.

DERHAM:——aspects. And the big long story, but they had to recall me to the Foreign Service. So I was recalled as of May 1st, 2012 for a year. And I actually didn't want to serve a full year. I kept telling myself gee, I want to get out of here in a couple months, I want to get out of here in a couple months. But there were actually some financial reasons where I wanted to stay until at least January, which had to do with the way _____ was calculated for retirement and just this big long story.

Q: (laughs)

DERHAM: And then to get an adjustment to your pension you have to do a full year.

Q: Oh OK.

DERHAM: So as it turned out I wound up doing——the timing in fact worked out pretty well. So what they did was they recalled me for a year. The one——all sorts of crazy stuff. What happened was I, you know, I came back for a week at the end of, or mid April of 2012, and they were converting my appointment. One of the things they had to do was they had to give me a full security clearance to go back and do the same job I had just been doing and, but anyway, so, but usually on these things if you work 'em, you can work 'em.

Q: Mm-hmm.

DERHAM: Turns out that the whole recall process is pretty discretionary. All DG has to do is sign a memo saying, "In the interest of the service this person needs to be recalled.

Q: Mm-hmm.

DERHAM: In my case there was one other angle that complicated it a little bit in that they had to give me an exemption for turning sixty-five too, which they don't like to do. Because they have legal cases that are, you know, people who don't want to retire at sixty-five and they turn around and they——

Q: Make an exception for you.

DERHAM: Make an exception for somebody. That's a problem. But they went ahead and did it and so I got——on my family situation, that was kind of interesting. The——in fact, over the year and a half I would say my spouse, Jolene, I would say she was there half of the time. And it was a combination of various things. For example, when, for the first marine ball, which was November of 2011 she was in Sao Paolo doing consular work at that point, which I was supposed to be doing, instead I was in Caracas. So she flew up and spent, you know, a long weekend for the marine ball. That Christmas, she came to post I think on her own nickel. Two of our kids came down and one of their friends.

Q: So that was just a family get together.

DERHAM: Right. And we went out to Angel Falls, we went to a baseball game, we did, we did all sorts of tourism stuff that you could do, and actually there are some things of interest there. And then——but the other thing was, we were always under the gun in the Consular Section and had a, a workload and were trying to get the waiting, manage the waiting period, and, and reduce it——

Q: For NIVs.

DERHAM: For NIVs. And in, you know, the big thing to discuss about what happens is once you get long waiting periods, all sorts of other distortions come in. People make multiple appointments, there are no shows. It's very hard to understand what's going on. So you much rather have, want to have a very short period between when you make an appointment and actually get the interview. So we were continually trying to figure out ways to, to, to work off the workload. The advantage that Jolene had was she was a consular officer, she's WAE consular officer. But she was easy——she got a visa as my dependent. And the Venezuelans, for reasons, who knows, while once, once the principal had gotten a visa there's no problem for the spouse and the kids.

Q: OK, so the original problem——because I remember you talked about——

DERHAM: Right, so I had to wait. So that, for example, if you wanted to bring just any, you know, Joe Blow or Jane Blow down to work as a consular WAE, you're going to have a problem because you would have to put in for a visa and then you'd have to twiddle your thumbs. Jolene had a visa because I had a visa. So you know, she——

Q: A diplomatic visa.

DERHAM: Right. So she ran into—I remember, the story she tells, she ran into Pat Kennedy at Costco and she kind of—they were talking and she said, you know, you know, Jim is down there. And said, “Yeah, why don't you go down and work as a consular WAE?” So she came down quite a bit. And—not quite a bit—but she was down there on and off sort of half-time.

Q: And they didn't call that a nepotism problem?

DERHAM: They didn't, because—

Q: Because you were not technically fulltime forever. Or what?

DERHAM: No, because she was WAE.

Q: Ah.

DERHAM: Because she didn't—I mean I don't know who WAEs work for. Well, you're a WAE—

Q: Well, separate conversation.

DERHAM: Who writes your EER?

Q: There's not an EER (laughs).

DERHAM: Yeah.

Q: No, but I was thinking besides that, in the case of consular there might at least be two levels between you because of—

DERHAM: Well, there were, there were levels. But it's a nepotism problem.

Q: Yeah. Yeah, yeah.

DERHAM: And in fact, if I had been chief of mission and she had been a regular consular officer it wouldn't have been permitted. But who knows.

Q: Anyway, so she didn't have an efficiency report and she could come and work for—

DERHAM: Right? Well, the thing is—and I think I can say this impartially—Jolene is actually very good about this nepotism stuff and I'm pretty good about it too. It—maybe it says something about our relationship, which is not necessarily a positive.

Q: (laughs)

DERHAM: But no, that's, that's, that's the fact. We've been in a lot of different situations

and I don't think anybody has ever said——

Q: Oh my, look at that, yeah.

