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

AMBASSADOR JOHN C. HOLZMAN

Interviewed by Raymond Ewing
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INTERVIEW

[Note: This interview was not completed.]

Q: I always like to begin by asking you really two questions; one, when did you enter the Foreign Service and what did you do before you entered? How did you get interested in the Foreign Service, where did you go to school, where did you grow up?

HOLZMAN: I entered the Foreign Service in 1973. I grew up in Honolulu, Hawaii, a small cluster of islands in the middle of the Pacific Ocean. When I was a child, I used to think of traveling and living in exotic and faraway places. After graduating from high school, I went to college on the mainland, graduated from Georgetown University.

Q: You went to undergraduate at Georgetown?

HOLZMAN: At Georgetown, was drafted into the army, served two years, did not go to Vietnam, and then attended Johns Hopkins SAIS (School of Advanced International Studies) in Washington. I spent my second year at SAIS in Bologna, Italy, which caused me to learn firsthand that the idea of a career overseas was even more interesting than I had thought. I took the Foreign Service exam in Florence, Italy, came back to Washington, took the oral, and entered the Foreign Service. I graduated from SAIS in maybe June of ’72 and entered the Foreign Service early in ’73, in January of ’73.

Q: What year were you at SAIS and Bologna?

HOLZMAN: I was in Bologna ’71-72, my second year at SAIS.

Q: So you came into the Foreign Service in 1973, you had Italian?

HOLZMAN: I had a smattering of Italian and spoke French pretty well.

Q: Where had you learned your French, at Georgetown?

HOLZMAN: At Georgetown mostly. I had taken high school French and then took it at Georgetown and at SAIS, and passed proficiency tests at both schools. I was pretty good in French. I knew the grammar, had some vocabulary, could read fairly easily, and spoke with effort.

Q: When you entered the Foreign Service you came to the Foreign Service Institute, took the A-100 class which has been described innumerable times in these interviews so I think we could probably skip that but what other training did you do before going to your first overseas post?

HOLZMAN: Well, not much at all. While I was in the A-100 class the moment arrived when the instructors announce the available assignments. I was an economic officer and was surprised to learn that there were only a couple of open jobs overseas for junior Econ officers. I think there was a job somewhere in Latin America and another elsewhere, perhaps Dahomey, now Benin. As a result, it appeared my initial assignment would probably be in the Department in Washington. It was a letdown and I was disappointed, to put it mildly.

Then the members of the A-100 class were invited to an evening "get acquainted" reception with senior officers who had been around and knew the Foreign Service well. I was talking to a fellow—a senior officer—at this event and he asked me what languages I spoke. I said that I spoke French, and he asked, "Would you be interested in going to Africa?" I said, "Sure." The next morning I was called out of the A-100 class and asked if I wanted to go to Conakry, Guinea, which no longer had an economic-commercial officer. The incumbent had left early and the post was desperate to fill the position. And that is how I ended up going to Conakry.

Q: You already had the French.

HOLZMAN: I had French and at Georgetown and Hopkins I had studied mostly economics, more economics than anything else, and so they were happy to have me in Conakry, especially since no one else would go there. It was not a desirable posting in those days and it probably still isn't. I was happy to go. Just the idea of going overseas excited me as did the idea of working in Africa. The fact that it was an extreme hardship post did not daunt me; in fact, it made it seem all the more adventurous.

Q: And you had entered as an Econ cone officer.

HOLZMAN: An Econ cone officer, that's right.

Q: So you went to Conakry in 1973.

HOLZMAN: My second daughter was born just as the A-100 class was ending. The Ambassador out there, Terence Todman, wanted me out immediately. I said, "Well, my daughter had just been born, could I please wait a month or two?" He agreed and, lacking any alternatives, they put me in a French class for a month or so, and then we went to post. I guess we got there in May of '73.

Q: And you were the Econ/commercial officer?

HOLZMAN: I was the econ/commercial officer. There was the Ambassador, the DCM, another fellow who was the political officer, a consular officer, a couple of admin and me, the econ/commercial officer. I was fortunate because Todman was a terrific ambassador for me. The DCM was a guy named Roy Haverkamp. Roy was a good DCM. He was tough on drafting and that was good. Each morning at 6:00 AM I had to listen to the Guinean news in French on the radio and make a report at the staff meeting. I'll never forget, each broadcast began with, "Good morning, militants of the African revolution. You are listening to The Voice of the Revolution." Terribly boring stuff, almost always long, tedious speeches by Sekou Toure. But I had to do it. What was great about Roy was that he pushed me out of the embassy and said, "Get out of the embassy, start working, and come back and tell us what you did." So basically he and Ambassador Todman allowed me to go out and make mistakes. When I came back, they would explain how I could do better. Ambassador Todman, especially, could be pretty blunt about that, but always in a helpful way, I thought.

Q: Probably always fair too.

HOLZMAN: He was a demanding ambassador, maybe one of the toughest I ever worked for but I always thought he was fair. Very conscious of his prerogatives as Ambassador. However, if you were a junior officer, he was supportive. It was a good experience for me. I went all over Guinea. I went places I don't think Americans had been in years and years.

Q: Todman went on to be ambassador many other times.

HOLZMAN: Multiple ambassadorships.

Q: He became a career ambassador and had a very distinguished career. That may have been his first one?

HOLZMAN: His first post as ambassador was in what was called in those days Fort Lamy, now N'djamena, in Chad. Then he went to Guinea and then to Latin America and then to Europe. Denmark and Spain, I believe.

Q: OK, so you traveled all over, you did a lot of things. Guinea in those days?

HOLZMAN: Guinea was ruled by a totalitarian, left wing tyrant named Sekou Toure. He was a brutal dictator, suspicious of the West, and based his rule on tribalism. One way or another he had eliminated most of his rivals. There had been a white mercenary commando raid on Conakry, the capital, several years before I arrived. The mercenaries came from South Africa, I believe, and the raid was connected to Sekou Toure's support for the freedom fighters' struggle against Portugal in Guinea Bissau. Rightly or wrongly, the raid confirmed all of Sekou Toure's suspicions about the West, especially France and to a large degree the United States. It perhaps also allowed him to impose even tighter controls in Conakry. His militant followers were armed and they would set up checkpoints all over Conakry. When you drove around Conakry after dark, young men

would stop you at roadblocks—kids really, 14, 15 years old—poke their rifles in your car and demand to see your ID.

Q: Ask for money?

HOLZMAN: Just ask who you were. They didn't ask us for money, I guess because we were foreigners and diplomats, so that was good. My guess is that wasn't so easy for Guineans.

Speaking of Sekou Toure, within a few weeks of my arrival, David Newsom, who was the Assistant Secretary for African Affairs, came out and had a meeting with him. Todman took me along as notetaker. At the same time Newsom was in Guinea, or just before, a plane load of Peace Corps volunteers was detained in Uganda by Idi Amin. Amin claimed they were CIA spies. In that meeting in Conakry, Newsom asked Sekou Toure if he could be in touch with Amin about this and help get Amin to release the Volunteers.

Q: Newsom asked that?

HOLZMAN: Newsom asked that. Sekou Toure said he would. And in fact the volunteers were released, and Sekou Toure claimed he had made a phone call. Whether or not he did I have no idea. I don't think anyone else did either. And if he did, who knows if it made any difference. There may have been many other things going on. But for me, a brand new junior officer, here was an event going on on the eastern side of the continent and I was listening to a very senior Department officer asking a head of state to do something about it. I was impressed.

Q: That probably didn't happen too often, you meeting with the head of state.

HOLZMAN: Actually it did. There weren't many embassies in Conakry and the country was basically off the beaten track. So it was not too difficult for visitors or chiefs of mission to see Sekou Toure. Todman had pretty good access and oftentimes I would be the notetaker at those meetings. I also attended some of Sekou Toure's mass meetings and when he saw me there, he would always say hello to me. I don't know why.

Sekou Toure was certainly not a good president but he had an amazing ability to charm Americans. Our AID program had closed down a few years before, and Todman wanted to get it going again. There was limited PL-480, but no technical or other assistance. Todman argued that there was desperate need in Guinea because of the Sahelian drought and that Sekou Toure's government would be cooperative. My recollection is that AID was absolutely opposed to this idea and didn't want anything to do with Guinea. In any case, Todman somehow convinced AID to send somebody out—perhaps the AID office director for West Africa. This person made it very clear before he even left for Conakry that he was opposed to any aid beyond limited PL-480. He said, "I am coming out there only because Ambassador Todman has insisted on a visit. I have no interest in doing anything additional for Guinea."

The DCM and I went to the airport to greet him, but he didn't leave with us. Sekou Toure swooped in, escorted this AID fellow to his white Cadillac convertible, and drove off who knows where. We didn't see him again for two or three days but we did hear radio reports about his visits to towns all over the country. When he resurfaced, he was exhausted and so excited about helping Guinea that he wrote a 15 or 20 page cable on why AID needed to do so soon. Sekou Toure had worked his magic. In the end, we got a little bit of assistance, not much.

For me, Conakry was a terrific first assignment. I did things I never imagined. Take debt collection as an example. Each year we would send PL-480 to Guinea, but before we could the government would have to be current on the interest payments it owed us, which it almost never paid. So I would go down to see the head of the central bank—a nice fellow—and explain this to him. Within a few weeks he would manage to come up with enough money to pay off the back interest, and we would make another shipment of PL-480 to Guinea. And that's the way it went.

Q: Were there Peace Corps volunteers in country?

HOLZMAN: No. There had been Peace Corps volunteers early in the sixties and then again at the end of the decade, I think, but they left at the time of that mercenary raid.

Q: Were there any American business interests in the country?

HOLZMAN: There was a big American investment by Alcoa, its Canadian sister company, Alcan, and a French aluminum company extracting bauxite. They had a big open pit bauxite mine in the north of Guinea. The Russians had one in the central interior. Guinea was a mineral-rich country. So, yes, we did have a big investment. That money would be channeled from the mine, I think, to the IMF or the World Bank. They didn't want Sekou Toure to get his hands on it too fast.

Q: So he would benefit from the employment, other things but

HOLZMAN: Guinean employment was not significantly boosted in that part of the country; it was largely a highly mechanized enclave project and there were not too many connections to the economy. Lots of expatriates.

Guinea, at the time, had to be certainly in the bottom five or ten countries in the whole world in terms of most social indicators—health, nutrition, access to clean water, literacy, every indicator you could imagine. It was a terribly poor country. A large portion of its population had simply walked across the borders into other countries. The local currency was so overvalued that the economy was crippled. Conakry's markets, which should have been bustling, were empty. Sekou Toure was not a good ruler at all. I think to this day Guinea is a country that hasn't succeeded very well despite its resource base.

Q: Minerals, primarily?

HOLZMAN: Minerals. Bauxite, iron ore, maybe some gold.
Q: Is Conakry on the coast?

HOLZMAN: Conakry is on the coast. In fact, Conakry is an island that is connected to the mainland. You almost don't see it because it is largely built in. Guinea is just a tiny little country, sort of kidney shaped.

Q: Near Senegal, right?

HOLZMAN: Yes, and Mali. It touches on five countries, I believe.

Q: Liberia.

HOLZMAN: Liberia, Sierra Leone, Cote d'Ivoire, Senegal and Mali.

Q: Anything else about your two-year experience there?

HOLZMAN: For me living in this desperately poor country was, ironically, a great experience, professional experience I should say. I even managed to make some Guinean friends, which was somewhat unusual because the government placed real limitations on that.
Q: I think it was an unusually good first tour. You had a variety of experiences, you were given lots of responsibility, lots of chance to learn and make mistakes. So many of our junior first tour assignments you are part of a big section or you are only doing one small function in the visa area or something like that.

HOLZMAN: I would say it was an excellent experience and I found it to be very rewarding. Ambassador Todman and Roy Haverkamp were good bosses and mentors. They included me in lots of things. I don't think Todman ever went to a meeting without me. Haverkamp also. I was the note taker. Then you'd go back and you'd write up the notes and Roy would take his pencil to edit my draft. That was painful but I learned from it. It was frustrating at times. I remember once I went to Roy's house and said I wanted to leave the Foreign Service. I had had a particularly terrible experience—no electricity for days and then the a temporary Embassy generator set fire to a small part of the house in which we were living. He said, "No, just stick with it. You're doing fine." He calmed me down and I decided to stay

Q: He listened to you but ignored you.

HOLZMAN: Pretty much. Go back and do some more work.

Q: Anything else about Conakry?

HOLZMAN: No, I don't think so.

Q: Where did you go from there?

HOLZMAN: My next assignment was in the Netherlands. I had been in Africa and thought it would be interesting to go to Europe and so was assigned as the second of three officers in a commercial section at our embassy in The Hague. From a professional point of view, I did not enjoy this assignment all that much. American companies and Dutch companies had been doing business for a couple of centuries. They really didn't need the help of foreign commercial officers all that much. Everything was laid out. If you had a problem you knew exactly where to go and whom to talk to. Everything was so organized. After a while I missed working in Africa and the idea of having to figure out who could and would say yes and who would say no. In the Netherlands it was already an established and highly successful relationship. From a personal point of view, my life was very comfortable there. From a professional point of view, work wasn't nearly as interesting as it had been in Guinea.

Q: It probably didn't have nearly the same relationship with the ambassador or even the DCM.

HOLZMAN: I had almost no relationship with the DCM. The ambassador was a tennis player and liked to play tennis with me, so I did get to know him somewhat.