DERHAM: You know, you know, Jolene would just run to Jim and stuff will happen. So that was kind of a personal situation. So the——so basically——so I came back, you know, May for the fin——for that year. And the——I mean the big event, of course, was the campaign and the election in October. The——we had Robin Meyer who was the political counselor who was the one who kind of——she organized the election reporting, she, she, she was——she had great contacts. She worked almost literally around the clock. She kind of drove her people, but got excellent work out of them and just——one of the most superlative offices I worked with. And it was just——we were frankly, we were blessed to have her as political counselor around that period. It was a very interesting situation. It was——Capriles ran a pretty good campaign.

Q: What was the day of the election actually?

DERHAM: It was like October 7th or something like that. October 10th or right around there.

Q: So before you ended——I mean before you get into it completely, is there system, you know, when we basically have a year where candidates are out there, you know, whatever. How long did the campaign go?

DERHAM: No, they have, they have a rule, all right? And I can't remember exactly when the campaign kicks off, but it kicks off on a certain date. Before date you're not really supposed to be doing stuff. Then there's a date and then you have a——and then it runs——it's like three or four months. It is——and it's a very kind of stylized campaign in that what they do is they have big mass, mass rallies, mass meeting that will go on for two to three hours at least. People will speak and finally the candidate will speak——

Q: In different parts of the country.

DERHAM: All around the country. And they will——and they were both kind of criss-crossing the country.

Q: Chavez himself is physically out there.

DERHAM: Yeah, Chavez is out there. Not as much as he used to be and I think he, at times he might have gone to Cuba once or twice during this whole thing. But he was out there. And he could——he was one charismatic son of a gun. And as I said, he would speak, he could speak for an hour, hour and a half, two hours, without notes, extemporaneously. Usually the way he started out his rallies when he was finally introduced, he would sing the national anthem. And he would sing it and there would be, there would be no music but the crowd would join in. And it was——

Q: moving.

DERHAM: It was, yeah, it was pretty powerful. And Capriles couldn't do stuff like that. I don't think he could sing.

Q: (laughs)

DERHAM: I mean he did try. And the other thing is the polls are very unreliable in Venezuela. So it was always kind of very hard to understand what was going on and what polls to give what weight to and how to, how to balance the polls. So it was never, it was never clear exactly who was actually really winning.

Q: Really? So there really was some doubt.

DERHAM: Oh, there was some doubt. There was some doubt. And you didn't know for sure. And there's all sorts of analysis. The, the——some of the arguments that Chavez might lose had——well, one of them was just kind of structurally. There's probably at least forty, maybe forty-five percent of the population who was inclined to vote against Chavez, regardless. You could run a dog and they would run.

Q: So the opposition was really that substantial.

DERHAM: Oh yeah, the opposition——yeah. No, the opposition is, there's a big group, there's——

Q: Yeah, yeah.

DERHAM:——a lot of unhappiness about Chavez.

Q: Oh yeah, oh yeah.

DERHAM: That is the tragedy of Venezuela. It is a bipolar society. And there is no——and the, these two sides, it's——become more and more polarized and they just battle and battle and battle. And it's never resolved and there's no common ground. Chavez used to say when people would criticize Venezuela, he would say, "Oh," he said, "Well, we'll get the U.S.!" He says, "They have an election fifty-two to forty-eight." But the thing is, in the U.S., even though, even with all our polarization, there is a certain respect for institutions, certain respect for the rules of the game, certain willingness to play by the rules and abide by them.

But really in Venezuela both sides are just anything goes, you know. And I, I, I mean that's a generalization, overgeneralization, but to a certain extent it's true. And it's just——and it's, as I said, it's a Venezuelan tragedy. So it was not clear. There are also, if you look back since 2000, since when Chavez took over in 1999, he did lose elections. He lost at least two. And although one of them was a congressional election where he wasn't actually a candidate but his people lost, and he lost, he lost the referendum on

constitutional changes.

Q: Right. I remember that.

DERHAM: So he did, he could lose. It happens. So that was, that was out there. The other thing is, when you looked at it, the opposition—you know, as I mentioned one of the candidates for the opposition in the primary was the governor of Zulia, very powerful state. Capriles, governor of Miranda, which is right on the outskirts of the city of Caracas.

Q: Right.

DERHAM: Very powerful state. And if you went through the states, whatever is twenty-two, twenty-three, twenty-four, the opposition in fact had governorships in quite a number of states. So those are the building blocks. Then you had the fact of Chavez's health. Everybody knew Chavez was, you know, fighting cancer. Nobody knew how bad or, or whether it was that bad. Chavez at various points said, "I'm cancer free." And I don't know whether it's lying or maybe technically it's true or something.

Q: He was in remission of some form.

DERHAM: Yeah—

Q: Whatever.

DERHAM:—or something. And then, but then at the same time he was saying stuff like this, there were these stories or reports or intelligence that, you know, he collapsed or something or he's, you know, he's on super meds or something.

Q: Right.

DERHAM: So there were doubts about, doubts about his health. There were also economic issues.

Q: Right.

DERHAM: You know, they have all this oil but they do a terrible job running the economy. It has to do a lot with their kind of socialist ideology or what they think their socialist ideology is. And the other thing that made you think that, you know, who knows, was the electoral system. The electoral system is, is, is good. It's good in the sense that for fifteen years I guess there's been this clash between the Chavistas and the anti-Chavistas.

And this at times, the OES has come into town, Jimmy Carter, other international groups. And over time they've evolved into a very complicated, very sophisticated election system. And it's probably, it's probably too sophisticated. You really don't need all these double checks and cross-checks and you get the fingerprints and you get the registry and

you do this and you do that. But it's set up there so——

Q: To avoid multiple voting.

DERHAM: No, it's set up that way so that both sides can have a certain amount of confidence that the result is going to be an accurate result. So that it's not an election that you could easily steal. So for all those reasons there was——you could not rule out——you could not rule out that Chavez could win——that Chavez could lose, Capriles could win.

Q: So you're now moving through this whole cycle of all these rallies and did they have public debates on television or anything like that?

DERHAM: They might have one, but I don't think——

Q: That wasn't part of——

DERHAM: No, no, and so for the opposition primary they did have a big debate of all the candidates. But as such, I mean Chavez, Chavez was, you know, in a way the slogan of his campaign was "Eagle doesn't hunt flies."

Q: Right, right.

DERHAM: And he would, I think he would not even refer to Capriles by his name.

Q: Uh-huh, that candidate or whatever.

DERHAM: Every once in a while he would throw in a bit of anti-Semitism against Capriles.

Q: Really?

DERHAM: Capriles himself is not Jewish, but——

Q: Comes from the background, right.

DERHAM: Yeah. At least half of his family was. And he——Chavez, typical Chavez kind of stuff. He could be nasty like that. And there was a couple of instances where——and there was one reference he made that actually has to do with, it's from Spain or something, the——

Q: You mean the Inquisition kind of——

DERHAM: No, the people that converted——

Q: Oh! Yeah——

DERHAM: Something like that. And he would make those references that he would just, he would just throw it out there. So that—and the other thing Capriles had, the problem Capriles—one of the problems Capriles had was he was not nearly as charismatic as Chavez, not, not, not nearly as good a speaker. He also—I mean the opposition's a mixed bag to people, kind of got neo-conservatives and kind of liberals and this, that, and the other thing. So Capriles really didn't have a very clear program except to say it was kind of Chavez-light. A lot of these social programs are good, I'm going to clean them up and make them run better, and that kind of stuff. Which, OK. But I think for the most part people, the way people voted in Venezuela was you either voted for Chavez—

Q: Or against—

DERHAM:—or against Chavez.

Q: Right.

DERHAM: Whoever the hell the opposition candidate was you were going to vote.

Q: (laughs)

DERHAM: So the, the hope I think was, and, and there was kind of very detailed analyses of this whole thing, but the hope was that the Chavistas could not mobilize their base as well as they used to. And it—and a certain segment of the, of the Chavista vote would not show up at the polls. It was not—it's not legally compulsory that you have to vote. So—

Q: Unlike the way Mexico used to be.

DERHAM: Yeah, Mexico's a lot of—I think Brazil too, I think you're, you're—

Q: Required to vote.

DERHAM: You're required to vote. And the hope was there'd be that abstention. The opposition would get all its people out and that would be, that would push Capriles over. The other kind of thing that was one other factor in this whole thing was the question of election observation. In the past when Chavez had been in a weaker position internally he had agreed to at times OES observation, Carter Center, and some other international groups.

This, this time they decided they didn't want to—they weren't really interested in—so OES they said no, no way. They did agree—I believe they agreed to Una Sur, which are the South American countries. But they're, they're kind of favorable to Chavez for the most part. And plus, they really don't have the level of expertise that like OES would have. Carter Center was there, Jennifer McCoy was there, but I think technically they weren't even observers. Although, although they did, they did play a role when they

were there. They would—I mean the people who are really into election observation will say that they need, they need not just to be there on the day of election—

Q: They need to be there beforehand.

DERHAM: Before, watch the media, do this, do that, and then the whole kind of thing. And, and the opposition really had a problem because, because the Chavistas had all the government resources, the government programs. They dominated most of the important TV stations. Although the opposition did have a presence in, in the print media and, and, and one or two TV sessions. So—and, but for the U.S. embassy who in the past had been kind of very active in election observations, we, we were not, we were not going to be accredited observers.

Q: Oh really?