Q: Who was that?

HOLZMAN: Kingdom Gould, a descendant of the nineteenth century financier, Jay Gould, and the owner of many parking lots in Washington. He was a wealthy man and had contributed significantly to Richard Nixon's presidential campaign. He was also a nice guy and, I thought, a good ambassador. So I did get to know him. I never went to many meetings with him. I would go to commercial events with him fairly often. He invited me over to his house for representational events quite a bit.

We were a large commercial section, three officers underneath an economic section which had three or four officers, so we were buried pretty deep in that embassy. The Dutch FSNs were fabulous and they knew the economy and the business community cold. That was good, and you could rely on them, but it just didn't leave as much room for me to be as active as I would have liked. The relationship with the Dutch and the Americans was pretty stable. Most of the big policy issues were broader European issues in which we talked to the Dutch about what we wanted the EU to do, and I was not involved in that at all.

Q: That was done probably in the economic section.

HOLZMAN: In the economic or the political section. My personal life was comfortable and I had a good time, but from a professional point of view, it wasn't as rewarding as Guinea. Maybe some Foreign Service officers go to a big embassy in their first post and are a little frustrated because there is not much room to do what you want to do. I found that in my second post.

Q: Then you in a sense had a basis for comparison both ways very quickly. For some it takes longer for that to happen.

HOLZMAN: So I went back to Africa. Instead of doing two overseas posts and then back to Washington, I went back to Africa—to Yaoundé.

Q: Was that something that you sought?

HOLZMAN: I did. We went to Yaoundé, Cameroon. I was the economic commercial officer. The Ambassador was a woman named Mabel Smythe. The DCM was Bill Mithoefer.

Q: And you went there in '77?

HOLZMAN: Yes. After two years in The Hague. Once again, in Cameroon, I did the things I liked to do and enjoyed it a lot. The French presence was very strong but yet there was plenty of room for us to do what we needed to do. Cameroon was not a real important country for the United States, obviously, but they were beginning to develop their oil reserves. They knew the oil reserves were there.

Q: Offshore?

HOLZMAN: Offshore and companies were coming in and beginning to make proposals.

The DCM and I initiated a military to military relationship there.

Q: Which was what, training?

HOLZMAN: Just a little bit of equipment and some training— IMET (International Military Education and Training), of course. We didn't have a big political or economic presence in the country. It was a small embassy, but we had a big AID program, a lot of cooperation with the AID officers. I always enjoyed working with AID.

Q: Peace Corps, probably?

HOLZMAN: Peace Corps was there. We had a Peace Corps program there.

Q: A consulate in Douala?

HOLZMAN: A two-person consulate in Douala which was active and was a good reporting post. I used to travel between Yaoundé and Douala quite a bit.

Q: Because Douala was kind of a commercial, was a port.

HOLZMAN: Douala was the commercial hub and it was a port, and Yaoundé was way in the interior, a 100 or 150 miles away.

An interesting country. The president was Ahmadu Ahidjo, a Muslim from the north, I believe. The ambassador rarely saw him. We didn't have too many relationships with the Cameroonians at a senior level. It was during the Carter years when we were just beginning to emphasize human rights in our foreign policy. The Department was very interested in what the Embassy thought about human rights in Cameroon, something we had not reported on much before, as far as I could tell. It was always conduct of relations that focused on other areas.

The DCM, Bill Mithoefer, as opposed to the ambassador, pretty much ran the place. It was interesting to watch the resistance in the embassy leadership to taking human rights into account. There was some "clientitis" there. Eventually, the Department made it clear that it wanted us to begin to dig into how the Cameroonian system really worked. That was a good thing for us to do. This happened maybe in my second year there, and I am sure people did a lot more afterwards. I recall that the consulate in Douala did good political reporting and some human rights reporting.

Q: This was reflected initially in better reporting?

HOLZMAN: Yes, a lot better reporting, I think, and some needed skepticism about Cameroon and Ahidjo and how he had managed to stay in power—and the lack of democracy and a free press and all those sorts of things.

Q: Did it get translated into approaches, initiatives, conversations?

HOLZMAN: Actually, it did. The first Assistant Secretary for Human Rights was Patricia Derian. She came out and saw President Ahidjo. I guess she must have been in touch with NGOs so she had a long list of problems. She didn't speak French so there was a translator, a Cameroonian translator. She had an opening statement. President Ahidjo listened, then came back to her and basically said, "We don't have any problems. Everyone is happy." The conversation did not go far after that.
Q: Were you present for this conversation?

HOLZMAN: No, I wasn't present but I heard about it afterwards. Ahidjo wasn't open at all to that kind of an approach. No one was really open to human rights, the idea that foreign governments would publicly assess another country's treatment of its citizens and other residents. It's fair to say that while Cameroon definitely had an authoritarian government, and there were significant human rights abuses, there weren't the egregious human rights violations that you found next door in Equatorial Guinea, for example.

Q: At some point the Department of State began human rights reports annually on countries. I don't know if that had started yet in that period. Probably it came a little later.

HOLZMAN: The published reports came later. I remember them asking us for a human rights report on Cameroon. We wrote one and then they wrote back and said, basically, it was unacceptable. It wasn't critical enough. It wasn't skeptical enough.

I also remember there was an election while I was there and Ahidjo won 99% of the vote. The headlines said it was a smashing victory, "une victoire éclatante." Even though I was economic officer, I was asked to write a cable reporting on the election. I wrote a cable saying the election was a dubious event at best. The DCM and Ambassador rewrote it to say that even though it was probably not an entirely fair election by Western standards, it was an important and constructive exercise in mobilizing people power, and was an example of a still immature mass democracy in a developing country. Something along those lines. I don't think that was well received in the Department.

Q: I don't think that was too accurate either.

HOLZMAN: No.

Q: Were you the head of the economic section? Was there a section?

HOLZMAN: I was the head of it, just me.

Q: You reported to the DCM, not to the political?

HOLZMAN: I reported to the DCM.

Q: Did you have some FSNs?

HOLZMAN: I did. I had one FSN, who was experienced and competent. We built a good commercial library there, not a structure but the materials for a real commercial library, and Cameroonian businessmen were happy to use it. We did some small things.

I enjoyed the post but I can't say it built all that much on what I had learned before as a Foreign Service officer, although I did enjoy it a lot.

Q: Were there any U.S. business interests in Cameroon at the time? The prospect of oil?

HOLZMAN: Other than the prospect of oil, no. There were American investors who were interested in coming there and we had maybe a couple of investment missions that came through Cameroon because the business community was aware of the possibility of large oil revenues. I can't recall any one of those resulting in a major contract.

Q: Did you get involved at all with Cameroon's relations with its neighbors, with Nigeria?

HOLZMAN: No. Our embassy in Equatorial Guinea had closed before I arrived, although all its files were in a safe in my office. There was a coup d'état and unrest in

Bangui—the Central African Republic—and they evacuated down to Yaoundé. We never experienced that type of political upheaval.

Q: The American embassy?

HOLZMAN: The Ambassador, Mabel Smythe, arrived in Cameroon just weeks after her husband died.

Q: He had been an ambassador.

HOLZMAN: I think so.

Q: He had been in Upper Volta.

HOLZMAN: She wasn't a career Foreign Service Officer, neither one of them were, so it took her a while to become more active and make an imprint on the Embassy and its staff. In addition, since her husband had died shortly before her arrival at post, that surely put her under a lot of stress. She relied a great deal on her DCM, Bill Mithoefer, who had just been the principal officer down in Douala, so he knew the country pretty well. The Embassy was not well run and had lots of administrative problems. Eventually, Warren Littrel came in as admin officer and then Peter Lord was assigned as DCM. They made a big difference.

Q: There is a long standing dispute between Cameroon and Nigeria over border demarcation in the north but I think also the peninsula, the Bakassi Peninsula which has an effect on oil rights. You don't remember that?

HOLZMAN: That never arose. The border to the north was ambiguous to say the least. I remember driving up in that part of the country towards the northern side of the country, northwestern side of the country and talking to people. They explained to me how the border moved from season to season, depending on how wide the river was and whether it was the rainy season or not.

Q: A part of that area on that side of Cameroon is English speaking.

HOLZMAN: Yes. The Cameroonians were proud of the idea that they were a bilingual country. The Anglophones, though, did not have much of a role in governance.

Q: And were very much a minority.

HOLZMAN: Very much a minority.

Q: Anything else about Yaoundé?

HOLZMAN: I don't think so.

Q: Much of your work was reporting as opposed to trade promotion or investment promotion?

HOLZMAN: In Cameroon it was investment promotion, to some degree. I enjoyed working with Cameroonian businessmen. They were very receptive to links with Americans. I think the idea of having a choice beyond the French was important to them, so it was good.

Q: Unlike the Netherlands there were weren't preexisting connections and linkages.

HOLZMAN: Right. You sort of had to search things out. You were always stumbling on someone new who could be helpful. Sometimes there were Anglophone businessmen, especially, who weren't so prominent but nevertheless were very interested in dealing with the United States. And some of them were well-connected and could be helpful.

Q: And the American Embassy played a role that nobody else was playing in terms of possibilities.

HOLZMAN: At that point, no.

Q: That assignment ended in 1979 and what happened next? Three overseas posts in a row, not too common at the beginning of a career, usually.

HOLZMAN: I went back to the Department. There was this legendary lady who was in charge of EB personnel, Frances Wilson. I guess she had a hand in everybody's assignment. With her approval, I was assigned to EB, the Economic Bureau, and luckily went to the Office of Development Finance, which focused on the international development banks. At the time the assistant secretary was, Julius Katz, who had been there a long time.

Q: Julius Katz?

HOLZMAN: Yes, and then succeeded by Dean Hinton.

Q: Both Foreign Service officers.

HOLZMAN: Yes, and then Hinton was succeeded by Bob Hormats. For most of the time I was in EB the Deputy Assistant Secretary was Elinor Constable.

Q: Who was the head of the Office of Development Finance?

HOLZMAN: First it was Dave Dunford, and then Adrian Basora, both excellent officers. The Office of Development Finance is responsible for the State Department's role in developing policy on the international development banks—the World Bank, the regional developments banks, including the African Bank, the Latin American Bank and the Asian Bank, as well as the International Fund for Agricultural Development or IFAD.

Q: And to liaison with AID?

HOLZMAN: Liaison primarily with Treasury, which has the main responsibility for the development banks with the exception of IFAD, which was the responsibility of AID.

I keep on emphasizing how much I was learning in the Foreign Service and this once again was an enormous learning experience. I had never worked in the Department so I had to learn its culture, but secondly, to learn about how the world of finance worked, and how our relationship with Treasury did or did not work. I started out as the person responsible for the Asian Development Bank and the African Development Bank and then, after a year, became the person who followed the World Bank. I stayed in the office for three years. It was a productive and hardworking office where everyone got along. We were always trying harder to keep up with Treasury. It took me into areas which I had never anticipated.

When the Reagan administration came in 1981—fairly far along in my time in the office—the new administration wanted to reduce our contributions to the World Bank and especially to its soft loan window, the International Development Agency, or IDA. In those days IDA lent money at three-quarters of a percent annual interest over a term of forty years. These loans were essentially grants in aid. The Reagan Administration's policy rationale for cutting its contribution to IDA was that developing countries no longer needed concessional loans and should rely more on market-based mechanisms, such as the hard loan windows of the development banks. In making this assertion the Administration had India especially in mind because for years it had received forty percent of IDA's annual loans. For all practical purposes the India share of IDA lending was a fixed quota. If it could be demonstrated that India did not need this much concessional lending, then the rationale for reducing the U.S. contributions would be in place. So it fell to me to make a case that India no longer needed so much IDA assistance. That led me into the world of the Indian economy, and I wrote memos and did analyses about India and its access to the banks and how it could now obtain financing in other ways.

At the same time two other issues were surfacing. China with its vast population now also wanted to become a major claimant on the resources of the development banks. So that, too, was a big policy question: How to accommodate China? Energy was also an issue, financing the developing world's energy needs in an era of rapidly rising energy prices? Some wanted to create a separate "energy facility" within the World Bank. All of these issues were swirling around and so there were lots of things to do.

Q: Would you say that what you were doing in these various areas was essentially second guessing Treasury or was it trying to provide a political, a more strategic perspective on the same issues?

HOLZMAN: When Adrian Basora became the director he wanted to provide a more political and U.S.-interest based perspective and that was definitely there. Oftentimes,

Treasury would take a strict economic approach to these issues. What is the rate of return? How well have these governments repaid their debts in the past? The State Department would take another approach—more political, especially in terms of making sure that U.S. votes in the banks did not unnecessarily complicate U.S. policy interests in other areas. Sometimes the State Department would come in and say, "Well, we have a human rights problem" with this or that government, and Treasury would generally but not always abide by that, partly because Congress often focused on human rights.

Adrian also wanted us to provide a second point of view for Treasury and even a first view that was focused on a broader definition of U.S. interests; and then Treasury could provide a second view to us. This was hard to do because we were six officers, a director, a deputy and four action officers, whereas Treasury had a host of officers working on the Banks and also staffed the executive directors' offices.

Q: In the Office of Development Finance?

HOLZMAN: Yes, in the Office. So we were a pretty small staff. We did on occasion provide ideas and fed them over to Treasury. Sometimes Treasury would grudgingly say, "That's not such a bad idea."

Q: How much direct contact, direct connection did you have with the World Bank staff or meetings or with the African Development Bank, the Asian Development Bank?

HOLZMAN: African and Asian, not so much. They had representatives in Washington whom you would see occasionally but basically, the African Development Bank was headquartered in Abidjan and the Asian in Manila, so they were pretty far away. We would deal with our executive director's office there. The Latin American Bank was in Washington so there were more frequent contacts with it, but I did not work on that Bank.

The World Bank, especially when I was working at it—quite a bit. We would call up officers in the Bank and talk with them about loans, but usually only after first touching base with the Executive Director's office. When the Bank was going through a replenishment process, which they ended up doing almost all the time. The people in the Bank's vice president of finance office were pretty sharp and they knew that we had a different view than Treasury. They were always interested in what we had to say on these matters so it was an easy channel to those folks at a senior analyst level. We went to all the international meetings. There was quite a bit of contact.

Q: When you say international meetings, what do you mean?

HOLZMAN: For example, they would have an annual meeting every year and then they would have replenishment meetings, usually, and if there was something special coming up we would always be represented in them.

Q: Would you attend board meetings that the U.S. executive director would attend?

HOLZMAN: No.

Q: And the executive director was instructed by Treasury?

HOLZMAN: The executive director was instructed by Treasury. Treasury would host a meeting once or twice a week in which we would review basically all the loans and proposed policy changes that were on the agendas of the development bank boards. There would be Treasury, State, Agriculture, Commerce, EXIM Bank, AID, all the relevant agencies, and we would each provide our agency's point of view and vote on how the US executive director to the institution should be instructed on that matter. Many of these were pretty routine events. If Treasury, however, wanted to do something and felt strongly about it, it would get its way because Treasury was the responsible agency for the banks.

Q: If the annual meeting was held outside of Washington as I think for the World Bank and the IMF I think happens every three years, would you attend those as part of the U.S. delegation?

HOLZMAN: It didn't happen while I was there. Both meetings were here in Washington but for the African and Asian banks, yes.

Q: So you would go to those annual meetings?

HOLZMAN: Yes. Then there was another agency that was a little different, the International Fund for Agricultural Development.

Q: In Rome?

HOLZMAN: In Rome and largely financed by the Saudis. AID was responsible for that one. We were the office in EB that followed IFAD. Because it was in Rome—and that is where the UN food agencies are—the Bureau of International Organizations also claimed some "ownership" of IFAD. Treasury mostly turned its nose up at IFAD because it thought it was a bastardized development bank.

Q: To come back to the relationship with Treasury, I always thought that one of the problems is establishing your credentials; showing that you understand the organization, the issues, that you have the sophistication and that you have the technique and that takes a while.

HOLZMAN: In that regard I was fortunate. I went to ODF in 1979 and there is a long learning curve. But by the summer of 1980, I hadn't been there not quite a year, and we had an election coming up.

Q: We, the United States.

HOLZMAN: We, the United States, and it was Carter versus Reagan. At the same time, the PLO wanted observer status at the World Bank, and the issue would come to a head at the time of the annual meeting, about a month before our elections. This was a time of an oil crisis, and the Saudis, who were carrying even more political weight than usual, were anxious to have the PLO accommodated. They were leaning on a lot of countries to support it. The Administration didn't want it to happen for obvious political reasons. We—the U.S. had a big head start since voting in the banks is by percentage ownership of the bank. For example, the U.S. held 20 percent of the shares and thus had 20 percent of the votes. Other developed countries such as Japan and the Europeans also had large votes, but all together we did not have enough to decide the issue.

Orders came down to conduct a campaign to stop the PLO from becoming an observer. The director of the Treasury office that was responsible for the Bank was named Frank Maresca. I can't recall exactly why it ended up this way, but at the very beginning of the campaign Frank and I spent a whole weekend, a whole summer weekend, working on this problem and devising a game plan which was largely followed. And so Frank and I got to know each other and got along really well. After that Frank drafted me to directly help Treasury on that campaign, and we worked on it hard for some weeks In terms of establishing credibility over in Treasury, that helped a lot.

There was an incident that happened at that time. It had come down to maybe just the week before the Bank was to have its annual meeting and all the votes needed to be in. It was a Friday afternoon and we were down to the last two hours or so and needed just a few more votes. Lannon Walker had called up the Ghanaian Embassy that morning and had gotten the ambassador to agree to vote against the PLO.

Q: So this was 1980?

HOLZMAN: 1980. This is late September of 1980. The vote didn't come in.

Q: From Ghana?

HOLZMAN: From Ghana, from the embassy. And so I was dispatched at about 3:30 to go to the Ghanaian Embassy and somehow ensure that it was cast. I went to the embassy and asked to see the ambassador. Lo and behold, I was ushered into his office where he was sitting in front of his typewriter wondering what he should do. I gave him the language drafted by the Department, and encouraged him to move quickly. Anyway, after some discussion a letter conveying Ghana's vote was typed up, he signed it on the spot, gave it to me, I carried it back to the Department, and gave it to somebody there, who got it over to the World Bank minutes before the vote was closed. And we won because of that vote, I believe. We denied the PLO its observer status. This perhaps was not a great victory but it could have been a terrible loss, and I suppose it would have hurt Jimmy Carter's reelection campaign. Lannon Walker, a Deputy Assistant Secretary in the Africa Bureau, was the person pulling strings all over town and deserved the credit for getting this done.

Q: Later ambassador to Cote d'Ivoire.

HOLZMAN: And other countries, maybe Nigeria.

Q: So in a sense what you were doing in that office was partly providing a political dimension to issues and to interacting with other parts of the State Department, the geographic bureaus but also having credibility in being able to contribute to the Treasury development of U.S. positions.

HOLZMAN: Very much so. Adrian Basora liked nothing more than to be sort of one step ahead of Treasury on economic and political analysis and if he could do that, he was always happy to do that. The people in the office were excellent officers. I was fortunate to work with all of them.

Q: I think you were there at certainly a good time and an interesting time and were supported by a really good office director, the DAS, the assistant secretary. I don't know how much they got involved in all these issues but I am sure the DAS did; Bob Hormats and Elinor Constable, certainly.

Did you have much to do with the Under Secretary for Economic affairs?

HOLZMAN: Allen Wallis. No. However, we were constantly trying to get—Congress was an issue because it was reluctant to appropriate money for the banks. We were always trying to get someone from the Seventh Floor to call this or that congressman to lean on them to be more open in appropriating money for the banks. I can remember at least on one occasion when Secretary Haig was there—writing talking points for him while he was making a phone call to probably the chair of one of the appropriation committees and trying to drum up money for the banks.

Q: This would be replenishment.

HOLZMAN: Replenish the banks. The key committee was the House Foreign Operations subcommittee.

Q: Was Treasury kind of the lead in working with Congress on these issues or was it more or less left to the State Department?

HOLZMAN: Treasury had the major role, no question about that. In this case, the State Department had an important role because it came under the foreign assistance bill which was our turf. We would often make those calls.

Q: Did you personally get involved in the congressional dimension quite a bit?

HOLZMAN: Often times staffers on the Hill would ask for a second opinion on what Treasury was saying to them. And these staffers would often have a much more political point of view as well since their congressman's constituents or the congressman himself

could have very different views than what Treasury was arguing on economic grounds. Oftentimes, the Congressional office would have a particular problem related to the banks and they would want our help.

Then there would be countries where there would be major policy efforts going on. I mentioned India and the whole issue of China's entry into the bank. One country I can remember going to the Africa Bureau about a lot in those days was Zaire because Zaire was an established plutocracy. There was this view—probably correct a lot of the time—that money that went to Zaire from the banks didn't reach the people, was siphoned off into corruption. In addition, Zaire didn't repay its debts. There was danger of default. There were a lot of debt reschedulings going on which our Office of Development and Finance did not have a role in. That was the Office of Monetary Affairs. In any case, international development bank loans were not rescheduled.

I spent a lot of time in the AF Bureau on Zaire. Every time a Zaire loan would come up, the question of protecting the money would arise. How do you make sure money lent to Zaire for development will actually reach the intended recipients. And then of course, there was the whole human rights aspect of it in Zaire as well. I believe we were voting against some of their loans on human rights grounds by that time. Our vote did not necessarily stop, it did not stop the loan. In addition, if a loan fell into the category of "basic human needs" we generally would vote for it notwithstanding the human rights record of the government.

Q: There was also a point of view I think at that time that Zaire, Mobutu was being helpful in regard to Angola, for example, and perhaps in other ways on the continent.

HOLZMAN: Yes, he was. He was being helpful and that was a factor. One of the reasons we wanted to make sure the money made a difference was that there was a concern that Zaire might just collapse in on itself. The United States wasn't necessarily opposed to Zaire but it was opposed to the idea of money going nowhere, just being stolen. That was an issue that was out there all the time.

Then there was the issue that was coming up at the end of my time in ODF which was why has assistance to Africa been so unsuccessful on a wider scale. I know there was an effort, an important effort, really to take a look at this and try to come up with something.

Q: Were you involved in that?

HOLZMAN: Just at the very beginning and to be honest, what little I know now didn't reach any conclusions that changed anything all that much.

Q: Was Chuck Meissner in the Economic Bureau with you?

HOLZMAN: Chuck Meissner was there briefly at the start of my time in EB. Many years later he was killed in an airplane crash in the Balkans, the former Yugoslavia.

Q: I was involved with Chuck with regard to Turkey in this period or perhaps a little before you got there, '78, '79 in trying to help Turkey get an economic recovery program going that could be supported by the World Bank, IMF and the United States.

I think again this was a pretty good assignment.

HOLZMAN: It was. All really good people and my bosses were great.

Q: It was a four year assignment?

HOLZMAN: It was a four year assignment to EB. You were supposed to do two offices.

Q: You just did one?

HOLZMAN: I did just one for three years. I had been in ODF for three years and was ready to go overseas again. Frances Wilson had retired but I got her replacement's permission to leave before four years were up. Even before he went out to India as the DCM I had been in touch with Marion Creekmore in connection with IFAD. Marion had been a deputy assistant secretary in the International Organizations Bureau. He knew that I had been working on India and its access to IDA loans. In filling out my bid list for a next assignment I put India down as my very last choice because it was a stretch assignment and I thought plenty of people would want to have the job.

Q: He was in International Organizations?

HOLZMAN: DAS. So I put it on the list and suddenly I found out the Embassy was interested in my going there to be the financial development officer—essentially an economic reporting job.

Q: Had you traveled to India?

HOLZMAN: Never set foot in India. There was some interest in assigning me to the Philippines as a financial development officer—exactly the same type of macro-economic reporting job. This is a good example of how the Foreign Service works in practice. I had to choose between two good jobs. So I went to Adrian for guidance, who just happened to be Harry Barnes' son-in-law and Harry was then the Ambassador to India. I did not realize that was the case when I approached Adrian. In any case, I asked Adrian for his thoughts. He first said that Barnes's daughter was his wife and then gave me his views on U.S. relations with the two countries. Towards the end, he commented that India's culture was rich and historic, but that the Philippines had a "bastard culture." He concluded, "Of course, you should go to India." So I did.

Q: That was in 1979.

HOLZMAN: '82.

Q: What did you do in New Delhi?

HOLZMAN: I was the number two person in the economic office. In addition, there was the economic minister, first, Nick Heflin and then George Kinney. There was a commercial officer, so-called, but he was also an economic reporting officer, and there was a resource officer. There was also a separate Foreign Commercial Service office lead first by Hal Lucius and later by Ed Stumpf.
Q: Who did you report directly to?

HOLZMAN: To the Economic Minister.

Q: But there were others that were parallel with you, the commercial officer and so on?

HOLZMAN: Right. Once again I was lucky to work on an issue that caught the ambassador's attention, and that was the matter of excess rupees. By the early seventies, the U.S. Government had accumulated well over $3 billion in rupees from the sale of PL 480 commodities to India during the fifties and sixties. This was an enormous amount in those days, far more than the U.S. could easily spend, was a huge contingent liability for India, and was becoming a bilateral irritant. At the initiative of Ambassador Patrick Moynihan, in 1973 we returned the equivalent of about $2.2 billion in rupees and kept the remainder, the equivalent of about $1.1 billion in rupees for embassy expenses and bilateral projects. I think the check to India for rupee return made it into the Guinness Book of Records. In any case, the U.S. still had an enormous rupee balance by the standards of the day.

By the time I arrived in '82, even though you could see the end of the rupees, many U.S. government agencies continued to spend rupees almost as if they were non-appropriated funds. What I mean is that the rupees were appropriated but received much less scrutiny than dollar appropriations. Agencies spent rupees for all sorts of programs, many of which were good and some not so good—the Bureau of Land Reclamation, the Bureau of Interior, the Agriculture Department, the National Science Foundation. It was a great boon for Indo-U.S.. relations because all these projects created a safety net of shared endeavors and interests that lay underneath and supported bilateral relations, which was important because it could be a pretty testy relationship back in those days. The big policy question was what do you do when there were no more rupees and suddenly these agencies would have to dig into their own appropriations to carry out these works. It was not so clear they would do so, especially with a tight American budget. It was natural for the Ambassador to want to have more oversight and control over a depleting resource that was important to bilateral relations.

So Harry Barnes was interested in the rupees but in a typically Indian way it was just very, very complicated. There wasn't just one pot of rupees; there were many. You had accounts here, there, scattered around in banks earning different interest rates, carrying different rules on how they could be spent, etc. In addition, the U.S. appropriation process of the rupees pretty much bypassed the Department and the Embassy. Barnes didn't understand it and wanted to do better.