DERHAM: Yeah, which created a problem. So, so, but just to, to, to go through that. For example, when we, when we, when we had the opposition primary, once again our political counselor, Robin Meyer, organized, you know, various teams that went out, places in Caracas, and a couple places in _____ just, just—

Q: To see.

DERHAM:—to report, yeah. The opposition of course loved it. They, U.S. embassy being—

Q: Sure, sure.

DERHAM: We organized a similar effort for the election. Problem with the election is we're not—

Q: Accredited observers.

DERHAM: Accredited observers.

Q: So you couldn't get too close.

DERHAM: Well, so that was, so I can't remember. We must have had like ten teams or something. Maybe three in the city, Caracas, and the others various places in the interior. And in fact, I went out with a couple. I think I went out with the DCM. And it was kind of—what you did was you'd just see what you could get away with. So you'd go to the election—I mean, you know—

Q: Yeah, yeah, yeah, I got it—

DERHAM:—around the country—

Q: You come from an Irish political background, you can handle that.

DERHAM: Yeah, and you could go and, and you could go until you got pushed back. At that point you back off. So we did that in the city. But what happened was somewhere—I don't think it was Zulia, I think it was Barinas out in the west there. And one of the teams—and what you'd do is you'd go from one polling place to another, so——

Q: Sure, look around.

DERHAM:——certain number. Right. So they visited——our team visited one polling place and they're on their way to another polling place and they're pulled over by the military and said, "Who are you and what are you doing?"

Q: Well, they knew full well who they were, right? But they were——

DERHAM: Well, no, and we had a script. We're, we're with the U.S. embassy, we're just watching to see what this process is like.

Q: Fair enough.

DERHAM: And you couldn't see I'm an accredited observer, because you weren't. And I remember I was kind of in the control center back there and, you know, we were in touch, we had good communications with everybody. And they were, you know, the military had pulled them over, trying to figure out what they wanted to do with them. And they were detaining them for the moment. And it was——and it was not the best team you would have wanted, because at least one of them was from DAO, which was military.

Q: Yeah.

DERHAM: Although not in uniform, but military, and the other——

Q: So they were wondering why the military's——

DERHAM: Well yeah, they were, and I can't remember who the other two or three were, but I think it was all guys and it was a little bit, you know——

Q: They weren't your standard political officers.

DERHAM: No, they weren't. Might look like three Navy SEALs or something.

Q: (laughs)

DERHAM: And during this time there were, you know, we had various cases of Americans, for example, being picked up at the border with Colombia, and Chavez——we had one case where Chavez said, "This guy's former military from U.S.

military. Doesn't——can't give us a good explanation."

Q: Of why he's there.

DERHAM: Coming in. You know, we had a refinery that blew up and there were some questions about who was behind that. And Robin Meyer was accused of being behind that.

Q: Wow.

DERHAM: And, and at times you worried about the safety or your people too, particularly some of these——there was stuff that was put out in the media sometimes. But to get back to on Election Day, there was the——so there was this incident, and I was getting very nervous. Oh man, I don't need this. You know, that they would be detained or something. This would be a real mess. And I remember, you know, I was talking, said maybe I should talk to the general or whoever the senior military guy is and I'll try to talk him out of it and this kind of stuff. Ultimately, they let him go. And we instructed them, "Get in your car, come back to Caracas. Your mission is over."

And then later that day, Greg Adams, who was our PAO, and his team ran into a problem at a university or something. This would have been maybe mid-afternoon at this point. And they were——they might have been detained sort of in a very light way for a little bit. And at that point when I got the second report——

Q: You said let's call this, come home everybody (laughs).

DERHAM: That's right. This observation is over. And so we're not, we're not going to do that anymore. So that was the——but actually, for the most part we accomplished what we wanted to do on the election observation. You couldn't——as I said, it's a very sophisticated system——you could get an idea of turnout and you could kind of, you know, see if people were, were lobbying right outside the polls, they weren't supposed to do a couple of other things. But it's not that you really discovered sort of big revelations one way or the other.

Q: So how long did it take for them to announce the results?

DERHAM: They announced the results that night.

Q: Mm-hmm.

DERHAM: It's a very sophisticated system. They——basically what happens is once the local polling station——

Q: Closed.

DERHAM:——closes, they count it kind of once or twice. They have a countercheck

between what the machine says and there's a paper ballot to see what the machine says is right, and then they send it into Caracas. For the most part the opposition should have somebody at each, at each polling place. There was some dispute about whether they got as many as they wanted. The opposition had hoped to have—to give you an idea of the dimensions of this thing—the opposition had hoped to have two hundred thousand people participating on that day, either as observers or in headquarters or whatever. And they claimed they, they, they, you know, eighty, ninety percent, whatever it was.

There was some controversy whether they did that well. And then what happens is they do all of the voting. And it was fair, I'm thinking 10:00pm, 11:00pm. Polls maybe closed at six. But it's one of these things where people are still in line, you get to vote, so, so you absolutely didn't stop at six. And then the thing is on the election commission, which were five, there were five commissioners, one of the commissioners was very much in opposition. So you had somebody on the commission that was there.

Q: Balancing, mm-hmm.

DERHAM: And one of the tells that we always thought was when the commission comes out to announce the result, if the opposition guy is not there that's a signal there's a problem. Because he wouldn't go out and make the announcement if he—but in fact, he came out as well. They came out, they said Chavez had won. Chavez had won fifty-five to forty-five.

Q: Which sounds like about the right split in the country if everybody does what they—

DERHAM: It was a credible result. I thought it was a credible result, although there's always stories that, you know, the whole thing was robbed. Capriles accepted the result. And in fact, I think he called Chavez that, that, that night. Just to back up to the, to the end of the campaign, Chavez finished his campaign in Caracas and you had to—it's one of these things where you had to stop like three or four days before the, before the actual election. And he had this—watched it on TV. Although you could actually see parts of it almost from the, where we were at the embassy. Gigantic rally in downtown Caracas. And it was—it's one of those days where it poured rain. And—

Q: Still there was a gigantic rally.

DERHAM: Oh, it's a gigantic rally. And there's, there's shots of, of Chavez in the rain sort of just, just walking through the rain looking at the crowd and looking at the sky and everything else and it was just—

Q: Moving, almost made you want to become a Chavista!

DERHAM: Yeah, no, vote for him and then, and then sort of at the end of the rally the, the, the—actually I think the sun comes out. Which is kind of a typical weather pattern there. The—and Chavez talked about the rain from heaven or something. He was really into the whole thing.

Q: Yeah (laughs). So let's move on. We've got him elected. Now what?

DERHAM: Right. We got him elected in October.

Q: Right.

DERHAM: So then——

Q: When he was going to officially take——when do they have an inauguration again?

DERHAM: Yeah, they do, January.

Q: OK.

DERHAM: So he was——OK, so the election is over in October. The——he then kind of maintains a low profile for a couple weeks, kind of resting up and stuff. But he's around, he's around. And then I guess then we're in the——

Q: Probably the embassy's taking a little breather too I would imagine after all the buildup of——

DERHAM: Well, a little bit of a breather, but it turns out they have gubernatorial elections in December.

Q: OK.

DERHAM: So all the gubernatorial seats are up. And just to talk about that for a second, it was——it——the feeling was that since Chavez wasn't going to be on the ballot, you know, that maybe——and the opposition already controlled a number of the important governorships that the opposition would do well. The opposition got clobbered in the gubernatorial elections.

Q: Why?

DERHAM: They lost all except two, or something. Capriles, being one of the guys who was elected——

Q: Oh, he did keep his——or——

DERHAM: Well, he ran for reelection and in fact he beat Hawa, who had been the vice president, a very prominent Chavista. And, and that, and that and a couple of other things kind of cemented Capriles' position as leader. Because after he'd lost to Chavez, you know, there's some discussion about well, maybe we need somebody else to be the, the, the——

Q: The leader.

DERHAM: —the head here. But in fact, Capriles won again in Miranda, there were only one or two I think positioned governors, one against the very high profile Chavista candidate. And as it turned out, there was going to be another election in I guess April. Capriles, even though everybody thought it was going to be a total losing proposition, Capriles opted to run again in April of the following year for president. But that gets ahead of the story a little bit.

Q: Right.

DERHAM: So Chavez was low profile, there were health questions, and then—and this is kind of typically the way they did these things—in the middle of the night he went to Cuba. And kind of no explanation, no, no advanced notice—

Q: This is what, November or December?

DERHAM: November, I think November. Maybe mid-November, late November. And no explanation except he's going to get a checkup or something. And then he—and no advanced notice, no indication of how long, no indication what's going on.

Q: Right.

DERHAM: No indication of anything. And in the meantime Maduro by that point has become vice president.

Q: Because the other guy had run for governor and lost.

DERHAM: Right, exactly. And, and, Chavez, Chavez had actually wanted Maduro. At one point Chavez said Maduro's going to run for governor too. And the story of Maduro was like a body blow when he heard that. But Chavez later changed his mind and moved him up to vice president. And so Maduro was, was, was vice president. So this is late November, all sorts of rumors about what's going on.

Q: OK.

DERHAM: Then in like December, first week of December—I think maybe just before the gubernatorial elections, but I can't remember what their exact relationship was. It was a Saturday night. Chavez returns to Caracas from Havana. And what Chavez could always do, and which was the opposition, used to drive the opposition crazy, he could get a *cadena*, that is a national transmission of whatever he was going to do. So, so Saturday night he goes on TV to Venezuela—

Q: To say he's home.