Q: That's understandable that he wouldn't understand it.

HOLZMAN: An FSN and I were more or less the keepers of the rupees from the Embassy point of view. That is, we tried to keep track of the amounts each agency was spending and from which accounts the rupees were coming. We did not assess the merits of the projects. So Marion Creekmore, the DCM, asked me to explain rupees to the ambassador. I went in with a huge spreadsheet the FSN and I had created and put it on Barnes's desk, and we went through it for a long time, account by account. Harry Barnes was this amazing guy with extraordinary focus. He would focus so hard that sometimes it seemed that he would begin to hyperventilate. As we got more and more into the status of the rupees and he began to see how the whole "Rube Goldberg" machine worked, he was sort of hyperventilating more and more. After that meeting Barnes and Creekmore would ask me to take on various tasks, usually short term, and so I did a lot of things apart from just the economic reporting.
Harry then came up with the idea of establishing a bilateral rupee fund which would somehow bring the rupees together into one fund at one time and establish reasonable controls over their expenditure. The Indians would have to agree to this for a variety of reasons, one being that some of the rupees were actually appropriated each year and some were in interest bearing paper in the Reserve Bank of India—and elsewhere, I believe. They were all over the place. Then the two sides would establish a board to administer the fund and make sure the rupees were parceled out fairly and wisely among all the different agencies and cooperative activities between the United States and India.

Q: A bi-national board?

HOLZMAN: A bi-national board. There would be some cost on the American side since India would have more direct control than previously. In addition, India would no longer be an "excess currency country" in the same way it was before and so some of the freedom we had in conducting operations—agencies had in conducting operations—would be lost. The State Department, for example—this is an egregious example—allowed departing employees to take the QE-2 across the Atlantic—not only the State Department but other agencies—paying for the QE-2 fare with rupees. All those types of extravagant expenditures would go away. But the establishment of the fund would, more importantly, affect bilateral projects, because there would be an opportunity for the board to prioritize among projects and exercise more accountability. I think from Harry's point of view it was an opportunity for the ambassador to have better control over this huge resource, especially as it dwindled. And it was dwindling. The rupee fund was not established while he was there, nor while I was there. Eventually, it was established after the funds were drained down further. As it got smaller it was easier to do because it didn't matter as much.

Q: It was eventually established along the lines that

HOLZMAN: More or less but I do not know the details. As I said, as it got smaller it wasn't as significant as it had been previously. Neither country I think was ever willing to contribute extra money to it.

Q: These rupees were generated mainly by the sale of agricultural commodities over that time.

HOLZMAN: Yes. Pl-480. There were tons of things you could buy in the Indian economy. India is a poor country but in many ways it had a developed economy so you could furnish an embassy with things from India and it would be a perfectly serviceable embassy.

Q: And that happened.

HOLZMAN: And that happened. Embassies in the Gulf would furnish their embassies with items made in India because you could buy the furniture with rupees.

Q: How could U.S. travelers go on the QE-2? What did that have to do with India?

HOLZMAN: You could buy a ticket with rupees because the UK would accept them. And since rupees were an excess currency, no one cared that much on the U.S. side. Maybe there was a separate arrangement between the UK and India.

The other major effort I got involved with in India with Harry Barnes was in negotiating an agreement to allow high technology exports to India. U.S.–Indian relations had been hampered for years by our technology restrictions. India was hungry for American technology, especially computers, and we wouldn't send it to them, mostly out of concern that India would then pass the technology to its ally at the time, Russia or the Soviet Union. It was the beginning really of the computer age and India was desperate for access to American technology. Barnes thought that something could be done on technology. So he began a process of trying to be the middle person between India and Washington's export control community to try to do something that would allow exports and protect U.S. technology.

At first he worked mainly with the political section, with Grant Smith who was the political counselor. It was tough going. Then there seemed to be an opportunity because, amazingly, when Mrs. Gandhi went to Washington in 1982, she and President Reagan really struck it off; they liked each other! And so there was a somewhat more positive view of India from that high level point of view, but there remained many people in the U.S. Government who were negative about India and high technology exports to India.

Q: Non-aligned, friendly with the Soviet Union.

HOLZMAN: All of those were problems, especially at Defense, which was concerned about technology leaking from India to the Soviets or to others. Nonetheless, at the highest level there was a little bit of an opening and Barnes wanted to try to use that to leverage progress. And of course, Commerce and others in the U.S. export community wanted to sell to India, so they were willing to work very hard to get an agreement. Others perhaps supported technology exports because they thought that progress in this

area might have benefits elsewhere. The Soviet war in Afghanistan was going on full tilt and the Indians were backing them. I think some perhaps felt that technology was something we could use to influence the Indians on that, too.
The trick was to get guarantees from the Indian government that technology would not be re-transferred. The Indians didn't make this process any easier on themselves. Many people in Washington rightly regarded them as excessively bureaucratic, legalistic, arrogant, and suspicious of the U.S. And while there was some willingness at a high level to do more, Mrs. Gandhi was suspicious, too. She and many other Indians probably thought the U.S. was guilty of all of the above as well. Both sides were probably right. Then, of course, there was the nuclear dispute between the United States and India which had long simmered and tended to block progress on issues like these.

I had been about two years in India when Grant Smith left and Harry Barnes asked me to work on the technology issue. I remember Grant passing me his files—they must have been a foot thick. Just months after that, in late October 1984, Mrs. Gandhi's Sikh bodyguards assassinated her, and her son Rajiv became Prime Minister. He was much more open to a market economy approach and to a closer relationship with the United States. While we had made some progress under Mrs. Gandhi, just six weeks after her death or so Rajiv's arrival made possible a long negotiation in Delhi. A big interagency team came out and the first U.S.–India technology MOU was negotiated. I was told later on by Commerce that the MOU was the basis for over a billion dollars in U.S. exports—technology exports to India.

Below the level of the President and the Prime Minister, the MOU was the product of Harry Barnes and the Indian Foreign Secretary at the time, M. K. Rasgotra, who was open to the idea and a constructive person. He was the person, I recall, who was keeping Rajiv informed, and provided the on the ground political pressure for the Indians to make tough compromises. Barnes and Rasgotra were the main actors. Negotiations between our big interagency team and an equally large Indian group were going nowhere. Barnes and Rasgotra agreed there should be a much smaller group. On our side it was Barnes, the Commerce representative from Washington and me. Barnes and the guy from Commerce did most of the negotiating but I sometimes pitched in as well. On the Indian side there was Rasgotra, a high level person from their Ministry of Commerce who was their main negotiator, and one or two others. There were only about six or eight people in the room and we did it.

Q: And the reluctance of the U.S. export control community by then had been overcome?

HOLZMAN: It had abated to some extent, largely as a result of the assurances on re-exports and protecting the technology that Rasgotra convinced his government to provide. In addition, I think there were actually some deals in the works to export computers to India, desktops—a primitive version of a desktop. The Indians wanted these, they really wanted these. In fact, for us, this technology was not all that sophisticated. You could have gone into a store—that was the time of the Apple 2E and I forget what IBM had—but you could have walked into a store and bought them. But exporting them to India was a problem. And the MOU opened the door to that.

Q: If you think what has happened in India over the last 25 years that was an important first step and a necessary step, at least in terms of access to the U.S. technology.

HOLZMAN: The Indians, whatever else they have done, have done a really good job of training their people in science, technology and engineering. These Indian Institutes of Technology—the IIT's—even back in then were excellent institutions, so you had trained people there and you had equipment to sell from the United States. A lot of these people from the IIT's were coming to the United States, even then. Yes, the MOU was an important and constructive step. Barnes was the guy who did it on the U.S. side and I was lucky to watch

Q: You did all the reporting?

HOLZMAN: I did all the reporting.

Q: And preparing positions or recommendations to Washington and so on?

HOLZMAN: The day after the team left I spent the whole day in the office with Barnes, and we sent out a cable and that was the Technology MOU. Basically, what Washington got was a finished product and very little on how that result was negotiated. As I recall, late on the last night of the negotiation, in front of both teams, Barnes and Rasgotra initialed the MOU that was then sent to Washington the next day. Barnes was a person of unbelievable determination and persistence.

Q: Was he there the whole time you were there?

HOLZMAN: He was there four years. I was there three years; he left maybe six weeks before I did. Marion Creekmore left in 1984, and he was succeeded by Gordon Streeb as the DCM. The Economic Minster was an officer named George Kinney. George was an old-time Foreign Service hand and he used to take pride that his initial appointment into the Service was signed by President Truman.

Q: It sounds like you had a lot to do with the Ambassador and the DCM, kind of directly on these various projects.

HOLZMAN: It was a great experience for me. Barnes was a wonderful ambassador. Marion Creekmore was great, Gordon Streeb was good. George Kinney was a good officer, too. He was a real economist, not just a State Department economist. He really knew economics.

Q: You mentioned the nuclear issue. Did you get much involved with that? What was the status of that at the time you were there?

HOLZMAN: India and the U.S. were at loggerheads and continued to be at loggerheads during the three years I was there. I don't think there was any change. It was largely handled by the political section. After Grant left, I got more involved in it.
Q: They had already tested?

HOLZMAN: Yes, they had tested in 1974. I can remember once sitting in my office with Barnes and we had a sentence that had gone back and forth from Washington to the Embassy and to the Indians. It was maybe seven or eight lines long with subordinate clauses all over the place and we were trying to figure out what had been created—what did the sentence mean. We finally made some sense of it, sent it back to Washington with a recommendation, and got an OI response—an official informal—saying, "No, we don't want to do this. Stop it" So we did.

Q: You were involved with all parts of the Indian government? Foreign ministry primarily?

HOLZMAN: I would say mostly with the Ministry of Finance. Commerce Ministry certainly a lot, Customs in connection with narcotics and those would be the primary ones. The Foreign Ministry to a lesser degree. And the business community once again and to some degree the economic community, the community of economists. There were many distinguished Indian economists. George Shultz came out once and Barnes asked me to organize a lunch for him with economists.

Q: He was then what?

HOLZMAN: Secretary of State. I think Schultz was terribly under-impressed by the Indian economists—their deep skepticism for the market system, their belief in government intervention, and their Third World orientation. Shultz didn't have much to say at the luncheon.

Q: Had that begun to change a bit in India?

HOLZMAN: I think it had. At the luncheon there were the premier economists of India. They hadn't changed their views but the younger ones were beginning to change, yes, and in the business community, definitely yes. It wasn't that they didn't understand economics; they understood it. They were extremely good economists, but they just had a strong preference for "the commanding heights" being controlled by the government and that was their point of view. And great suspicion of large multinational corporations. It reflected their history and the inward-looking nationalism that was so prominent in India. Long before, there was an big dispute between India and Coca Cola—a multinational—because the government wanted Coca Cola to sell a majority interest in its Indian operations to a Indian company or to the government, I cannot recall which. In any case, Coca Cola refused—and it also would not reveal to the government its secret formula for making Coke. Eventually, as a result of that dispute, Coca Cola left India and an the Indians invented their own cola.

Q: You mentioned Rajiv Gandhi took over after his mother was assassinated in 1984. Had you had contact with him, by chance?

HOLZMAN: No, not at all. In India to go up to the Prime Minister was much like going up to the President in the United States. The Ambassador didn't see Mrs. Gandhi very often. I never went with Barnes to a meeting with Rajiv or Mrs. Gandhi. There was a funny moment when my secretary, Liz Wooster, did have a meeting with Prime Minister Gandhi. Liz's daughter and her daughter's boyfriend were coming out to New Delhi for a visit, and Liz knew that the boyfriend was getting a degree in South Asian studies from Michigan or somewhere. So Liz wrote a letter to Mrs. Gandhi saying she and her daughter's boyfriend would like to meet her. And guess what? She said yes and invited all three of them to tea. This happened at the last moment and Liz came bustling into my office and she says, "We're going to meet Mrs. Gandhi." I said, "That's great. Go." She said, "Should I ask her anything?" I said, "No, just have a wonderful time. But you should tell the Political Section so they won't be surprised when it gets into the news." And so she did. And of course, there was all sorts of angst in the Political Section that a secretary would be meeting Prime Minister Gandhi. So Liz, her daughter, and her daughter's boyfriend had tea went with Mrs. Gandhi. That's exactly the sort of thing Mrs. Gandhi would do.

Q: You were in New Delhi at the embassy, of course. To what extent did you travel? Were you involved with the consulates?

HOLZMAN: Calcutta perhaps several times over three years, Bombay maybe quarterly. Madras, not at all. A lot of travel around India, sometimes on issues that were of interest to us. India was one of the few licit producers of opium in those days and the U.S. was one of its major markets. I went out and visited an opium field in Neemuch, Madhya Pradesh, I believe—a "factory," they called it. Basically, there were thousands of farmers who grew poppies, and for them opium was an excellent cash crop. The Indian government would have an annual negotiation with the farmers to set a minimum opium production for each hectare allotted to poppy production. The government wanted the minimum to be as high as possible to discourage leakage into the black economy. The farmers would want it as low as they could possibly get it for the opposite reason—so they could trade opium into the black economy at a higher price than the government would pay, although they did not openly say this. So that was a big negotiation that took place every year.