DERHAM: No. And he's got Maduro, he's got Diosdado Cabello, who I guess is

president of the congress or something, sort of Maduro's rival, one or two other people. And it was - actually I didn't, I didn't see it. I don't know, I was drunk or asleep or something.

Q: (laughs)

DERHAM: But I saw it later on, and you can read the transcript. And it was Chavez. And he came—he, he started out and then he, he started out the program or whatever the hell it was, and he says, he says, “Diosdado,” he says something like, “Diosdado, here we are, it's a Saturday night, you know, here we are.” And sort of Diosdado, yes, comandante, presidenté. He says, “You know, what was that movie with John Travolta, ‘Saturday Night Fever’? Remember that movie, Diosdado?” And he——

Q: This is on television?

DERHAM: This is on television, this is, this is, as I said, he'd just come back from Havana. I mean one thing Cuban and Venezuela are pretty close, so it's not a, not a, not a gigantic really long fight. And they kind of do this and——it was, it was classic Chavez. He would just kind of riff off the top of his head in a very kind of entertaining way about this. And then he got around to the reason he's making a speech. He said, “Look,” he said, “they've been sort of checking me out and it looks like they're going to have to operate in a serious way. And so I'm here to tell you”——

Q: After we chat about “Saturday Night Live” we're going to talk——

DERHAM: “Saturday Night Fever,” yeah.

Q: Oh yeah, “Saturday Night Fever.”

DERHAM: So, and yeah, no, and he, he kind of——no, he was kind of the opening, the casual stuff, and then he's sliding into the——and he said, he said, “Look, I'm intending to be back.” He said, “They'll, they'll, they'll lift this thing and, you know, I'm looking forward to taking office and to, you know, running the country for another four years,” or whatever the hell it is. And he says, “But” he says, “if something should happen to me,” he says, “I want you all Venezuelans to know”——

Q: Go ahead.

DERHAM:——“I want all Venezuelans to know that Nicolás Maduro is, is the one that should, should be the one to carry on.” And, and basically that was the message. And that was the public anointing of Maduro and the acknowledgement that something was going to go on there.

Q: Right.

DERHAM: So he went back to Havana. They——and they did operate. I think maybe

just before Christmas, though I can't remember the exact timing. And then, then the usual BS, doing well——

Q: Did he come home then? I can't remember anymore. Or did he stay in Havana for how long?

DERHAM: He stayed in Havana for a number of weeks. And——

Q: With Maduro basically in charge. Or not officially?

DERHAM: Well, that was very unclear.

Q: Yeah.

DERHAM: Because they would claim they would be going in and talking to him and he would be making decisions and everything. And then you'd hear other stories that say well, he was in such terrible shape, he wasn't doing anything. And then, and then what happened was they have a date in the constitution about when the president gets sworn in, like January 15th or something. And I think he might have still been in Cuba, but I'm a little unclear on the timing. But it was clear he was not going to be able to——

Q: To make the date.

DERHAM: To——certainly, he wasn't going to go up to the congress and swear in. And then the opposition got all spun up about well, then it's vacant and then Diosdado should take over. Now, Diosdado's a Chavista, so Diosdado's going to do what the Chavistas want him to do. And, and there was this kind of sterile argument about who is, you know, who is——

Q: Who's going to really be in charge?

DERHAM:——who's going to really be in charge and what the constitution really says. And it was all——and, and if, if he should leave does there have to be another election, or Maduro can just take over. You know, it was all——it was very uncomplicated because——I mean the constitution itself is pretty recent vintage, did not anticipate the kind of situation they were going through, where he had been reelected and dying at the same time. So finally I think sometime in January, maybe before the 15th, might have been before the 15th, he came back to Venezuela. But he came back to die. I think, I think people had made a decision that——or he had made a decision that he didn't want to die in Cuba. So he had come back to, to, to Venezuela. There were still——once——there were almost these kind of like proof of life pictures. There was one of him talking to his daughter looking at a newspaper, something, so I guess he was alive on that date kind of thing. And, but, and once again there were stories that supposedly he was consulting about it. And then——

Q: But he did not go through the swearing in procedure.

DERHAM: He did not go in the swearing—they had—they went to the courts and they went to that and the—ultimately it came out, a couple different things. One was he didn't have to go, it was kind of automatic. He won't the election and they could just say he was—

Q: Be sworn in at home.

DERHAM: Well, they—actually there was some discussion maybe they should do that. For some reason Chavistas didn't want to do that, or maybe they didn't want to bring people in to actually see them because he was in such bad shape. It never happened. They just, they just bluffed their way through and said, “He doesn't need to”—he's president—

Q: And he will remain president.

DERHAM: - he's been elected—right. And then we don't need anything else. And then—and, and so that's the way that went until—I'm a little bit—I have when he actually died.

Q: Check because I can't remember how many minutes this thing goes.

DERHAM: So he—I'm thinking he died in February. No, maybe he died in March. And—

Q: So basically you got a period of kind of blur. I don't mean blur for you, I mean blur in the sense that he's alive but no one exactly knows what the situation is and everybody's kind of muddling through.

DERHAM: Well, some people do, of course. Maduro knows—

Q: No, no, no, I'm talking about—

DERHAM:—Diostado knows, but the general public, nobody knows—

Q: Yeah, that's what I'm saying. Yeah.

DERHAM: Nobody knows, it's terrible. And, but the Chavistas kind of rallied around Maduro and he was, I think he was—I can't remember whether he was president of functions or not, but in practice he was, he was in—

Q: But just to be clear, we're now in February, so to speak, 2013.

DERHAM: Right.

Q: So we're—this whole process is the beginning of the year of 2013.

DERHAM: Right, exactly.

Q: Yeah.

DERHAM: OK. And also, my, my year is starting to——

Q: Wind down.

DERHAM: Wind down. I had talked to WHA. WHA actually in the person of Kevin Whitager wanted me to stay. And——

Q: Beyond the——

DERHAM: Beyond the year.

Q: Mm-hmm.

DERHAM: And I had, I felt that the timing was good to leave. I still think that was a pretty good decision. But there were actually reasons to stay, actually financial reasons for me. But I, I, I didn't, I could have stayed until maybe early 2014 for, you know, would have been financially attractive. But I told Kevin no, that I was going to leave. And so I was hoping to leave——well, so what happened. So he——so I'm thinking maybe first week in March, a little bit unclear, but it's right around there.

Q: Well, you can check the dates.

DERHAM: Yeah, no. So it was clear that they were getting more and more and more stories and blah, blah, blah, but nobody really knew. And then finally I think it was maybe a Wednesday or something. And in the middle of the day, Maduro comes on TV. And he says, "I have a very important announcement," (*laughs*). And the announcement was, "We have found out that two members of the U.S. embassy, DAO office, have been inappropriately involved with the Venezuelan military and we're expelling them." And you know, I was, I was in my office watching the TV, I was waiting for the announcement of Chavez's death! And instead this thing came on.

Q: Did you know about this?

DERHAM: We didn't know about it, and the irony is that the previous Sunday the Foreign Ministry, the foreign minister had hosted a cultural thing promoting Venezuelan culture, and invited the dips, the——

Q: Yeah, yeah.

DERHAM: And I had a chance to talk to the foreign minister. And we both agreed we wanted to improve relations and that we would, we would try to——

Q: Make things——right.

DERHAM: There were certain conversations going on and we were going to try and do this. No hints at all. Now, I don't know, he might not have known. This is the way that place worked. So anyway, Maduro came in and announced they were expelling two DAO people. And of course in the embassy that creates all sorts of turmoil, you've got to figure out what's going on, how to get these people out, their families and what that——what was the reason, there was no real reason. And I kind of poked around on that quite a bit. Two hours later he comes on a second time to say Chavez is dead. And I mean I——so——but that's, that's the way, that's the way it worked. So Chavez I think was——

Q: Well, did they expel the two guys?

DERHAM: Yeah, sure.

Q: I mean that wasn't just a——I mean when you first said it I thought that was just to stir, or make attention shift to——

DERHAM: I don't know if——I suspect it had something to do with internal dynamics in the Chavista regime.

Q: OK, so it wasn't that they were——

DERHAM: And somebody came to Maduro and said, you know, the embassy's trying to stir up the military against you. And Maduro is very mercurial, reacted strongly or wanted to show how tough he was or whatever. There's one version that he got the wrong guy. Of course _____ came on after Maduro and actually gave a second name. And it's not clear they knew what the hell they were doing at all.

Q: OK.

DERHAM: They might have made a mistake——

Q: But those two guys left the country.

DERHAM: Those two guys left the country. So then Chavez was buried. I think March seventh is the date that sticks in my mind. And it was a big deal. We sent down a delegation actually. We sent down Della Hunt who was a former congressman. And the guy Meeks, Gregory Meeks, congressman from Brooklyn. Both of them——Democrats——both of them had some history dealing with the Chavistas. And it was actually very well received as kind of a——

Q: Positive gesture.

DERHAM:—olive branch, and Maduro commented on it a couple different times. I was a little bit unhappy with that whole experience because when we went over to the actual, to the funeral ceremony it was me and the two from, from Washington, or, or the two from the U.S. They, and I think probably deliberately, would not let me go into the actual chapel. So they said it was only going to be two. And it was Meeks because I, I, I decided I'd have to let Meeks and do it. I wasn't going to make them, one of them sat in the outer room. But it was a little bit annoying. So they, so they had the funeral. And then at that point I was hoping to leave in late March, the first week of April. But they—at that point they had to have another election. So they set the election for I think April 13th or April 14th. And WHA said—

Q: Stay through the election.