Then government opium buyers and the farmers with their pots of opium would come together at a central point. By putting his hand on the opium the government buyer would estimate the amount of water in the opium and then pay 90 percent of the estimated value on the spot. Later on the two sides would settle up on any differences. But the farmer received some cash right away.

Then the opium would be sent to a factory, which itself was a sight from hell. There was massive overproduction because opium was a great cash crop and, notwithstanding the minimum yield requirements, offered lots of opportunities to make money on the side. At

the factories, the excess production would be stored in the equivalent of swimming pools—literally filled with opium so deeply brown that it seemed black. A swimming pool filled with black, tarry, gummy stuff. When they wanted to export it, they would put it in open trays in the sun until the water content evaporated off. The people who worked there were probably all addicts because they smelled it all day and absorbed it through their skin all day. Their clothes were covered with it. The monkeys in the area were said to be addicts, too, and never went away. This was the way India conducted its opium business. Even the clothes the workers were wearing—they would change out of them at day's end and take a shower before leaving. Their clothes would be washed and any opium residue would be extracted from the wash water.

Q: And all this was licit because of the system?

HOLZMAN: U.S. pharmaceuticals would buy it and make codeine or whatever other drugs that were needed. Turkey was another licit producer, maybe the only other one. Turkey produces opium in another way, I think. In India, opium was a traditional crop going back centuries. The opium fields belonged to individual farmers and weren't all that big. And of course the government measured each field carefully. And each field was encircled by garlic plants to keep away pests. Maybe in February or March you would have these long, cold nights and the farmers would come out in the evening and lance or score each poppy bulb to allow the sap to ooze out during the cold nights. And then in the morning they would scrape the sap off and put it into their stash. This process was repeated several times. When you see an old poppy bulb, the scoring is quite apparent, maybe two, three, four slashes so they could take the sap from the poppy.

Q: You never know quite what you are going to do in the Foreign Service.

HOLZMAN: When you walked through these rooms where they had the pools of opium you became quite high, too.

Q: Just the smell?

HOLZMAN: Yes. I remember driving away in the car and realizing that I was high. The guy who was with me, the escort from Customs, he was, too.

Q: U.S. customs?

HOLZMAN: No, the Indian Customs. We were both pretty drowsy.

Q: Anything else about your assignment to New Delhi, '82 to '85?

HOLZMAN: I would say in interesting contrast to where we are today, while I was at that embassy someone fired a rocket at it. The rocket landed in a pool in front of the chancery and we didn't do anything differently after that.

Q: Didn't build a wall or take other precautions?

HOLZMAN: No. On a Sunday Indian families would walk up to the front steps of the embassy because it was an architectural monument in the city. The Ambassador had a big urn of fresh water and cups so people who walked by could get a drink of water, which is an old Indian custom. If you were in a little rickshaw taxi you could drive up to the front of the embassy and get out. No problem. It was a different world.

Q: Yes, and even in other parts of the world at that time, Cyprus for example, where I was at that time, there were all kinds of security precautions; barbed wire and fences and even armed escorts for the ambassador.

HOLZMAN: After Mrs. Gandhi was assassinated, there were massive riots—a bloodbath—in Delhi, several thousand people were killed, at least, all mostly Sikhs because it had been men from the Sikh community who had murdered Mrs. Gandhi—actually her bodyguards—and then they did bring some restraints into the Embassy.

Q: Was that something initiated by the embassy?

HOLZMAN: Yes, it was initiated by the Embassy…but on second thought, I'm not sure that this followed the Gandhi assassination. In any case, it's another example of the uniqueness of life in the Foreign Service. At that time, caste was very important in India, probably much more so than it is today. Most FSNs brought their lunch from home. That was the custom. The Embassy had the idea to inspect what each FSN brought in to make sure there were no threats. Indian people are particular about who makes their food and what they eat. They would bring their lunch in little stainless steel containers called tiffins. Generally a wife or other close female relative would prepare the meal. It was all prepared at home. So this was a major change when the Embassy decided that Embassy guards of who knows what caste would open up everyone's tiffins. I think this practice lasted about one day. The FSNs did not want people from another household, caste or community inspecting their lunch; it was just too intrusive. I don't know how that issue was ever resolved.

Q: You mentioned the chancery security aspect and you mentioned the architectural distinctiveness of it. How was it to work in? Was it functional? Was it a problem?

HOLZMAN: It was big. It was a long distance from one place to another, but I thought it was pretty functional. It was built for another era. The office I had has probably been carved into three or four offices.

Q: Is it still being used as the chancery?

HOLZMAN: Oh, yes.

Q: Your children must have been in school there. Were you involved with the school?

HOLZMAN: No, not other than as an interested parent. The kids went to school; the American Embassy School in New Delhi. The school was excellent and, as far as I know,

it still is. I think it is more open—more Indian nationals go to it now than in the past, and that would be a good thing.

Q: It had always been international, other embassies.
Another user of excess rupees you mentioned was the Library of Congress.

HOLZMAN: A huge office. Gene Smith was the director— scholar, a Tibetan scholar, had been there for a long, long time and knew everyone in the Indian academic community. The LOC bought virtually every paper in every language of any interest.

Q: Paper meaning books?

HOLZMAN: Newspapers and books, many, many books and sending them back to the Library of Congress or having them microfilmed. It was a huge program there.

Q: Was it regional as well? Or mostly just India?

HOLZMAN: I know there was a Library of Congress office in Pakistan when I was there. I am sure they probably—I don't know if they did business in Nepal or Bangladesh or Sri Lanka.

Q: To what extent, if at all, in India's relations or U.S. involvement with India's neighbors?

HOLZMAN: Very little, not at all. I knew some folks from the Pakistan embassy. I don't think I knew anyone from the Bangladeshi embassy, Sri Lanka, Nepal. Not at all.

Q: The political section would probably do that, the DCM.

HOLZMAN: The issues I was dealing with India were intensely bilateral. Excess rupees, there is no other country in the world that had these problems with India. The technology MOU was something we weren't really interested in sharing with other countries, at least in India. What agencies from other countries might have done in the export control organization, I don't know. In India, no. These were all just totally bilateral.

Q: But some of those issues, the two that you just mentioned, technology transfer and use of excess foreign currency were not unique to India. Certainly excess foreign currency, Poland for example, and probably some other countries so there must have been some effort to be aware of a precedent that was being set.

HOLZMAN: I never thought about that at all. To me it was completely unique. In Guinea, my first assignment, the syli was also an "excess currency" by a huge amount and led us into some problems. But, in contrast to the rupee, the Guinean syli was worthless, so it was never much of an issue.

Q: You couldn't buy tickets on the QE-2?

HOLZMAN: No.

Q: Anything else about your three years in India from '82 to '85?

HOLZMAN: It was a great assignment and I enjoyed it. When I go back to India I feel like I was really lucky to have been there then. For example, everybody lives even further from the embassy now because the city has gotten bigger and more crowded.

Q: Did you live near the embassy?

HOLZMAN: We were a 15-20 minute drive.

Q: Embassy housing?

HOLZMAN: Embassy housing, terrific housing, excellent housing. It was called Padmini Enclave. There were eight houses that belonged to the family of a man who was at one time the foreign secretary. The embassy doctor was next door to me. On the other side was the AID program officer and on the other side of him was someone from USIA, so we had those four houses. Just down a hundred yards from my gate was a taxicab stand run by Sikhs; it was completely burnt out during those riots after Mrs. Gandhi's assassination. We had Sikh friends who lived across the street and down a ways who were somewhat prominent. He was a Punjabi publisher. They stayed at our house during the riots because they were at risk. They had a farm outside of town and people had come there looking for them and so they left their house in our neighborhood. It was a dicey time.

Q: Did you feel other ethnic tensions in the time you were in India

HOLZMAN: Once, yes. Kashmir back then was also a problem. When I first arrived in India Kashmir had been closed and then was opened and then was closed again. I had been up once.

Q: To Kashmir?

HOLZMAN: To Kashmir. Twice maybe. I had been up to Kashmir and then it was closed and then the Government was thinking about opening it up again. This is a typical Foreign Service story. The Embassy wanted to have someone go there to assess the political situation but there was concern that the Indian Government would not grant permission for a political officer. Stan Escudero was the new Political Counselor, and he and others were casting about for a reason to go to Kashmir that the Government would approve. It ends up the Agricultural Attaché had to do a walnut report every year and so they sent me to do the walnut report.

Q: Why didn't the agriculture attaché do it?

HOLZMAN: They sent me to do the walnut report because they thought the Government would approve an economic officer going to Kashmir, which was still a politically sensitive area from their point of view…for that purpose. But I was instructed to talk to others about the general political climate in Kashmir. So I went to Kashmir, hired a car and driver, and spoke to a lot of people about walnuts and politics over three or four days. Kashmir in the fall was just beautiful. In general, I would do walnuts early in the day and politics later on.

Q: Was it still closed?

HOLZMAN: No, not officially. They had just re-opened Kashmir but were very leery of approving requests to go there.

Q: They kept an eye on you.

HOLZMAN: Maybe they did.

Q: They probably really didn't believe that the U.S. government was that interested in the walnut production.

HOLZMAN: Perhaps. The political FSNs gave me a list as long as my arm of people to talk to, which I did, and they were all very helpful. The military presence was still strong. The people I spoke to were journalists, academics, some businessmen. All were Muslim, I believe, all very resentful of the heavy Indian Government presence. There was no insurgency like that which developed not all that much later, four or five years later, six years later. So I did the walnut report.

Q: And a little political reporting.

Where did you go from there?

HOLZMAN: I went back to Washington, DC and was a Congressional Fellow for a year. Then I began a three year stint on the Israel desk.

Q: Do you want to say all little bit about the congressional fellowship? Where were you assigned and anything interesting you did?

HOLZMAN: First I worked for a man named Bob Mrazek, who was a Congressman from Long Island. I worked for Mrazek because he was on the Foreign Operations subcommittee, which had jurisdiction over foreign assistance and I was interested in how that process worked and I didn't want to join the committee staff. I preferred working with a congressman to learn how his office functioned.

Q: Were you on the Pearson program or was this

HOLZMAN: A Political Science Association Fellow

Q: So you did some classes with other fellows?

HOLZMAN: Right and that was valuable. The second half of my time on the Hill ended up being much more interesting. I worked with Senator John Chafee from Rhode Island. In those days you still had Republican moderates, even Democrat moderates, and Chafee was a quintessential moderate. I had nothing to do with foreign affairs while I was with Chafee and that made my time in his office even more interesting from my point of view. I worked on two things for Chafee; one was the Blackstone River Heritage Corridor, which he created.

Q: What's that? In Rhode Island?

HOLZMAN: In Rhode Island. Secondly, Chafee asked me to work on an initiative to the New England fishing industry. It was going broke because they had few if any safety standards. Fishing is a dangerous occupation in which people regularly get seriously hurt. They would sue their employers—mostly small operations—and then the insurance companies would have to pay compensation, often large amounts. So the insurance companies refused to insure and New England fishing faced a crisis situation. Chafee wanted to broker a deal whereby safety standards would be applied and liability would be limited, and then the insurance companies would re-enter the market.

So we worked on that. We actually got a bill to the floor in the House. It was turned back. I think another bill went to the floor a year or so after I left and it, too, was defeated, but then a version eventually did pass. It was a good, pragmatic initiative.

Q: So you had a fair amount of direct contact with the senator.

HOLZMAN: Yes. Chafee was interested in fishing because the wife of a Foreign Service officer, whose name is not coming to me, had lost her son in Alaska fishing, a death in the Alaska fishing fleet.

Q: Bob Barry who served as ambassador in Bulgaria, Indonesia. She took an interest.

HOLZMAN: Right. She took an interest in fishing safety and raised it with Chafee, who obviously knew about the problem as it applied to New England. He saw an opportunity and got interested in it.

Q: Had Mrs. Barry a special connection with him previously either from Rhode Island or otherwise?

HOLZMAN: I think basically she was contacting everybody she could and found an open door with Chafee. This is '85, '86. I had several conversations on the phone with her. I also saw the correspondence and there were a number of exchanges of letters. That was the reason Chafee first got interested in doing something about this problem.

Q: He was probably hearing about it from his fishing constituents in Rhode Island.

HOLZMAN: Probably. But also she had made this a cause and had enormous passion, and I think she touched Chafee's heart and he wanted to help. When he asked me to work on it he said, "Call Mrs. Barry. She is the one who proposed it or has this idea and she can tell you a lot."
Q: I think when we were last together we were just finishing talking about your time as a congressional fellow, detail or assignment from the State Department to Congress and particularly a period working with Senator Chafee. Why don't you talk about what was your next assignment and how that came to pass?

HOLZMAN: My next assignment was as the economic officer on the Israel desk in the Office of Israel and Arab-Israeli Affairs in the Bureau of Near East and South Asia. I was there for three years. I was the economic officer for Israel the first year and the Deputy Director the last two years. It was a good assignment, and it certainly gave me great lessons in how the politics of foreign policy works at a very high level. I had an opportunity to meet some terrific people, one of them being Herb Stein who had formerly been, I think, the Chairman of the Council of Economic Advisers during maybe the Nixon administration. George Shultz was the Secretary.

Q: This was from 1986 to '89.

HOLZMAN: Yes. George Shultz took a great interest in Israel and particularly in their economy. He brought on Herb Stein and a man named Stanley Fischer—an MIT economist who later became one of the high level people in the IMF, the governor of the Bank of Israel, and now the Vice Chairman of the U.S. Federal Reserve—as his consultants on the Israeli economy, which was having a lot of trouble at the time. I got to work with them. That was a terrific opportunity. It also gave me the opportunity to have some access to Shultz. I prepared most of the papers. One of the more interesting parts of the assignment was that the Israeli Prime Minister at the time was Yitzhak Shamir and as far as I could tell he took little interest in the details of the Israeli economy. If he had had nearly as much interest in the economy as George Shultz, Herb Stein and Stanley Fisher, it would have been in better shape than it was.

Q: Shamir was the prime minister?

HOLZMAN: Shamir was the prime minister at the time.

One interesting episode early in my tenure in that job was the visit of the new Israeli Finance Minister, Moshe Nissim, to Washington. Nissim's family was from Iraq and his father became the Chief Sephardic Rabbi of Israel. In any case, I was responsible for organizing Nissim's visit and had been told that he might be interested in seeing selections from the Library of Congress's Judaica collection. So I arranged a visit to the Library of Congress and they put on display some really choice pieces. For example, I recall there was a copy of the first Hebrew primer published in the United States from the

mid-nineteenth century. Nissim admired a number of works laid out on a round table and eventually came to a stack of really heavy tomes. The curator explained that these were a few of the volumes from his father's work that the Library had in its collection. He was visibly moved at the thought the Library carried his father's works. When he turned to the next stack, which was almost as high, the curator announced, "And here are the volumes written by your brother commenting on your father's work." At that point, Nissim almost fell over. Needless to say, the visit to the Library of Commerce was a success.

Q: And Herb Stein and Stanley Fischer, what was their position? They were advisers to the secretary of state?

HOLZMAN: They were advisers to the Secretary—they were volunteers, I believe. Their expenses were covered, of course. I don't know if they were paid. We had a consultative group between Israel and the United States on the Israeli economy. They were basically the people who told me what to do in terms of preparing the papers for those sessions which took place twice a year, I think.

Q: Back and forth between Israel and Washington.

HOLZMAN: Back and forth, yes. They were just very smart, wise people.

Q: Was the Israeli economy doing pretty well in those days?

HOLZMAN: It has done well since but at the time, I was working directly on it '86, '87, it was not. During the first half of the '80s Israel nearly went into a hyperinflation. To fix that problem, they devalued their currency, linked it to the dollar, went through a wrenching macroeconomic adjustment that drove up unemployment to much higher levels than Israel had ever experienced before, and provoked all sorts of problems with their unions. Israel has a socialist background and the union movement was strong there, so a lot of political difficulties arose with the adjustment process. The U.S. financed the entire economic adjustment with substantial amounts of supplementary aid over and above the $3 billion Israel received annually.

By the time I came along the Israelis were definitely doing better but not doing nearly as well as they should have been. Inflation was down to low double digits or high single digits versus triple digits previously, but economic growth was still stagnant.

The other significant event that happened while I was there was the beginning of the first intifada in 1987. That started almost from nothing. There were always frequent confrontations between the Israelis and the Palestinians but they became more and more frequent until after a few weeks we realized the stone throwing and confrontations were happening daily and people were being killed daily. That continued long beyond the time I was there.

Q: Did it start primarily on the West Bank or in Gaza or both?

HOLZMAN: My recollection is that it started on the West Bank, I think in Ramallah, and spread quickly to Gaza. Gaza once again is a confined and densely populated area that easily became a hot spot. From a policy point of view, I think that we didn't know how to respond to the intifada. On the one hand, there was a sympathy for the Palestinians but at the same time the links with Israel were very strong, especially during the Reagan administration. That led to a certain wringing of hands, I would say. We would ask the Israelis to exercise restraint but didn't do much beyond that. Then, to the extent we had contacts with the Palestinians, we did the same with them, but in those days we still weren't dealing directly with the PLO.

Also while I was there one of the interesting contrasts was the differences that occurred when Reagan left office and George Bush senior came in. Bush had strong views about the settlements while the Reagan administration had basically tolerated them. Bush said clearly when Shamir visited for the first time during the spring of 1989 that he would not tolerate the settlements. Later on that position provoked a crisis between the United States and Israel. Eventually it led to an election which Yitzhak Rabin won. In my view it was a clear demonstration of what could be accomplished when we took a strong stance as we did then. I'm not so sure that would work today, however.

Q: Was the NEA Bureau that you were part of shape policy in that direction, change toward the first Bush administration?

HOLZMAN: The NEA position always was for a tougher position on Israel. However, much of the policy regarding Israel's relationship with the Palestinians was made elsewhere: in the White House, In Congress, in consultations and with Israel's many supporters outside of government. In the Department, the policy was decided in George Shultz's office with influential advice, reputedly, from his adviser Charley Hill, a Foreign Service officer, now retired and teaching at Yale, I believe. He had previously been the political counselor in Tel Aviv. And Dick Murphy, who headed NEA at that time and who had long experience in the Middle East. He was the consummate diplomat. However, given the high political stakes, much of our policy, vis-a-vis Israel and the Palestinians was decided in Shultz's office—I am sure in close consultation with the actors I mentioned. The Office of Israeli and Arab Israeli Affairs was more involved in the day-to-day implementation of policy. That applied to the peace process as well.

Q: Was there a special envoy, person or office that had handled the peace process?

HOLZMAN: There was a special office or advisor—Bill Kirby during most of the time I was there, and he worked directly under Dick Murphy and seemed to be in regular tough with Charley Hill as well. Towards the very end of my time, Bill was succeeded by Dan Kurtzer, who went on to be Ambassador in Israel and in Egypt. I should add that there were other who took on various discrete assignments. For example, Judge Abe Sofaer, who was the Legal Advisor, mediated between the Israelis and the Egyptians on lingering issues related to the Camp David Accords—Taba, as I recall.
Q: Was there a deputy assistant secretary that particularly

HOLZMAN: There was a DAS responsible for Israel, Egypt, Lebanon, Jordan, and Syria. Rocky Suddarth was there when I arrived, he was succeeded by Phil Wilcox, who later went to Jerusalem, and then by Ned Walker.

Q: Who was your office director?

HOLZMAN: First Phil and then when he moved up John Hirsch took over.

It was an always interesting and challenging assignment—sometimes rewarding, but not too often. I concluded that people who work on Israel and the peace process have a certain temperament—perhaps that of a person who loves thousand piece jigsaw puzzles but who knows that some of the critical pieces are always missing, because they were deliberately misplaced or because someone substituted pieces from a different puzzle. In any case, the puzzle never seems to be completed. After a while I found it to be a disheartening area to work on.

Q: You went into this job as an economic officer because you were an economic officer and but you had no particular background in Israel or Arab Israeli affairs?

HOLZMAN: No, not at all. Tim Hauser, my predecessor in the economic job, was moving on. He asked me if I was interested. I said that I might be. The next thing I knew I was assigned. So Phil Wilcox was there. Ryan Crocker was his deputy. I replaced Ryan when he went to Egypt. It was a tremendous office. We had in terms of Foreign Service officers we had Phil, Ryan, Margaret Scobey.

Q: Later ambassador to Syria.

HOLZMAN: And now Egypt. Barbara Bodine was there. No, I guess she left as I was arriving. David Satterfield was there. It was a very, very good office in terms of people.

Q: Why don't you talk a little bit more about contact or your involvement with the Palestinians if any during this period? You say we were not dealing with the PLO directly but yet we had some contact with Palestinians.

HOLZMAN: We had some contact with Palestinians through our consulate in Jerusalem which was the primary point.

Q: This was before the Iraqi invasion of Kuwait and the Madrid conference.

HOLZMAN: This was all before that. In fact, just at the end of my time there, maybe within weeks of my departure—I left in June of '89—we agreed to begin talking to the PLO, which was then in Tunis. That was a great moment in NEA. I remember people running down the halls cheering. In terms of contacts with the Palestinians here in Washington, DC, very few other than some here in town who spoke for them and a few who would pass through. There really wasn't much at all, and I would say nearly all contacts were handled in Jerusalem.

Q: There was no particular interest or concern about the Palestinian economy?

HOLZMAN: There was concern about it in the sense that it was obvious even then that the economies of the west Bank and Gaza had been totally subordinated to the Israeli economy. Take water, for example. The aquifer that lay under the West Bank was being drained by the Israelis. A very high percentage of that water was going to Israel as opposed to residents of the West Bank. The Jordanians in a diminishing way still took a proprietary interest in the West Bank which they had governed until 1967, but they did not have the money to support development in the West Bank, much less Gaza—which they had never governed.
The peace process was as complicated then as it is now. During my time, from 1986 through 1989, the Americans were initially not engaged strongly on it. Then George Shultz made a real effort on it in about 1988 and it came to naught.

Q: As we were saying a little later, after the Iraqi invasion and the first Gulf War then the Madrid Conference was held in '91. That changed things somewhat, at least in terms of the peace process.

HOLZMAN: The first thing that happened was we opened up. We agreed to talk to the Palestinians. The second thing that happened was there was an election which was forced by our position on settlements, and Yitzhak Rabin won versus Yitzhak Shamir. When that happened, Rabin had a different policy. Then there was the war. The Palestinians did not fail to miss an opportunity once again and they opposed the allies and supported Iraq. Following that war, there was a completely different situation there. The broader issue, of course, is that the Soviet Union had collapsed so they didn't have the same role in the Middle East that they had before. As a matter of fact, they were totally out of it at that point.

Q: Another change, I am interested if you see it this way is the quartet, the European Union, Russia, the United Nations came later to assume more of a role in regard to of Middle East diplomacy whereas in the period we are talking about I think the United States saw it the peace process as our interest, our responsibility and we kind of tried to keep everyone else out of it.

HOLZMAN: I think that is right. The irony in this is that the "American peace process" was submerged into the Oslo process because that phase began in Oslo, between Palestinians and Israelis, not in Washington, DC. We apparently followed the process to some degree but did not try to intervene in it at that stage. It was the Norwegians who had brought together Israelis and Palestinians.

Q: I'd like to back up for a moment to your days a year as an economic officer. You have talked about the role that we were playing under the leadership of Secretary Shultz in terms of the Israeli economy. To what extent were other U.S. government agencies interested in all of that; Treasury, Federal Reserve, anybody else? Was this something pretty much done by the State Department?

HOLZMAN: They were all interested. They would all show up at the Joint Economic Development Group (JEDG) meetings between the U.S. and Israel. However, this was really run by the State Department. From the American side there was a great focus on trying to get the Israeli economy to be more private sector oriented and to reduce government controls.

First, from a strictly bureaucratic point of view, State had a very clear lead primarily because it asked Congress to appropriate the money. It controlled the foreign assistance budget. That was its primary leverage. Second, George Shultz was very influential and he was interested in and cared about the Israeli economy, and he brought on Herb Stein and Stan Fischer who were respected everywhere. So the State Department really handled the JEDG process and our approach to the Israeli economy. But at a political level, if you wanted to say who had a decisive role, it was the Jewish community in the United States. They were active participants from the side lines and cared deeply about the direction and health of Israel's economy. Before my time on the desk, in the first half of the eighties, they were certainly critical in gaining political support for the American bailout of the Israeli economy. Later on, they put together a plan focused on stimulating American investment in Israel, but it was predicated on a much more market-oriented approach on Israel's part. I believe this plan never gained much traction with the Israelis at that time. They have done much more since.

Q: Was the American Jewish business community organized as such? Was there somebody you dealt with?

HOLZMAN: We dealt with a number of different organizations who were involved in this. The person who led this effort to put together this plan was a man named Ira Magaziner, who later, I think, had a role in Hilary Clinton's health care effort. There is a host of Jewish organizations and they were strong in pushing this. Israelis would often come to the United States and say, "Why don't you invest in Israel?" Basically the response from the Jewish community was, "We're glad to give you money but if you want us to invest, our requirements are much more demanding." So from a charitable point of view, the American Jewish community was forthcoming but when it came to investing in the Israeli economy at that time, they wouldn't do it on a large scale because they just didn't see the grounds for it.

Q: By the period you are talking about, '86, Israel was the single largest country receiving U.S. foreign aid assistance.

HOLZMAN: They had 1.8 billion dollars a year in military assistance and 1.2 in economic assistance.

Q: So that's about three billion dollars.

HOLZMAN: In fact, they were getting a bit more during the first year because they we were giving them emergency aid in return for them reforming their economy. I mentioned

the devaluations and tying it to the dollar. It was an interesting period from an economic point of view for the Israelis because I think they were probably beginning to come to the conclusion that they really did need to change their economy but they didn't while I was there. Certainly they were being hammered on it by Americans, not just by George Shultz and Herb Stein but by the Jewish business community in the United States.

Q: Was there ever talk of using the three billion dollars in assistance as leverage and trying to force economic changes?

HOLZMAN: No, there was not. That money was sacrosanct. In fact, back in these days we would often have continuing resolutions in which government spending would continue at the same rate as during the previous fiscal year. However, notwithstanding a continuing resolution, the entire 1.2 billion dollars in assistance money assistance for Israel would be handed over on the first day of the fiscal year, no matter what. The funds would be electronically transferred to an Israel Government account and then immediately used to purchase U.S. Treasury bills so they would begin earning interest. One year the Israeli Embassy's Economic Minister had a cold and did not sign for the funds on October 1, the first day of the fiscal year. So Israel lost out on a day's interest on $1.2 billion, which was a lot of money. I think the Economic Minister took criticism for that in the Israeli press.

Q: Thousands of dollars lost.