DERHAM: Stay through the election because it would be misinterpreted if you left—

Q: If you left.

DERHAM:—before the election. So I did stay through the election. We did kind of—same drill again. It was Capriles—Capriles I thought very courageously because the, the thinking was that—and it was fallacious thinking, I'm not quite sure we were even thinking that way. The thinking was that Maduro was going to crush 'em. It was going to be—you know, with all the, the machine, the sympathy vote, and all that. There's a different argument, which I toyed with, but I never actually got a good—never followed through on it—was Capriles would get anyone who voted for him in October. Anyone who voted for Capriles in October would vote for him in April, because nothing had changed. And there were people who voted for Chavez—

Q: Who wouldn't bother voting for Maduro.

DERHAM:—who wouldn't vote for Maduro. And in fact, it was a very close election.

Q: Yeah.

DERHAM: And they didn't—unlike the other earlier time, they didn't announce the result until the early morning hours. I believe the opposition director did not come to the table. And—

Q: So it may have been questionable whether he really—

DERHAM: Well, the thing was, it was close enough that—

Q: They needed a recount, or a revote.

DERHAM:—they needed a recount. And at one point Maduro kind of agreed to a recount, and then later on kind of misspoke or something. And actually Maduro gave a terrible speech that night and it was just, it was just a terrible show. He just—in

comparison to, to Chavez he's just not, he's just not there. So that would have been Sunday. I was going to leave Caracas on Tuesday. So Monday, my last actual day in the office, they convened the diplomats and lots of other people and basically it's Maduro kind of taking a victory lap. So I called up WHA, I called Kevin. I said——

Q: Do I have to go?

DERHAM:——“Do you want me to go? If you want me to, I'll go. But what we're signing on to, this election will result in a certain way.”

Q: By showing up.

DERHAM: Right. And Kevin said, “Yeah, you should go.” And I called him two or three times and he said, “You should go.” And we went there and it was one of these big dog and pony shows and it was of course late, an hour and a half late or something. And you know, I'm getting on a plane in the morning——

Q: And you're worrying if he's going to be Chavez-like or paid hours for——

DERHAM: And, and, you know, worried that I'm going to be, either be insulted or shown, you know, shaken his hand. And in fact, he was——I was kind of sitting in one of the front rows, not really in the center but off to the, on the dip side. And he came by and he kind of shook everybody's hand. And I just had——I was there, I shook his hand. And it was carried on Venezuelan TV, so these guys saw it back at the desk. And they said, “Oh,” they said, “they must have put you in the front row purposely so you'd get to shake hands.” No, that's the seat I was in, I just happened to get there and wanted room to stretch my legs and stuff. So I——so that was my last activity in Caracas. Shook Maduro's hand.

Didn't get back to the embassy. I didn't even get to say goodbye to Kelly, the DCM. I told her to go home, I mean there's no point in waiting around until the middle of the night for me. Went to the embassy, cleaned, final clean up of my desk and everything else, all my stuff had already been shipped, and then, then the next morning when the guys picked me up to take me to the airport they said——it had been tough moving around, there had been, you know, riots in the streets and stuff. And I got on the plane and because I was chief of mission I'm entitled to business class when I arrive at post for the first time——

Q: And when you leave.

DERHAM:——and when I leave. When I was in Guatemala, since I drove——

Q: You didn't take advantage of it.

DERHAM:——I wasn't able to do that. And the——and when I got to Caracas I guess as chief of mission it would have been _____, I was in such a sweat to get my security clearance and everything else I just flew down anyway. But I finally got my

business class, my business class trip.

Q: Your grand departure.

DERHAM: Yeah, right.

Q: Yeah, before we leave this, because you may want to add some things when you're going over this, but had they at this juncture selected someone to come down there?

DERHAM: No. What they decided, they were going to let Kelly——

Q: Run it until——

DERHAM:——for a while. Yeah. Well, she had been down there, she had predated me a little bit. And it was not——there was some reason some people thought that maybe——I had been sent down because of my experience and everything else. But there were other people in WHA who said, “Kelly? She can do it.” What they did, they sent down a DCM, Phil _____.

Q: To help.

DERHAM: To help her, OK, which is what they did. So that's me in Caracas. The only——just to wind this up——when I did the last thing I've done for State was——pretty much——was I worked for OIG in second half of 2013, beginning 2014. And I led the inspection on EB. It's interesting because my first job in the Foreign Service in 1974 was——

Q: Was in EB.

DERHAM: Was in EB.

Q: Alpha and omega.

DERHAM: Right, forty years later.

Q: (laughs)

DERHAM: I closed the book.

Q: I think on that note, you might want to add to the book when you have a chance, but I think we're sort of wrapping it up.

DERHAM: We are.

Q: OK.

End of interview