To what extent if any were the international financial institutions, IMF, the World Bank interested in this period in Israel?

HOLZMAN: Not at all. I mean they were certainly interested and they would write reports, especially the IMF, but basically the United States had the lead. The U.S., not the IMF, bailed out the Israeli economy in the early 1980's.

Q: And that was true of other countries as well? The European Union or

HOLZMAN: Yes. Our assistance to Israel dwarfed what any other government might provide.

Q: What was the population of Israel at that time?
Three billion dollars to Israel at a time when the population was about three or four million people. So we were giving nearly a thousand dollars to each Israeli. And none of this was going to the Occupied Territories, as they were called then.
At one point we made a promise to the Jordanians that we would try to do some economic assistance in the West Bank, and then we couldn't get the money for it. Out of desperation, we thought, "Well, maybe the Israelis would give up just a little bit of their interest to let this go to the West Bank." After all, it would be in their interest to for the Palestinians in the West Bank to become more economically viable. Anyway, that was rejected out of hand. But we should not condemn the Israelis for rejecting this idea

because we could not get the money from Congress anyway. They wouldn't do it either. It was politically impossible, I suppose, in both countries.

The Israelis at that time were also trying to develop a fighter plane, the Lavi, which would have competed directly with American planes. We were subsidizing that, too, which was controversial. In addition, this was all going on in the aftermath of the Jonathan Pollard affair, which still cast a pall over the relationship. It was a bizarre relationship.

I remember there was a moment, a comical moment: The Israeli weapons procurement office was located in New York and the head of that office was granted consular status because it was attached to the consulate in New York as opposed to the embassy in Washington. The Government of Israel, however, decided that this person absolutely needed to have diplomatic status as well and that it would be beneath his dignity to be only a consular officer.

Q: But he didn't want to move to Washington.

HOLZMAN: And he did not want to move to Washington, although the Israelis explained repeatedly that he went back and forth frequently between the two. They just kept on hammering about how unfair this was, how unjust this was, and why couldn't we just do it. The Israeli DCM came down and saw Judge Sofaer who had been very helpful to Israel—and to Egypt—in mediating Taba. So the DCM pleaded with Sofaer to help, and the Judge finally said he would ask the Secretary. He went up to the Shultz who immediately sent the matter over to Protocol, which was then led by Pamela Harriman. I imagine that Shultz couldn't believe he was being asked to rule on a diplomatic designation matter. In any case, Harriman's decision was simple and final: the individual could be attached to the Embassy in Washington and be a diplomat; or he could be attached to the Consulate in New York and be a consular officer. He could not be both. And that was that. It was an issue that dragged on for weeks.

Q: You were probably just as happy someone else was the action officer on that one.

HOLZMAN: She didn't seem to have much patience for those kinds of things.

Q: I am sure you had a lot to do with the Israeli embassy. Did the Israeli embassy well connected tend to go everywhere else but the desk?

HOLZMAN: Yes, they had contacts all over, but they also knew it was in their interest to keep the desk on board. So there were people who were definitely assigned to me—I was part of their portfolio. They were good guys, all of them, and you could speak very frankly to them and they listened. They were also very skilled in explaining the reasons behind their decisions and the many predicaments their country was in. In many ways it was a pleasure to work with them because they were such competent people.

Q: Professional.

As deputy director you probably helped run the office and got interested in staffing questions both in Washington and in Tel Aviv and Jerusalem?

HOLZMAN: Yes.

Q: And they were both the consulate in Tel Aviv and the consulate general in Jerusalem had good people at the time as you recall?

HOLZMAN: I think they did. On the economic side they certainly did. On the political side the political counselor's position was one of these ambiguous ones where senior officers might be interested but first would want to see if there were any better offers around. Sometimes you'd have to reach down and give stretches into that office.

Tom Pickering was the ambassador and Art Hughes was his deputy so that was an extremely strong team. Bill Brown, who had been the DCM there before, succeeded Tom Pickering in 1988 or 89, I think. Bill Brew was the economic counselor. After Bill Brew, it was Dave Wilson, who died from cancer. I thought both were outstanding officers. We had strong people in Jerusalem, too.

Q: Did you have a lot to do with the Pentagon, the Defense Department in this period?

HOLZMAN: To some degree I did. However, first David Satterfield and then Margaret Scobey were responsible for the military relationship and did most of that very competently. We also had a bilateral defense procurement group that met quarterly or biannually and that was much more run by the military. It was focused mainly on the complex process of purchasing and paying for military equipment.

Q: Did you travel out to Israel all the time?

HOLZMAN: Not all the time but maybe three or four times over three years.

Q: Was there a lot of interest in the bilateral relationship with Israel and the state of the Palestinians on the part of other bureaus in the State Department? Or was this such a unique situation that they pretty much let your office deal with it?

HOLZMAN: The other bureaus generally tried to accommodate our office because they recognized the importance of the bilateral relationship. Even on personnel issues, which you know better than anyone else, we usually got our way. If we needed a person badly, and that person wanted to come to our office, we could usually get him or her.

Q: You sound like you had some great people who went on to all kinds of things.

HOLZMAN: We did. Almost all of them except me stayed in NEA. Since I was primarily interested in South Asia, when South Asia was split out of NEA, I left NEA except for a brief period in Iraq and then Central Command at the end of my career.

Q: Anything else we should say about this period of '86 to '89 on the Israeli and Israeli Arab Affairs Office?

HOLZMAN: So much has happened since then. It is just a whole different period.

Q: Is there anything that you remember in that three year period that did set the stage for later developments in an important way that you haven't already mentioned?

HOLZMAN: I don't think so. I think things got a lot better when George Bush senior was elected and the Soviet Union collapsed. We fought the first Gulf War. We opened up relations with the Palestinians and both of those were good.

Q: Do you remember much about Vice President George H.W. Bush's role with regard to Israel and Palestinian affairs when he was vice president? You mentioned the change, the shift about settlements.

HOLZMAN: I only remember one moment, which was a meeting between Bush and Yitzhak Rabin.

Q: When he was vice president.

HOLZMAN: Yes.

Q: And Rabin was?

HOLZMAN: Was the Defense Minister and Bush was running for President. His numbers weren't great at that point. He was still Vice President. Rabin at that point was nowhere—well, he was Defense Minister but it didn't look like he was going to have any immediate opportunities for advancement.

So I went to this meeting between the two of them and it was all in the open. They didn't go into a back room to talk and it was all about Bush's political chances and how they looked. He seemed confident that it would go his way eventually. I don't know if he really was or if that was just for show.

Q: This was maybe a year before the election?

HOLZMAN: This would have been in probably sometime in '88.

Q: Earlier in the year.

HOLZMAN: Yes. But they certainly got along well. They knew each other, and they understood each other. Bush was at ease talking about domestic politics with Rabin. Rabin was at ease asking about it. I think they did have a pretty close working relationship, Bush and Rabin.

The only other thing—and once again this is just an interesting anecdote. So Bush became President in January, 1989 and then James Baker became Secretary of State. Of course, what happens right after January 22, or 23?

Q: 20th.

HOLZMAN: We issue our human rights reports. So Reagan was going out and Bush was coming in and somehow a very critical report on Israel slipped through the cracks and became public a few days early. We were called up to Baker's office—I was called up there; John Hirsch was probably traveling. Baker in no uncertain terms let me know that if there were going to be any more human rights reports on Israel, especially critical reports, he needed to be warned in advance. Later on he was tough on the Israelis. He was tougher on the Israelis than George Shultz had ever been.

Q: He was tougher on the Israelis but perhaps not as tough as the human rights report was.

HOLZMAN: He didn't say he disagreed with the report. He just said he didn't like being taken by surprise.

Q: Of course those reports come out on their own —there's a certain schedule. Your office probably didn't have much to do with the drafting or the content of the report.

HOLZMAN: It was actually the report on the West Bank and Gaza that was at issue. And yes, the desk and especially the Consulate in Jerusalem, as well as the Embassy, all had a role. The report came out and then immediately the Jewish community attacked the administration for not taking into account Israel's special circumstances.

Q: To what extent while you were in this office did you, were you deeply involved with the congress, staff people, members?

HOLZMAN: We went up there from time to time to brief them, fairly frequently.

It wasn't so much that you worked on specific pieces of legislation but staffers were always interested in what was going on. In addition, when Pickering or Brown came to town they would always spend time on the Hill and take someone from the desk with them. Jewish groups came to the State Department all the time—Indiana, California, wherever—and they wanted a briefing. So at least once a week I would go someplace in the Department or elsewhere to talk about Israel with Jewish groups. I think if they had understood our policy better, they would have been more willing to be tough on some of Israel's actions toward the Palestinians.

Q: So the summer of 1989 came along and where did you go next and how did that come about?

HOLZMAN: Well, you were about to be the Ambassador to Ghana. My next assignment was DCM in Ghana. I was really hoping to get a DCM job and since I had some experience in West Africa, I was pestering the people in the West Africa office about that. Your predecessor as Ambassador in Ghana, Steve Lyne selected me to be the DCM but did not explain that he was leaving post shortly. I guess he left that assignment quite early?

Q: He did. A year early, I believe, because of health concerns.

HOLZMAN: I was thrilled to be selected.

Q: His three years would have been up in 1990 but instead he left in '89.

HOLZMAN: Then I got a phone call from you asking me to come to your office. I had never met you before. You explained—and this was the first I had heard of it—that you were going to Ghana to replace Steve Lyne. I gulped. We had a conversation—maybe half an hour or forty five minutes—and then you said you thought I would be all right as the DCM. So I managed to go out there. I must say that was a surprising conversation.

Q: I remember the conversation; I don't remember the content of it either. I was very comfortable with our mutual decision that you were willing to come as well and I was certainly very enthusiastic.

I have to tell you, I probably told you at the time I had some misgivings because I had been working in this office for over two years and thought that having diversity and having different backgrounds and perspectives was really important. It bothered me that we were both white males and had background as economic officers. I needed to overcome that in my mind a little bit in my mind. I had been among those that thought that you—I knew had been considered to be DCM in Senegal, I believe, but Steve Lyne had acted very quickly and that was fine. We had no problem with that, but we were concerned about what was going to happen in Dakar. That all worked out beautifully. Pru Bushnell went there and was DCM with George Moose and went on to all kinds of things, both in the African Bureau and of course, Ambassador to Kenya as a result of that assignment. Anyway, it worked out as far as I am concerned really well.

The question for the oral history interview is how you saw that assignment? What happened that you thought was significant? What did you particularly work on, take pride in that we should record?

HOLZMAN: I guess think the biggest thing that happened in Ghana was a very positive trend in bilateral relations. When you and I arrived there—you probably a few weeks after I did—if we weren't at the very bottom of the relations between the United States and Ghana, we were close to the bottom. It didn't seem like it was going anywhere. There were people in the Africa Bureau who felt very strongly that Ghana didn't deserve a good relationship with us. That was virtually the way they put it.

Jerry Rawlings, who was the president at the time, was seen as a flaky person, one you couldn't count on. His principal adviser, Kojo Tsikata, was seen as a dark force pulling strings back stage. We didn't understand Tsikata or Rawlings. It seemed like a tough relationship. As you recall, the Bureau closed the military attaché office in the Embassy a year or so after our arrival for no specific purpose other than an assertion that Ghana was not that important militarily, but also as a statement that we didn't really need Ghana ,and this was a way to show them we didn't need them.

Q: There was also the relationship between Rawlings and Ghana and countries like Libya.

HOLZMAN: They believed there was a relationship with Libya. There was early on. I remember in my first weeks there, before you arrived, Louis Farrakhan from the United States came to Ghana. There was a big to-do to which diplomats were invited. First Rawlings and then Farrakhan spoke. Farrakhan's speech focused on the theme that he had come from "the belly of the beast," meaning the United States.

Q: Were you there at that meeting?

HOLZMAN: I was. I didn't know what to do. I should have walked out, I suppose. Maybe it was better that I didn't. So my assumption was that Farrakhan's statements reflected Rawling's views. People saw him as a friend of Libya, and a person who associated with radicals, especially those involved in third world liberations movements, that kind of thing.

Q: And a precedent in terms of the population of Ghana itself. He had come to his position as a military ruler.

HOLZMAN: Twice he staged military coups.

Q: And finally there was also the issue that occurred maybe four years earlier involving the spy scandal.

HOLZMAN: That was the Sharon Scranage affair that did enormous damage to bilateral relations. The trauma from that was still there. So there was a lot of history, and relations were pretty tough. To be quite honest, perhaps within months, when viewed in retrospect, relations for reasons I still don't fully understand, began to slowly improve. This was not the result of actions by the embassy. But eventually it seemed to have a momentum of its own. If anyone was responsible, I would say it was Jerry Rawlings. He was flaky, but he had a gift for somehow making good strategic decisions.

One of those was that he decided he was going to have an economy that would be linked to the World Bank and the IMF and therefore have a more Western, market-based approach.

Second, he eventually decided he was going to leave politics and that there would be free elections. So he began opening up Ghanaian politics. That made all the difference in the world.

Lastly, luck or chance always plays a role. In this case there was a famous moment—famous to you and—when Jerry Rawlings was sitting behind George Bush at an outdoor event.

Q: In Tokyo.

HOLZMAN: And it was very cold. Rawlings noticed that Bush was shivering and passed him his shawl, which was a nice gesture, but I don't think Rawlings at all expected what would come from it. George Bush would then write one of his famous notes to Jerry Rawlings saying that he really appreciated what he had done. In Rawling's brain there apparently was a click of some sort and he began to reset his view of the United States.

There was also an important development regarding freedom of religion. Rawlings had a particularly bad view of Mormons because of a movie that had come out that alleged that the Mormon religion continued to be racist and discriminate against people of African ancestry. So Rawlings basically shut down the Mormon religion, suppressed almost entirely the Mormon faith in Ghana, which was a bad move. The U.S. response was not positive at any level. Importantly, Mormons in Congress were deeply offended and wrote letters threatening sanctions. These were counterproductive and only caused Rawlings to dig in his heels. Somewhere in the Mormon Church they had a great idea: "Let's let the Australian Mormons, not American Mormons, deal with this issue." Members of the Mormon Church from Australia came to Ghana and they carefully worked through it with the Ghanaians. Eventually, Rawlings lifted the restrictions on Mormons. I think that was important to our bilateral relations when Jerry Rawlings stepped back from that confrontation, thanks to a delegation from Australia. For the Americans, I think that was a turning point.

Q: I had forgotten about the Australian church delegation. I think there was also a delegation that came from the United States that included at least a couple of African American Mormons. Some of that also had an impact in getting them to see that it is possible for black Americans to be members of the Mormon Church because that was one of the allegations that there had been this attitude of racial profiling at an earlier period in the Mormon Church.

I think that was a significant step when they decided to lift it. They continued to have restrictions of the Jehovah's Witnesses and that took a little bit longer. They were less politically engaged and didn't know quite how to raise the issue to get attention. It eventually was lifted as well.

HOLZMAN: Then the U.S. started to take more of an interest and our AID program expanded. That was important. We had an excellent director there, Joe Goodwin, who I thought approached all development issues very professionally. He helped get the

Ghanaians more focused on reform and less on getting a pot of money and four-wheel drive vehicles for high level functionaries. He initiated education and health sector reform programs that were important, and he persuaded Ghanaians to champion them. Joe was good at that.

Then we also had an investment group come there, at least one. That made a difference that American business was taking an interest.

It was quite extraordinary that what seemed like a relationship that was just trapped at the bottom, just broke though, not in a spectacular way, but in a very steady and solid way.

By the time I left three years later, I would say we had pretty good relations with Ghana, and I understand they have continued to improve over the years. Especially after they had the elections and they showed that they would really go through with democratic politics and markets. Rawlings handed over power.

You have to say if anyone did it, it was Rawlings.

Q: A couple of other things that I think influenced him in terms of the world scene were the end of the Soviet Union and what happened thereafter, the coming down of the Berlin Wall, the death of Nicolae Ceausescu in Romania who had been a good friend of his. I think that was also something that he was aware of, that the winds of change were coming across the world. Even in Africa there were beginning to be stirrings toward democracy in Kenya and in other parts of Africa that I think had some influence on his thinking, allowing the drafting of an election law and a constitution and as you say, elections that took place not too long after we left at the end of '92 and Rawlings was elected. And served eight years as the elected president and then gave power without any particular problem to his successor and now there have been two others I think. The process seems to be pretty well entrained.

I think the thrust of what you are saying because I think one of the key things was that the embassy, you and I really didn't have that much to do except to see that the glass was half full and not half empty and to encourage progress in the direction they had decided to take and to try to be supportive in the margins. I think we were.

HOLZMAN: I agree. The other thing I would say about Ghana is that all the time I was in the Foreign Service I don't think I met a people that were nicer and gentler than the Ghanaians were— and not just to us but to their fellow Ghanaians. They truly like Americans, too. I think for African Americans there was a connection with Ghana, like Irish people going back to Ireland. They were welcomed, were seen as part of a broader people. Those kinds of ties in the end, I think, were extremely important to the improving relations. There was no Ghanaian opposition to this; the Ghanaians were happy to have improved relations. On the American side, I think our African American community was happy to do it, too.

Q: Some of the African American community had maintained ties and visits to Ghana even during the worst of the times in the 1970s and the early 1980s when Ghana, the economy was extremely weak. There were all kinds of problems let alone between the United States and Ghana. In many ways these surged during the period things did get better, both in the country of Ghana and the two countries. That's partly because as you say, they always had an affinity and connection to Ghana but of course, being able to speak English also helped a lot and the fact that Ghanaians were by nature welcoming and friendly and easy to relate to also helped a lot.

HOLZMAN: It was a good assignment because it all went the right way.

Q: Another aspect during the period we were there was the military relationship. As you said, we one of the first things that happened after we got there was the Defense Department closed the attaché office and we came under the umbrella, so to speak, of the attaché office in Abidjan which basically didn't give much attention and didn't do much. We had a ship visit while we were there. I remember one of the maybe the deputy commander of the European Command came in for a visit. There may have been some other things that happened as well.

HOLZMAN: Cohen came.

Q: Why did he come? It had to do with Liberia.

HOLZMAN: The Ghanaians got in over their head, being the first to send forces to Liberia. It reflected, I think, a sort of a moral outrage at the atrocities in Liberia—and sympathy for Liberians. I don't know what happened back in the United States but certainly it must have played well back here. It was such a human feeling that the Ghanaians had for the Liberians who came as refugees to Ghana.

Q: They were the first commander of the ECOWAS intervention, the West African force that went into Liberia.

HOLZMAN: General Arnold Quainoo.

Q: General Quainoo was the first commander, a Ghanaian. Nigeria was very involved as well. I am sure Rawlings wouldn't have done it without Nigeria but at least initially, the Ghanaians were in the lead.

One of the things I remember from this period when they first decided to go in was they thought the United States ought to be more, ought to really work with them. Liberia was a country that the United States had a historical and particular connection with and they thought we ought to be as concerned or maybe more concerned than they were about what was happening there. At least initially we rebuffed them and said, no, didn't really think they could do much and had our ships off the coast of Monrovia to evacuate the American Embassy. The Ghanaians thought they should have been sharing intelligence,

we should be sharing intelligence with them, maybe helping them a little bit with their force deployment and initially we were very reluctant.

Later after our time, I think we gave some financial support and otherwise tried to help them but initially we didn't do much. Assistant Secretary Hank Cohen came. They made a plea to him. I think he was sympathetic but this was a period when the United States was really reluctant to get too engaged, too involved in something in Africa. It seemed like a long way away.

HOLZMAN: Like I say, it was a great assignment and it all went the right way, which doesn't always happen.

Q: You mentioned one personality that was important to Rawlings that people in Washington or at least some people in Washington were concerned about and that's Captain Kojo Tsikata who was a member of the Provisional National Defense Council, the PNDC, the council that supported or was involved with Rawlings in ruling the country. I know you and I met with him many times. Do you have any particular recollections of him or what we talked about or the role we saw him playing?

HOLZMAN: We certainly saw him as a key player on security decisions. My recollection is that you raised Libya with him a few times and that you also raised many times the question of an American who was being held there.

Q: He was a Ghanaian American who was detained.

HOLZMAN: A Ghanaian American who had been detained in Ghana, had been deeply involved in Nigerian oil development, made a lot of money, engaged in certainly seemingly suspicious behavior in Ghana, and was detained. I had many contacts with his wife, Becky Aggrey, but I cannot recall his name.

Q: When he came to attend his mother's funeral.

HOLZMAN: Well, actually he was preparing for his mother's funeral, flew in, spread money around to people in the area, was not accountable to people in the government on what he was doing, and then went back out. At the same time he had been in touch with Ghanaian dissidents in Nigeria.

Q: And I think in England too.

HOLZMAN: And maybe in England. On one of his trips back to prepare for the funeral, he was arrested.

Q: He presented himself as a Ghanaian, used his Ghanaian passport.

HOLZMAN: That's right and he used his Ghanaian passport to enter Ghana which was a big legal point, but he was very fortunate in that he had an unbelievably resourceful wife, Becky, who…

Q: Had a lot of important friends.

HOLZMAN: Who got this issue raised up and up and up and ultimately, it was Rawlings who made the decision to release her husband. I think Becky saw Tsikata and then Rawlings. It was with Rawlings that she said that I am going to make a personal plea as a wife and mother. She wanted Rawlings to understand her plight and her conviction that her husband had done no wrong. So she made her plea on a person to person basis, asking for mercy, which in the case of Rawlings, was the way to go. And then he did decide to release him. Her husband stayed at my house for several days before leaving Ghana.

Q: I remember he came to a reception that we gave and here this man had been detained for some months, I forget exactly how long and had this history that you talked about. I kind of watched him and everybody knew it and were very friendly with him. I thought he was living at the hotel.

HOLZMAN: He was at my house and enjoyed playing tennis. The last thing I would say about Rawlings is that while he was flaky, ultimately he made some good big decisions. At the same time, when you would go to speak to him, he seemed to be a person who had so many conflicted emotions bubbling within him that sometimes he could not express himself, he was stymied, he just couldn't get all his feelings and thoughts out in a coherent whole. I remember him speaking to you, getting stuck, and eventually putting his arms on his knees, his head down—it was as if there was such a welter of emotions and ideas that needed to get out but he just could not do it. He was a strange man.

Q: An interesting recollection. I never saw him a lot. Some of my predecessors, I guess, were used to getting a call from him late at night. I think in the early period of when he was head of state, he probably couldn't trust a lot of people, even those close to him and tended to call up foreign ambassadors and let out some opinions and then get almost counseling sessions with them. That never happened with me that I can remember.

HOLZMAN: I do remember, probably in '92, or so, there was some kind of event and David Appleton, the head of the Econ-Political Section, and I drafted a speech in which you praised the Ghanaian movement towards democracy. I think you were the first for ambassador to do that. I have a recollection that Rawlings then said, "Well, the American ambassador is praising me and no one else is", something like that.

Q: I don't remember the details of that session. I remember going to that conference and giving that speech. The Ghanaians had been concerned about us sponsoring or being involved with this particular conference because we brought in some experts from the United States and we invited people, some of whom were not supporters of his. They were nervous about it before it happened and then I think he saw a video tape of my talk later.

He of course wasn't present at the time. I think that was what prompted him to say that to somebody else.

I think looking back it was an important thing that we did, we, the American Embassy. It was in a sense consistent with our overall posture of being encouraging and trying to help move them in the right direction but doing it kind of gently without threatening or without trying to apply leverage or pushing too hard.

HOLZMAN: I think that's right. As a general statement on U.S. foreign policy, sometimes we don't realize the impact that just a few words from the United States, can have on a country. The fact that you—and I want to give you credit for this— that it was gentle, it was consistent, but it wasn't insistent. It didn't scare them and get them too much on edge. It gave them a lot of space to do it in their own way. It was a direction we wanted, not a specific outcome.

Q: Another thing we did, particularly toward the end of our time was to provide some assistance, not so much money but expert assistance in helping them draft their election law. We worked with I have forgotten if it was the Carter Center or the International Foundation for Electoral Systems, IFES.

HOLZMAN: I don't recall that. It certainly was something we would have done.

Q: You mentioned the AID mission director, Joe Goodwin as being a very strong and very effective leader. Do you remember much else about people in the embassy itself or otherwise in the U.S. mission in terms of their role?

HOLZMAN: The one thing we had going in Ghana consistently was Peace Corps. The program was absolutely one of the high cards in our hand from the very beginning. The AID program grew in response to Rawling's decisions and Joe Goodwin was there. The AID program officer, Ed Birgells, was good. They had good people there. Bob Wertz was there. He was their economist and he was good. Joe Goodwin stands out as just such a professional in the way he took the Ghanaians through complexities and not just handing over a bundle of money, but setting up, reform programs, say, to strengthen health care.

Q: And education.

HOLZMAN: That was good.

In USIA we had Daniel McGaffie who got around and was a strong officer, I thought. Richard Gonzalez and then Donna Blair were the heads of the consular section. Richard was a good and conscientious officer, a little overwhelmed by Ghanaians. No matter how small their country they always managed to be near the top of the visa fraud list. Donna Blair was much stricter than Richard was but she was also a conscientious officer. In the RSO we had Jim Marek first, and then Dennis Bochantin. His wife was the Community Liaison Officer. We had a good embassy. In the political section, John Berntsen and then David Appleton, they were good reporting officers.

Q: Economic/commercial?

HOLZMAN: Economic/commercial was Martha Kelley, she was superb. She was as good as you could get. Then position later went over to the USIA officer who…

Q: Karl Fritz.

HOLZMAN: Yes, Karl Fritz.

Q: When he came he was married to the family nurse practitioner.

HOLZMAN: Maxine Broderick was the original nurse practitioner there. She wasn't a nurse practitioner but had been in West Africa for a long, long time starting in Mali. She was the one who went with me to military hospital to have my broken arm fixed early on a Sunday morning. Jennifer Grice-Fritz replaced Maxine..

We didn't have a big embassy but we had a good one.

Q: I would like to say another word about Daniel McGaffie, the Public Affairs Officer. He, of course, is a black American. I always saw him as really well connected with the African American local community as well as kind of connected with many Ghanaian cultural, academic, other interests that the rest of us in the embassy didn't always know very well.

HOLZMAN: I think that's right. Dan did get around and people liked and trusted him. Over the time I was there it became easier and easier to see Ghanaians. When I was first arrived most of our work went through the Foreign Ministry. It was hard to get beyond it. By the time I left, I could see people all over and they were happy that we were interested. The fear of reprisal just wasn't there anymore.

End session 2. This interview was not completed.

End of interview